2005 QUALIFIED ALLOCATION PLAN
AND
APPLICATION & OPERATIONS MANUAL
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PART I

2005 QUALIFIED ALLOCATION PLAN

included at: http://www.dca.state.ga.us/housing/QAPDocs_05.html

PART II

APPLICATION & OPERATIONS MANUAL

A. Georgia Housing and Finance Authority
Tax Credit Manual

This Manual is intended to be used as basic resources for issues that arise regarding DCA's administration of the federal and state tax credit program for the State of Georgia. Due to the complexities of the Internal Revenue Code, the issuance of periodic private letter rulings and technical advisory memoranda issued by the Internal Revenue Services, DCA highly recommends that an accountant, tax counsel, or other tax credit professional be consulted on issues related to the allocation of tax credits, eligibility of all or a portion of certain soft costs, such as site development costs, developer fees, and construction financing costs, in the eligible basis, or other technical issues.

I. Overview

Federal Credit. The Low-Income Housing Tax Credit is made available under Section 42 of the Internal Revenue Code of 1986 as amended and offsets income taxes on a dollar for dollar basis. It is available to individuals (directly or through partnerships) and corporations that develop and own qualified low-income rental housing. Through the annual reduction of the taxpayer's ordinary income tax liability, the tax credit returns to the owner/investor a percentage of the cost of constructing, acquiring and/or rehabilitating low-income rental housing. In contrast to other types of tax credits for other purposes, such as the Historic Rehabilitation Tax Credit, the Low-Income Housing Credit provides a tax credit **only** for expenditures associated with units which are occupied by low-income persons and not for the entire development (unless, of course, the entire development is reserved for low-income persons. An Owner who receives the credit must agree to rent a minimum number of units in their buildings to low income tenants at restricted rents.

State Credit. The Georgia Housing Tax Credit, enacted in 2000, is a credit against Georgia income tax liability and/or insurance premium tax liability to the owner of an affordable housing development that has been allocated Federal low-income housing credits. The Department of Community Affairs, the Department of Revenue and the Office of the Insurance & Safety Fire Commissioner jointly administer the State Credits, which are in an amount equal to the Federal Credits and will be available to owners of projects placed in service after January 1, 2001.

The annual State Credit dollar amount will equal that of the Federal Credit. The State Credit will be automatically allocated on a dollar-for-dollar basis with the Federal Credit (for both 9% and 4% Federal Credit) and will be available for the same time period.

2005 Georgia Credit Ceiling. The Georgia Housing and Finance Authority is charged with administering the allocation of Federal and State tax Credits in Georgia, The annual Federal Credit dollar amount allocated to the State of Georgia equals $1.75 multiplied by the federal government's estimate of Georgia's population and indexed for cost-of living adjustments. The total estimated amount of Federal Credit available for 2005 is expected

to be approximately $16 million. The state credit will equal the amount of Federal credit allocated.

Applicable Credit Percentage. Federal tax credits allocated to a project cannot exceed the amount calculated by multiplying the qualified basis by the applicable credit percentage. In 1987 only, the applicable percentage was 9 percent for new construction and rehabilitation and 4 percent for the acquisition of existing buildings and for all projects defined as Federally subsidized, whether new construction or rehabilitation. The 9 percent and 4 percent credit percentages over a 10-year period are intended to equal to the discounted present value of 70 percent and 30 percent, respectively, of the qualified basis. After 1987, the above present value percentages remain constant; however, Treasury adjusts the applicable credit percentages monthly. The maximum credit percentage applicable to each building is that percentage that is in effect either during the month the building is placed into service, or at the election of the taxpayer, during the month a binding agreement between DCA and the tax credit recipient is made and a credit election is made.. The credit recipient makes the choice of which applicable credit percentage is used to calculate the tax credit allocation. However, in 1990, and thereafter, the housing credit dollar amount allocated to a project cannot exceed the amount DCA determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. An imputed credit percentage can be derived by dividing the DCA-determined credit amount by the project's qualified basis. [Section 42 (b) and 1990 Revenue Ruling, Applicable Credit Percentages]. **For underwriting purposes, in a 2005 application for 9% credits, the Applicable Credit Percentage for the month of April 2005 should be utilized for underwriting purposes. For purposes of an application for 4% credits (Tax-Exempt Bond financed applications), the Applicable Credit Percentage for the month preceding the submission of the application for tax credits should be utilized**

Credit Period. In general, the tax credit is claimed in equal amounts for a period of ten (10) taxable years, beginning with the taxable year in which the building is placed in service or, if elected by the owner, the succeeding taxable year (the "Credit Period"). [Section 42 (f)]

If, after the first year of the credit period, there is an increase in the project's qualified basis, but no increase in the eligible basis, and there remains sufficient credit authority previously allocated by GHFA for such increase, the owner may take the additional credit in an amount equal to two-thirds of the applicable percentage. This two-thirds credit is then taken over the remaining Compliance Period, rather than the remaining Credit Period. Credits should not be claimed prior to the issuance of an 8609 by DCA.

Depending on the type of project, the federal credit will subsidize either 70% or 30% of the eligible cost of the low income units located in the project. With certain exceptions, Owners may receive annual Credits of the discounted present value of 30% of the qualified basis for developments involving acquisition, and annual Credits of the discounted present value of 70% of the qualified basis for developments involving new construction or rehabilitation.

Eligible Activities. There are three types of activities that are eligible for Federal and State Credits:

		Maximum Present Value Credit*
A.	New construction;	70%
B.	Rehabilitation of an existing structure at a cost of at least 10% of the adjusted basis of the building or $20,000 rehab hard costs per unit whichever is more; and	70%
C.	Acquisition of an existing structure	
	1) with rehabilitation costs which meet the requirements above	30% (acquisition cost) 70% (rehab. cost)
	2) from a governmental unit with minimum rehabilitation of $20,000 rehab hard costs per unit	30% (acquisition, rehab. cost)
	3) granted a waiver under section 42(d)(6)(C) for certain Federally-assisted buildings with rehabilitation costs of at least $2,000 per low-income unit	30% (acquisition cost) 70% (rehab. cost)

The conversion by the existing owner of an existing building from a higher income to a low-income project without the minimum required rehabilitation DOES NOT qualify for tax credits.

Acquisition Credits. Projects that have not previously received a tax credit allocation are eligible for acquisition tax credits if the following statutory requirements are met at the time of allocation:

- The building(s) have been or will be acquired by purchase as defined in the internal Revenue Code Section 179(d)(2) and

- Either the building(s) was last placed in service at least 10 years prior to the date of acquisition by the new development owner or a period of at least ten years has expired between the date of acquisition by the new development owner and the most recent non qualified substantial improvement of the building placed in service by the new development owner or by any related persons specified in the Internal Code of 1986, as amended, Section 42(d)(2)(B) (iii).

Projects that have previously received a tax credit allocation and are applying for new credits are not eligible for acquisition credits unless the 15 year compliance period for all of the buildings in the project has expired.

Certain provisions of the law refer to "related persons with respect to the taxpayer" in determining whether a building qualifies for acquisition tax credits. Most importantly, the building must not have been acquired from a person who is related to the taxpayer**.** "Taxpayer" in this instance refers to the individual taxpayer to whom the tax benefits are passed through, e.g., the individual partners in a partnership. In addition, there exists a prohibition, for purposes of low-income housing credit eligibility, against the owner, or a

* Assumes conventional financing. All Federally assisted projects, including new construction or substantial rehabilitation, would be limited to a credit amount not to exceed the 30 percent credit.

related person, occupying one or more of the units in a building of four units or less unless the project is part of a development plan of action sponsored by the State, a local government, or a qualified nonprofit organization.

DCA requires that the Owner submit a legal opinion from its own attorney that states that in that lawyer's opinion, the project is eligible for acquisition credits. The legal Opinion for previous tax credit properties should include sufficient documentation for GHFA to confirm that the Compliance period has ended.

II. DCA Administration Process under the 2005 QAP

Sources of information regarding the Georgia Tax Credit Allocation Process

1. Each year, the final QAP is posted on the DCA website after it is signed by the Governor. The 2005 QAP is available on the DCA website at: www/housing/plans_guides.html

2. Application and Application Instructions are posted on the DCA website.

3. DCA Application workshop will be held on February 3, 2005. Information can be found on the DCA website.

4. DCA Application Manual is posted on the DCA website during the month of January

5. Each Year, DCA has a General Questions and Answers and project specific Question and Answer period prior to the Application Submission deadline. Applicants are encouraged to resolve issues and clarify interpretations of the QAP during these question and answer periods. General Questions and DCA's answers are posted on the DCA website.

6. DCA advisories are periodically posted on the DCA website.

7. Georgia Open Record Act documents. In order to schedule an appointment to review DCA documents subject to the Georgia Open Record Act, please contact Gwen Walton at 404-679-4858.

2005 Competitive Round Tax Credit Deadlines

Pre Application Experience, Compliance and RAN requests are due by February 2, 2005

Operating Budget Waivers due by March 1, 2005.

2005 Application Submission. **Applications are due at DCA by 4:00 PM**. on May 5, 2005**.**

Formal Firm Commitments. Formal firm commitments for equity and non-DCA debt must be submitted to DCA within 75 days of issuance of the carryover allocation.

Design Development Documents. Design Development Documents as fully outlined in the Architectural Submittal Instructions in the Manual must be submitted to DCA for review and approval no later than 90 days from award notification.

Tax Credit only Projects/Commencement of Construction/Rehabilitation. Owners of projects receiving 9% Tax Credits for new construction or rehabilitation in the 2005 round must commence construction or rehabilitation no later than September 30, 2006. Failure to commence construction as scheduled may cause an automatic recapture of the Credits. DCA will closely monitor construction start dates.

Completion of Work Scope. Owners of projects receiving Credits in the 2005 round for the rehabilitation of an existing property must perform 100% of the work scope in accordance with the original physical needs assessment submitted with the Application no later than December 31, 2007. Owners of properties receiving Credits for new construction in the 2005 round, must perform 100% of the work scope as set forth in the DCA approved construction drawings and specifications no later than December 31, 2007. DCA will inspect projects requesting IRS Form(s) 8609 to ensure that all work has been completed prior to issuing Form(s) 8609. If a lesser percentage is completed, DCA reserves the right to recapture all Credits allocated. At its sole and absolute discretion, DCA may approve modifications to the proposed work scope upon written request.

Placement-In-Service. Owners of projects receiving Credits in the 2005 round must place all buildings in the project in service by December 31, 2007.

Compliance Monitoring Fee Payment Date. All compliance monitoring fees must be paid within 18 months of issuance of the carryover allocation document, but no later than the placed in service date or December 31, 2007, whichever is earliest. Failure to do so may adversely affect the Applicant's ability to compete in future funding rounds. In no case will the final Federal Credit allocation (IRS Form 8609) be issued before these fees are paid.

Final Allocation Deadline. Owners of projects receiving Credits in the 2005 round must apply for Final Allocation and request for issuance of IRS form(s) 8609 by February 15, 2008. IRS form(s) 8609 for a project will be issued only once for the entire project as proposed in the Application. Form(s) 8609 will not be issued as buildings are placed in service.

2005 QAP Award Limitations on Competitive Tax Credit Awards

- The 2005 QAP limits the amount of tax credits which may be awarded to one project. No project will be awarded more than Seven Hundred Fifty Thousand and No/100 Dollars ($750,000) of Georgia's annual Federal Credit authority and an equal amount of State Credit authority.

- Applicants will be limited to Ownership interest in projects in which the combined total Federal Credit from the 2005 competitive funding round cannot exceed $1,750,000. This limitation applies to Ownership interests of all proposed Project Participants, except Syndicators.

- 10% of the available 9% Credits are set-aside for nonprofit-sponsored Applications pursuant to the Code. Qualified nonprofit organizations must materially participate in the project within the meaning of Section 469(h) of the Code and meet all requirements set forth in Code Section 42(h)(5).

- 30% of the available 9% Credits will be set-aside for Applications proposing affordable housing developments in Rural Counties. Applications funded under the Rural County set-aside will receive preference in the allocation of Loans.

Tax Credit Project Fees

2005 Credit (only) Application Fee (includes market study fee of $4,500), the balance of the fee may not be included in Eligible Basis.	**$7,000 For Profits $7,000 For Profit/Nonprofit Joint Venture $6,000 Nonprofit**	**Application Submission***
2005 HOME Loan/ Credit Application Fee (includes market Study fee of $4,500), the balance of the fee may not be included in Eligible Basis.	**$7,500 For Profits $7,500 For Profit/Nonprofit Joint Venture $6,500 Nonprofit**	**Application Submission***
Credit Allocation Fee	**7% of annual allocation**	**At time carryover allocation sent in except for Non Profit sole general partners which can submit at or before construction commencement deadline***
Credit Compliance Monitoring Fee (calculated on a per unit basis- for all project units)	**$150 – USDA 515 projects $150 – URFA bond projects $600 – Bond/4% Credit projects $600 – Others**	**Within 18 months of Issuance of carryover allocation, but no later than the project placed in service date**
Bond/4% Credit Eligibility Opinion Letter (includes market study fee)	**$7,000**	**Application Submission or Pre-Application Submission**
Bond/4% Credit Processing Fee	**7% of annual Federal Credit amount**	**Due within 30 calendar days of issuance of Letter of Determination**

***Not applicable to 4% credit projects**

III. Eligible Sites and Buildings

Projects. Scattered site projects (defined as projects where the buildings lack "proximity" to each other, are permitted under Section 42 provided that 100 percent of the units in the project meet the section 42 rent restriction requirements. DCA has more stringent requirements that

are applicable to scattered sites. **DCA** allows Scattered-site projects to apply for an award of tax credits only if they satisfy one of the following criteria:

a. The project has no more than six (6) non-contiguous parcels within a ½ mile radius and a minimum of four residential units per parcel; or

b. The project is for the development of single-family housing on not more than 20 non-contiguous lots with 1-4 units per contiguous parcel, when done so in conjunction with a municipally-adopted and financially-supported Urban Redevelopment Plan passed in accordance with Title 36, Chapter 61 of the O.C.G.A**.** Scattered site projects proposed in this category must have financial assistance from such municipality that equate to ten percent (10%) or more of the Total Development Cost and/or average annual Operating Cost. Any operating cost reductions must be for a period of ten (10) years.

All DCA Applications proposing scattered sites must meet the following requirements:

- All buildings in the project must be under the ownership of one entity;
- All units in the scattered site Application must be managed by one management entity;
- All buildings in the project must be developed under one plan of financing and considered as a single project by all funding sources;
- **All of the residential units must be rent restricted**
- The scattered sites must be appraised as a single proposed development, if applicable; and,
- Each site within the proposed project must meet all applicable threshold and scoring criteria.
- The entire project must fall within only one of the tenancy characteristics defined in the QAP (Family, Elderly, Housing for Older Persons. Special Needs)

Eligible Buildings. For Housing Tax Credit purposes, the term "building" includes residential rental property that is an apartment building, a single family dwelling, a townhouse, a roughhouse, a duplex or a condominium. However IRS regulations define a "building or structure" is a man-made construction consisting of an independent foundation, outer walls, and room. A single unit which is not an entire building, but is merely part of a building, is not a building or structure for tax credit purposes. DCA imposes its own requirements for certain types of buildings.

Detached Single-Family Rental Housing. Detached single family housing proposals will be eligible for funding if they satisfy the following requirements:

- The Application must include in its development budget the costs associated with the continuous
  upkeep of each rental house, including ground maintenance, at the project
  Owner's expense. These costs must be supported by a detailed maintenance plan.
- The Application must have a detailed Replacement Reserve analysis and plan.

- The house designs must reflect architectural diversity through the use of different elevations
  and styles.
- Landscaping must be appropriate for detached, single family housing.
- For detached single-family housing projects that are using HOME and Tax Credits as a funding source, all of the units must be income and rent restricted in accordance with the Code and DCA requirements.

IV. Rent and Occupancy Restrictions

Minimum Section 42 Set aside Elections. For every tax credit project, the Owner must covenant and agree to one of the following tax credit set asides ("Section 42 Rent and Occupancy Restrictions"):

-At least 20% of the Units in the Project **[are and]** will continuously be maintained as both rent-restricted and occupied by individuals whose income is 50% or less of Area Median Gross Income. (If an Owner makes this election, all tax credit units will be rent and income restricted to 50% or less of Area Median Gross Income).

(or)

At least 40% of the Units in the Project **[are and]** will continuously be maintained as both rent-restricted and occupied by individuals whose income is 60% or less of Area Median Gross Income. (If an Owner makes this election, all tax credit units will be rent and income restricted to 60% or less of Area Median Gross Income).

In addition, if a project has a HOME loan which is included in the project's eligible basis, at least 40% of the units in ***each building*** will be rent and income restricted at the 50% or less level. DCA's requirement is more restrictive than Section 42 in that these units must be rent restricted as well as occupied by tenants earning 50% of AMI or less. Special care should be given by an Owner of a multi family project comprised of single family style units. In this case, each dwelling is considered a building. Therefore the project's rent and income limitation would apply to all units.

The owner has until the end of the first year of the tax credit period for the building to lease the specified number of units to eligible low-income tenants necessary to meet the minimum low-income occupancy requirements (20 percent or 40 percent based on the minimum percentage elected). **For projects consisting of more than one building, low-income occupancy compliance for the entire project must be met within this same time period.** [Section 42 (g)(3)]

GHFA Rent, Income and Occupancy Requirements. In the tax credit application submitted by the Owner of a project, the Owner may make additional representations to GHFA regarding rent, income and occupancy restrictions which may be more restrictive than those required by Section 42. These limitations may include by are not limited to:

- Very Low Rent and Income Restrictions where the Applicant agrees to reserve a specified number of units for occupancy by households earning annual gross incomes greater than 30%, but less than or equal to 50% of AMI and to set rents for those units at or below 30% of 50% of the area gross median income.

- Very, Very Low. Applications that propose dwelling units with rents set at the 30% rent level and reserved for occupancy by very-very low-income (those earning annual gross incomes of 30% or less of the AMI)

- Mixed income projects in which a specified percentage of the units are designated as market rate units which are not subject to any rent or income restrictions.

The use of Project Based Rental Assistance is not prohibited for Very Low and Very, Very Low units, but an owner cannot accept PBRA in excess of the applicable restricted rent amount for those units if points have been received for the deeper targeting.

These additional rent and income restrictions will be referenced in the Land Use Restrictive Covenant for the project.

Minimum Period for Rent and Income Restrictions. Section 42 Rent and Occupancy Restrictions shall remain in effect throughout the "extended use period." In accordance with Section 42, the extended use period shall commence with the first day in the compliance period on which any building that is part of the Project is placed in service and end on the date which is 15 years after the close of the compliance period. (Generally a period of 30 years). The GHFA Rent, Income and Occupancy Restrictions shall remain in effect through the "Compliance Period." Compliance period shall be the period of fifteen (15) taxable years beginning with the 1st taxable year of the credit period.

Termination of Rent and Income Restriction prior to end of Extended Use Period. The extended use period for any building that is part of the Project shall terminate:

- On the date the building is acquired by foreclosure or instrument in lieu of foreclosure except that for a period of three years following the termination of the extended use period, the Owner shall not evict the tenant of a Low-Income Unit or terminate the tenancy of an existing tenant of any Low-Income Unit other than for good cause and shall not increase the gross rent above the maximum allowed under the Code with respect to any such Low-Income Unit.

- On the last day of the one-year period that begins on the date Owner properly submits a written request to the Authority, asking the Authority to assist in procuring a "qualified contract," as defined in Section 42(h)(6)(F), for the acquisition of the low-income portion of the building, but only if the Authority is unable to present a qualified contract during such one-year period; provided, however, such request may not be made before the end of the 14th year of the compliance period or as agreed to by the Owner in its application.

Combining tax credits with PBRA. Many projects that receive funding from DCA also have project based rental assistance contracts. Generally, if federally funded PBRA is involved, rent in excess of the tax credit maximum can be collected provided that the tenant's portion of the rent is below the applicable tax credit maximum rent. However, the rules under the Section 8 PBRA program can conflict with tax credit rules. Applicants need to use care in identifying areas of both programs which can conflict so as to avoid situations where the allocated tax credits could be subject to recapture. To initially certify a tax credit unit, the occupant must meet the income election of his designated set aside regardless of whether

there is a section PBRA contract. This means that if you have a 40/60 election and 100% of the units are tax credit units, all of the initial tenants in the project must be certified at 60% AMI or less. Problems can arise in an existing tax credit rehab property, if you have a tenant that is receiving PBRA but has income over 60%, but within the 80% PBRA requirement, that tenant would not meet the first year tax credit requirements. However, under Section 8 PBRA rules you could not evict the tenant or refuse to renew his lease. In a 100% tax credit project the conflict requirements under the programs could create an insurmountable problem. Projects combing tax credits and PBRA can also have problems dealing with waiting lists, and with certain tenancies such as students.

In a tax credit low-income unit, if a tenant subsequently goes over income, the tax credit rent (30% of 60% AMI) stays the same. The tenant could stay in the unit as long as the requirements of section 42(g)(2)(D) of the code are met. If that same unit has PBRA, the tenant portion of the rent can exceed the maximum tax credit rent provided that the total contract rent does not exceed the contract rent determined when the tenant was within the income requirements. Theoretically, the tenant portion of the rent could actually go up to 30% of 80 of AMI in a tax credit unit where a 40/60 election has been made.

DCA recommends that Applicants in projects that are 100% PBRA not structure their tax credit project with 100% tax credit units. This gives some leeway in dealing with conflicts between the two programs.

Opt Out Provisions. After the 14th year of the compliance period, the Owner may submit a written request to DCA to find a person to acquire the owner's interest in the low income housing tax credit project. The extended use period for any project shall terminate if the DCA is unable to present during such period a qualified contract for the acquisition of the project by a person who will continue to operate such project as a qualified low income project. The calculation of the qualified contract price shall be determined by reference to the IRC Section 42 and to DCA's written policies. This code provision effectively allows an Owner to "opt" out of the tax credit program after year 14 and before the expiration of the extended use period for the property. DCA anticipates finalizing its 15 Year Plan in 2005.

Applicants may elect to waive their right to "opt" out of the program after year 14 in exchange for receiving points during the competitive round. Applicant's who make this election, will not be eligible to request that DCA present a qualified contract for the property during the period that has been waived by the Applicant. The Land Use Restriction Agreement for the property will reflect any waiver of this right.

Land Use Restrictive Covenants. DCA requires that the low-income housing commitment be recorded as a restrictive covenant after it makes an allocation of the credit or no later than the bond issuance date for a 4% credit project.. The Code stipulates that no credit will be allowed for any year unless the required extended low-income housing commitment is in effect as of the end of the taxable year. However, if during a taxable year, it is determined that the commitment is not in place, the credit is disallowed for that year if the failure is not corrected within one year from the date the determination was made.

The LURC shall reflect all representations made in the original Application and any changes made to the original Application that have been approved in writing by GHFA. The LURC will be drafted after GHFA's receipt of the certification of the 10% test, and must be recorded upon its execution. All construction and/or permanent financing for the project must be subordinated to that portion of the recorded LURC that sets forth the requirements of Section 42 (h)(6)(E)(ii) of the Code. The LURC for projects funded in the competitive round will reflect representations made in the application for the purpose of obtaining points.

IRS Revenue ruling 2004-83 provides that Section 42(h)(6)(B)(i) requires that an extended low income housing commitment must include a prohibition during the extended use period against (1) the eviction or the termination of tenancy (other than for good cause) of an existing tenant of any low income unit (no cause-eviction protection) and (2) any increase in the gross rent with respect to the unit not otherwise permitted under Section 42.

Land Use Restriction Covenants are prepared by the DCA Legal Affairs Department. They will be e mailed to Owners for review. Any changes to the LURC must be reflected in the Application submitted to DCA. Changes in unit mix, tenancy characteristics, or rent structure may be considered substantive changes and are subject to DCA approval. For information on the status of a LURC, you can contact either Gwen Walton, 404-679-4858 or Phyllis Carr, 404-679-0619. DCA's receipt of the original recorded LURC is required prior to issuance of any Form 8609.

General DCA Tax Credit Application Process

These procedures, instructions, and guidelines are subject to change at any time by DCA and may be supplemented by policies and procedures revised by DCA from time to time.

9% CREDIT PROJECTS

Generally, applications for tax credits must be submitted during one of DCA's announced application cycles. In determining when during the project's development process an application should be submitted, developers should do so no earlier than when all threshold requirements can be met. Credits should not be claimed prior to the issuance of an 8609 by DCA. **Applicants are strongly advised to consult an accountant or tax attorney with tax credit expertise regarding issues related to the use of and requirements for tax credits.**

Applications that are complete and pass the threshold criteria are evaluated using the scoring and selection described in the State's Qualified Allocation Plan. Projects thus selected will be underwritten in a manner similar to loan underwriting. This is done in order to determine: (a) the credit amount necessary to support the low-income portion of the project; (b) the financial feasibility of the project; and (c) comparability and reasonableness of project cost. The amount of credit necessary to support the low-income portion of the project is calculated and credit notices are issued.

Rejection of Application Packages

The application package provided by DCA must be completed in its entirety. Required supporting documentation must accompany the application. DCA may reject any application that is incomplete or that is not accompanied by the appropriate application fee. Any application lacking the documentation needed to determine that the threshold criteria are met will not be evaluated. Applications will only be accepted during established cycles, except for tax-exempt bond financed projects that receive an allocation of tax credits independent of Georgia's Federal credit cap.

Disqualification of Applicants

Misrepresentation in any application or supporting documentation may result in recapture of tax credits by DCA, the barring of the project sponsor(s) or certifying independent certified public accountant from future program involvement, and notification of the Internal Revenue Service.

Project Award

Generally, the highest scoring Applications that meet all applicable threshold requirements will be allocated resources without regard to resource type requested or geographical location, except as noted below and elsewhere in the plan:

- DCA reserves the right to allocate resources to lower ranked proposals to achieve a better mix of resource usage or a better geographical distribution of resources.
- If funding Credit-only Applications will deplete available Credits, then DCA may elect to fund lower scoring Applications that are requesting a combination of Credits and a HOME Loan.
- If sufficient HOME funds are not available to fund the next ranked Credit/HOME Application or HOME-only Application, DCA may elect to fund a lower scoring Credit and HOME or HOME only project for which the remaining funds are sufficient.
- If a geographic area of the state will receive an inequitable share of the available resources as determined by the Competitive Scoring process, DCA may choose to fund other proposals even though they have a lower relative ranking.
- Applications that do not score high enough to receive an award will be placed on a waiting list. If additional funding becomes available the next highest-scoring Application on the list will be eligible, subject to DCA's discretion.

Project Changes

Since credits are awarded competitively based on the project characteristics described in the initial application, any material changes that occur after initial application may trigger recapture of tax credits. Certain project changes are clearly disallowed, e.g., site changes. Other project changes may also be disallowed as determined by DCA. Sponsors must consult with the tax credit program staff to obtain prior written approval before pursuing substantive project changes to avoid affecting the credits. Material changes, if approved, may require submittal of a revised application. DCA will charge a fee for reviewing project changes, including but not limited to unit mix, tenancy characteristics, rent structure and amenity changes.

Bond/ "4% Credit" Projects

Projects of which fifty percent (50%) or more of the aggregate basis of the land and buildings are financed with the proceeds of obligations on which the interest is exempt from tax under section 103 of the Internal Revenue Code are eligible to receive federal and State tax credits which are not subject to Georgia's annual Credit cap. Unlike projects that are part of Georgia's annual Credit cap, there is no reservation or carryover stage.

In order to receive tax credits, Section 42(m)(1)(D) of the Internal Revenue Code dictates that the tax-exempt bond-financed project must satisfy "the requirements for allocation of a housing credit dollar amount under the qualified allocation plan applicable to the area in which the project is located".

It is critical that owners of tax-exempt bond financed projects applying for tax credits read the allocation plan carefully. Owners of tax-exempt bond financed projects must meet all threshold requirements set forth in Appendix I of the Qualified Allocation Plan, with the exception of those threshold requirements which are specifically waived for tax-exempt bond financed projects and are so noted by an * (asterisk). Applicants should not assume that because tax exempt bonds have been issued, that the receipt of 4% Credit is "automatic".

Eligibility Determination and Opinion Letters

Many equity investors and bond underwriters now require, at the time that the tax-exempt bonds are issued, a determination the project is eligible for tax credits under the Qualified Allocation Plan and Section 42 of the Internal Revenue Code. Under Section 42(m)(2)(D), either the State housing credit agency (in Georgia, the Department of Community Affairs [DCA]) or the governmental unit that issues the bonds, or on behalf of which the bonds are issued, is responsible for making a determination of whether the project is eligible for tax credits. Whenever requested, DCA will issue its opinion as to the project's eligibility for tax credits. In making application for the opinion letter, an owner must complete the standard Application, as well as provide all supporting documentation necessary to meet all applicable Threshold requirements and pay an appropriate bond/4% credit eligible opinion letter fee and waiver fee for each waiver requested, if applicable. DCA will provide its opinion within the time frame specified in the QAP. DCA's opinion notwithstanding, the issuer must still make its own eligibility determination. Please note that the QAP requires a determination from DCA that the project meets the QAP requirements prior to the issuance of 8609's. A letter of determination issued by an authority other than DCA will not guarantee that 8609's will be issued to the project.

If the project is deemed to be eligible for State and federal tax credits, an opinion letter will be issued to the owner. A land-use restrictive covenant, encompassing the federally-mandated extended use agreement as well as other representations made in the application, will also be sent to the owner with the opinion letter.

After a project is placed into service, owners of tax-exempt bond financed projects must apply for IRS Form(s) 8609 by completing a Final Allocation Application. If applicable,

opinion letters from the bond issuer as to the project's eligibility for tax credits must be submitted with application for IRS Form(s) 8609.

Market Study requirements. Effective January 1, 2001, federal law requires that every tax credit application be accompanied by a market study performed by a disinterested third-party analyst approved by DCA. For all 9% LIHTC applications submitted in a competitive round, DCA will commission the market studies. For all applications for 4% LIHTC to be used in conjunction with Tax-Exempt Bonds with a bond inducement after January 1, 2004, DCA will commission the market study. For projects with inducement dates prior to January 1, 2004 the applicant shall submit a market study with the application. Generally, the firms selected by DCA to perform its market studies for the competitive application round will comprise its list of "approved analysts," and this list and a copy of DCA's market study guide are posted on DCA's website and will be issued to prospective applicants upon request. These guidelines must be followed for any market study submitted to DCA. If a market study has already been performed in conjunction with planning for the Bond Allocation Application and is completed within six months of the date you submit your tax credit application, the applicant may request DCA's approval of the analyst that was used. DCA will consider such requests, but approval or denial will be at DCA's sole and absolute discretion. For bond financed projects covered by the 2005 QAP (projects with a bond inducement date in 2005) DCA will commission the market study upon receipt of the application for tax credits. Applicants are encouraged to submit their applications as soon as possible after the bond allocation, in order to allow completion of the market study. However in all instances applications for 4%tax credits must be submitted no later 60 days prior to bond closing. Pre-Applications may be submitted for the purpose of DCA commissioning a market study for tax-exempt bond projects at any time utilizing the 2005 core application and instructions.

VI. Allocation of Credit

The allocation of State and Federal credits by GHFA will proceed in the following general steps:

1. Reservation or Award Notification(Not applicable to Bond / 4% Credit Projects)
Reservations will generally be in effect for a specified period. To retain the credits after that date, the project must qualify for a carryover allocation or final allocation.

2. Carryover Allocation (Not applicable to Bond / 4% Credit Projects)
Projects that are not completed in the credit allocation year must receive a carryover allocation. GHFA typically issues carryover allocations to the tax credit awardees within one month after the tax credit award notification.

3. 10% Test (Not applicable to Bond / 4% Credit Projects)

The Code permits tax credit recipients to carry over an allocation for a particular year and place their buildings in service up to two years after the end of the allocation year

provided more than 10 percent of the project's reasonably expected total basis has been expended by the later of the end of the allocation year or six months after the allocation date. Information on the 10% test, including instructions, forms, and sample certification letters are available on DCA's website at least two months prior to the deadline of the 10% test.

4. Final Assignment (Allocation)

Final assignment of the credit amount to a project is made when the project is placed in service and corresponding evidence has been furnished to DCA with the owner's final allocation application. It is at this stage that Form 8609/ Form IT-HC is issued. Although carryover allocations (if applicable) are issued on a project-wide basis, the final allocation must be made on a building-by-building basis.

The "maximum applicable percentage allowable" appearing on the IRS Form 8609 may not equal the applicable credit percentage elected or the one for the month the building is placed in service. DCA has the responsibility of determining how much credit a project needs for financial feasibility and viability as a low-income project. DCA may, therefore, reduce the applicable credit percentage in determining the credit amount.

Prior to issuance of Form 8609/Form IT-HC, DCA or representative authorized by DCA will inspect the tax credit development to ensure construction quality, fulfillment of owner's representations made in the application, and compliance with all applicable laws and regulations. In addition, DCA will conduct a compliance review. All issues related to the construction inspection and compliance review must be resolved to DCA's satisfaction prior to issuance of any Form(s) 8609. All applicable fees must be paid. DCA must also receive the original recorded land use restrictive covenant.

The credit allocation is made to the ownership entity by the issuance of IRS Form 8609/ form IT-HCs. Requests DCA issues only one copy of Form 8609 /Form IT-HC and it is the owner's responsibility to furnish the requisite copies to its partners and annually to the IRS. 8609s will be reviewed in the order that they are received. Incomplete packages or non payment of fees may result in a delay in the issuance of 8609s.

Final allocation application forms are available on DCA's website @ www.dca.state.ga.us or upon request.

Additional Final Allocation Applications and Requirements applicable to- Bond/4% Credit Projects Only

When all buildings in the project have been placed in service, owners of projects financed with tax-exempt bonds must submit a Formal Application (if not previously submitted), a copy of the original opinion letter from the bond issuer (if not performed by DCA), and a Final Allocation application in order to receive the IRS Form(s) 8609; the application should be submitted as soon as possible following placement in service of all buildings.

VII. Basis Issues

Eligible Basis

The eligible basis of a new building is its adjusted basis used to calculate depreciation, which is generally the development cost minus the cost of land, land related fees, and investment and permanent financing costs. [Section 42 (d)]

A. New construction:
The eligible basis of a new building is its adjusted basis as of the close of the first taxable year of the credit period. [Section 42 (d)(1)]

B. Acquisition:
The eligible basis of an existing building that is being acquired in accordance with the 10-year rule is:
(1) its adjusted basis as of the close of the first taxable year of the credit period (generally its acquisition cost), and
(2) zero in any other case.

C. Rehabilitation over $3,000 per low-income unit or 10 percent of adjusted basis:
The eligible basis for an existing building involving rehabilitation expenditures of at least 10 percent of its adjusted basis or $3,000 per low-income unit is equal to the allowable rehabilitation expenses incurred during any 24-month period with certain exceptions. [Section 42 (d)(2)]

Note: Although the Code establishes the minimum expenditure for rehabilitation projects at $3,000 per unit, DCA policy is more restrictive and requires a minimum of $20,000 per unit for rehabilitation hard costs.

For tax credit purposes, there is no basis adjustment for depreciation. Common areas or amenities available for use by all the tenants are taken into account in determining the adjusted basis if no separate user fees are charged. [Section 42 (d)(4)]

As originally enacted, the Tax Reform Act provided that a building's eligible basis would be determined on the day it was placed into service. As amended, the Code has been modified to permit eligible basis to be determined at the same time qualified basis is established, e.g., the end of the first year of the credit period. Project owners, therefore, may include the cost of items or work performed after the project is placed into service. Landscaping, usually done after the buildings are completed, is an example of work performed after the project is placed in service which may be included in the determination of eligible basis. These costs should **not** exceed $3,000 per unit.

The eligible basis is reduced if the low-income units are not "comparable" to the other units in the project. If the construction or acquisition costs are comparable and the units are provided in similar proportion for both low-income and other tenants, the units are considered to be of comparable quality. Federal regulations allow a differential in square footage cost of up to 15 percent for the market rate units. If any market rate units are of

a higher quality or provide additional amenities, the adjusted basis for those units is subtracted from the eligible basis; or upon election, the excess cost is excluded from the eligible basis if the cost differential does not exceed 15%. The percentage of low-income units to the total project remains the same, but is applied against the lower eligible basis. [Section 42(d)(3)]

The eligible basis of a project may be increased in certain low-income and high cost areas as designated by HUD. In census tracts where at least 50 percent of the households have an income which is less than 60 percent of the area median income, or which has a poverty rate of at least 25 percent, ("qualified census tract") a project's eligible basis attributable to rehabilitation expenditures and new construction costs may be increased by up to 30 percent. This means that projects in very low-income neighborhoods can attract additional equity. A maximum 30 percent increase in basis will also apply to projects located in certain "difficult development areas," i.e., a limited number of metropolitan and non-metropolitan areas with high construction, land, and utility costs relative to the area median income.

Qualified Basis

The qualified basis is equal to the percentage, or "applicable fraction", of the eligible basis attributable to the low-income units. The applicable fraction is the smaller of (a) the percentage of low-income units to total units; or (b) the floor space of low-income units to the total floor space of the residential rental units. [Section 42 (c)]

Only those units that are occupied by low-income persons may be included in determining the qualified basis during the first year of the credit period. Subsequently, a unit previously occupied by low-income persons and then vacated may count as a low-income unit as long as no other unit of equal or smaller size is rented to a non-low income tenant following such vacancy.

Special rules apply for determining qualified basis where a portion of a building is used to provide supportive services for the homeless. The qualified basis may be increased by the lesser of (a) the eligible basis used annually to provide supportive services that assist tenants in finding and retaining permanent housing; or (b) 20 percent of the qualified basis of the building.

Eligible Financing

Almost all qualified rental projects are eligible for tax credits regardless of the type of financing or Federal subsidy. (One major exception is a non-single room occupancy project receiving Section 8 Moderate Rehabilitation Assistance. Such projects are not eligible for the Low-Income Housing Credit.) However, the allowable eligible basis or the credit percentage may vary depending on the financing type.

Tax credits can be used in conjunction with:

	Maximum Present Value Credit

A. Conventional financing

70% New Construction
70% Rehabilitation
30% Acquisition

Conventional financing includes loans or grants from local or State entities that are not directly funded through Federal grant programs. The treatment of such local/State contributions must be determined on a case-by-case basis. Additionally, under the tax credit program, AHP loans provided through the Federal Home Loan Bank's Affordable Housing Program is considered as conventional and not Federally-subsidized financing.

A below-market interest rate Federal loan available under Sections 106, 107, or 108 of the Housing and Community Development Act of 1974, Community Development Block Grants, Federal guarantees, mortgage insurance, or direct rental subsidies such as Section 8 Existing Housing Certificates are treated as conventional financing for purposes of determining the maximum present value credit (70% new construction and 30% acquisition).

The 1993 Act provides that a below-market interest rate loan made available through HOME funds may be considered as conventional financing if at least 40 percent of the residential units in the building are rent and income restricted to households whose income is at or below 50 percent of area median gross income. However, the Act precludes owners taking advantage of this provision from also qualifying for the 30 percent increase in basis for projects located in high cost areas.

B. Federally-subsidized financing

30% New Construction
30% Rehabilitation
30% Acquisition

Federally-subsidized housing involves a direct or indirect Federal loan, but not at an interest rate less than the prevailing Treasury interest rates (the "Applicable Federal Rate"); for example, Section 236, Section 221(d)(3) BMIR, and USDA/RD Section 515. Projects that received Federal subsidies in any prior taxable year are also considered Federally-subsidized.

In general, projects receiving Section 8 Moderate Rehabilitation Assistance are not eligible for the Low-Income Housing Tax Credit. However, projects participating in the Moderate Rehabilitation program for single room occupancy buildings under the Stewart B. McKinney Homeless Act may use tax credits.

C. Tax-exempt financing

30% New Construction
30% Rehabilitation
30% Acquisition

Tax-exempt financing through the issuance of tax-exempt local or State bonds is a subcategory of Federally-subsidized financing and the lower credit percentage applies. If 50 percent or more of the aggregate basis is financed with bonds for which an allocation of the State private activity bond volume cap was awarded, a separate tax credit allocation from the housing credit agency is NOT required. However, the project is

subject to the State Qualified Allocation Plan. If less than 50 percent of the cost of the aggregate basis is financed through the issuance of tax-exempt bonds, a credit allocation must be obtained for the non-bond portion through the State allocating agency from the State's authority.

D. Federal grants

Federal grants can be treated in one of two ways according to their financial structuring:

(1) A grant, which is structured as a grant to the project owner, must be excluded in its entirety from the eligible basis. The remainder of the eligible basis qualifies for up to a 70 percent or 30 percent discounted present value tax credit, as applicable.

(2) A grant (excluding a Community Development Block Grant), for instance, to a local government, which is structured as a below-market rate loan to the developer can be treated as:

(a) a Federally-subsidized loan and receive up to 30 percent discounted present value tax credit, or

(b) a Federal grant which is deducted from the eligible basis.

NOTE: It is more advantageous to treat a Federally subsidized loan as a grant, deduct it from the eligible basis, and use up to 70 percent discounted present value credit based on the balance of the eligible basis if the grant portion does not substantially exceed 50 percent of the total project cost, provided the non-grant portion of the cost is financed without Federal assistance and is a 70 percent credit activity (new construction or substantial rehabilitation).

E. Exception to Federal assistance provisions

Federal subsidies such as HUD Section 8 Existing or USDA/RD Rental Assistance Payments which are tenant-based rent subsidies are **not** considered subsidies for tax credit purposes and do not trigger an eligible basis adjustment or the 30 percent present value credit application. If tax-exempt bonds or a below-market interest rate Federal loan are used to provide construction financing for an identified property and the bonds or loan are repaid before the building is placed in service, the building is not considered Federally subsidized.

VIII CREDIT ALLOCATION PROCEDURES

DETERMINATION OF CREDIT AMOUNT

As required by law, the allocated tax credit amount cannot exceed the amount necessary to support the low-income portion of the project. [Section 42(m)(2)]

The credit amount will be calculated at each of the applicable application stages: application award, carryover allocation and final allocation. The amount of credit awarded to a project may change from stage to stage if any of the factors used in calculating the credit change. The following guidelines will apply in determining the amount of credit to be allocated to individual projects:

Project cost review. Each project will be evaluated for comparability and reasonableness of project cost. Costs will be reviewed against those from projects of past years, regional data, third party documentation, and other factors and data as determined at the sole and absolute discretion of DCA to bear upon the issues of comparability and reasonableness of project costs. Intermediary costs, defined as the project costs related to consultants and syndication, will be reviewed in accordance with the provisions of Section 42(m)(2)(ii) of the Code. Additional documentation from the project sponsors may be requested to assist in the review. Sponsors will be notified if any adjustments seem necessary.

Debt review. Projects will be evaluated for debt capacity. At the early stages of the development process, DCA recognizes that firm financing commitments usually are not in place. Applicants should provide preliminary conditional financing commitments and term sheets, which will be reviewed for feasibility. Rents, utility allowances, vacancy rates, and operating expenses will be reviewed for comparability and reasonableness in accordance with established policies (see below). Additional documentation from the project sponsors may be requested to assist in the review. Sponsors will be notified if any adjustments seem necessary

The net operating income (NOI) will be used in the following way to calculate debt capacity:

NOI ÷ Debt Coverage Ratio = Annual Debt Service

Annual Debt Service ÷ Loan Constant = Maximum Loan Amount

The debt coverage ratio, loan constant and comparable financing terms used by DCA will be determined through consultation with banking and syndication experts, will reflect typical market terms, and will be updated as appropriate to reflect market changes. The maximum loan amount, including any subordinated debt the project is expected to receive, will constitute the debt figure used in the tax credit calculation.

Equity gap. The equity gap is defined as the total project cost minus all sources of funds, that is, the project cost not covered by debt financing and grants. The tax credit award is calculated such that, over ten years, the award amount equals the excess project cost, thereby "closing" the equity gap. This amount may be less than the 4 percent or 9 percent maximum allowable credit. If credits are syndicated, not all of the 10-year tax credit award is returned to the project as equity; a portion is consumed by syndication expenses, project reserves and return requirements of investors.

The credit calculation takes the amount of credit returning to the project into account through the **equity factor** (also referred to as "pricing"). The equity factor is the proportion of the 10-year credit returned to the project sponsor in the form of equity. For Federal credits it currently ranges from 70 percent to 85 percent in public placement syndications, with higher returns often experienced in private placements. For State credits, the pricing is currently between 20 percent and 35 percent. A syndicator's offer letter or limited partnership agreement detailing the distribution of the gross syndication proceeds should be included in the application.

Credit Calculation. The credit calculation yields the amount of credit needed to fill the equity gap, thereby financing the project cost not covered by debt and other sources, making the project financially feasible.

To calculate the "equity gap amount", the following method is used:

Project Cost - Sources = Equity Gap

The owner provides information on the project cost and sources of funding in the application. The difference between the two is the equity gap, which needs to be "filled" to pay all project cost, thus enabling the project to be built. For example, Project A will cost $5,000,000 to build and the owner has obtained financing in the amount of $2,000,000. The equity gap to be filled equals $3,000,000. Since the credit amount can be taken each year for ten years, and the credit allocation to be calculated is the first year credit amount only, the equity gap is divided by 10 (the number of years in the credit period) to obtain the annual credit amount.

Equity Gap ÷ 10 = Annual Equity Amount

Dividing Project A's equity gap of $3,000,000 by 10 yields an annual equity amount of $300,000. That is, the owner needs to receive $300,000 cash from the tax credit each year to cover the cost of the project not financed by the mortgage.

The annual equity amount is then divided by the equity factor, to factor out that portion of the credit not going to the project. For example, 75 cents of every Federal tax credit dollar and 30 cents of every State tax credit dollar will go to the project (again, the balance is eaten up by syndication expenses and the time value of money), for a total of $1.05. The resulting credit figure is the amount needed to cover project cost for which no funds are available, taking into account the pay-in to the project of the credits.

Annual Equity Amount ÷ Equity Factor = Annual Credit Amount Required

Continuing with the example of Project A, to determine the credit amount required by this project to fill the equity gap, the owner must divide $300,000 by the expected equity factor of $1.05 for every tax credit dollar (State and Federal combined). Based on this

calculation, the owner needs $285,714 in Federal tax credits (plus $285,714 in State tax credits) allocated annually to raise sufficient funds to complete the project (at 75 cents on the dollar, if the project had to use Federal credits alone, it would require $400,000 in credits to fill the gap).

Maximum Credit Amount

The actual credit amount assigned to a project equals the lesser of the equity gap credit amount or the maximum credit amount. To calculate the maximum credit amount, the following method is used:

Qualified Basis x Applicable Credit Percentage = Maximum Credit Amount

Although no project can receive more credit than the maximum credit amount, the credit amount allocated is frequently less than this amount. The assigned credit amount may be less than the requested amount if DCA determines that the proposed eligible basis is either financially infeasible or ineligible or for such other reasons as DCA may deem necessary or appropriate for the administration of the program. The assigned credit amount may also change from stage to stage in the allocation process as initially proposed project costs, financing or syndication terms are finalized.

Maximum effort will be made not to jeopardize a project's viability by making minor adjustments in the tax credit amount for the project. Should the sources or uses of funds change after the original application, such that the equity gap is reduced, project improvements may be allowed, if possible, so that the tax credit amount can remain the same. Project improvements may include increasing project amenities, serving additional low-income tenants, or reducing rents on a portion of the project.

Credit Allocation Disclaimer

DCA makes no representations or warranties regarding the amount of credit or the appropriateness of credit allocation to any project. Project applicants are expected to provide DCA with sufficient information to document the eligible and qualified basis and the amount and terms of financing and equity contributions in any project.

Credit Recapture

Owners of projects not meeting program requirements may lose their tax credits. DCA will not refund any allocation fees to owners of projects whose credits are recaptured.

Tax Credit Computation/Underwriting

Credit calculation. Under the Code, tax credits cannot exceed the amount necessary to support the low-income portion of the project. The Code requires that the credit amount be calculated at application, allocation, and placed-in-service date. Credit amounts may fluctuate from stage to stage as project costs, operating expenses, financing and syndication terms are finalized. DCA will estimate the Federal and State credit amounts at reservation or carryover allocation. Generally, any increase in the credit amount will

be based on changes in both the sources and uses of funds and not on increased project costs alone. Please note that if the amount of credit necessary for financial feasibility increases over the amount shown on the Notice of Reservation or Carryover Allocation, the Owner must apply and compete for additional credit in the funding round in the year the Owner expects to place the project into service.

Credit calculation assumptions. The credit calculation at the reservation or carryover stage will be, in most cases, based on cost and financing estimates rather than actual numbers. DCA will carefully review the estimates to determine that: project costs are documented and/or reasonable, debt capacity has been determined using documented and/or reasonable income and expenses, debt capacity is fully utilized, subordinated debt is fully accounted for, and the calculated credit does not exceed the statutory limit (e.g., approximately 4 percent and 9 percent of qualified basis). The actual financing and syndication terms, as soon as available, will be used to calculate the tax credit amount (either at commitment or allocation).

2005 QAP DCA Underwriting policies to determine feasibility of tax credit projects

Annual Operating Expenses. Annual budgeted Operating Costs, excluding reserve contributions, must be no less than $3,000 per unit for urban projects, $2,600 for Rural County projects, and $2,400 for Rural County projects that include USDA loans as a funding source. (The lower amount for an USDA project is allowable due to USDA's more restrictive underwriting policies.) However, DCA reserves the right to determine the reasonableness of budgeted operating expenses for all projects. DCA will consider waivers for projects that can clearly demonstrate that annual operating costs can be reasonably maintained at a lesser amount. Approval of such waivers shall be at DCA's sole and absolute discretion. If a determination is desired prior to Application Submission, requests for waivers and fees shall be forwarded to DCA on or before March 1, 2005, to the attention of the Director of the Office of Affordable Housing. For Bond Financed Projects, request for waivers and fees must be forwarded to DCA no later than 30 days prior to Application submission.

Assumptions for Building Basis. For purposes of underwriting acquisition Credits, the building basis must be limited to the lesser of the sales price or the appraised value of the building(s).

The appraised value will be the basis for determining the appropriate sales price when an Identity of Interest exists between the buyer and seller.

- *Builder Cost Limitations.* Builder's overhead, general requirements, and builder's profit are limited to percentages of the total construction contract (net of builder's overhead, general requirements, and builder's profit) as follows: Builder’s overhead – two percent (2%); General Requirements – six percent (6%); and Builder’s profit – six percent (6%). General Requirements shall not include water tap and sewer fees. For Applications where there is an Identity of Interest between the owner and contractor or the developer and the contractor, the cost of

obtaining a letter of credit or a construction loan in lieu of the payment and performance bond must be included in the general requirements.

- *Construction Contingency.* The construction contingency amount must be at least 2% but no greater than 5% of the total construction hard costs for new construction projects. For rehabilitation projects, the construction contingency amount must be at least 5%, but no greater than 7% of the total construction hard cost. DCA reserves the right to adjust development budgets in this regard, for underwriting purposes, in its sole and absolute discretion.

- *Debt Coverage Ratio.* The debt coverage ratio for all tangible debt after funding expenses and other required reserve funding must be between 1.15 and 1.35 for the first full year of operation. For purposes of determining the debt coverage ratio, the deferred Developer Fee will not be considered tangible debt. As part of its financial feasibility analysis, DCA will require that a project meet at a minimum a 1.15 debt coverage ratio for each year after the first year of the credit period. Amounts set aside in a reserve funded in one year may not be withdrawn and treated as a gross receipt in a subsequent year to satisfy the debt service coverage ratio in the subsequent year. Amounts received in one year that exceed the debt service coverage target for that year will not be credited to another year. For purposes of this test, each year will stand alone. The debt coverage ratio cannot drop below 1.15 during the 15-year Compliance Period, HOME Loan term, or the Period of Affordability, whichever is longer. The Credits and/or HOME Loan amount may be reduced if DCA's underwriting indicates a debt coverage ratio greater than 1.35 in the first full year of operation

- *Developer Fee Limitation.* DCA restricts the maximum Developer Fee as follows:

  For New Construction and Rehabilitation projects, the Developer fee will be limited to 15% of Total Development Costs less the budgeted Developer Fee and the cost of Land and Existing Structures. For projects that are eligible for acquisition credits, the Developer Fee on the rehabilitation portion will be limited to 15% of the Total Development Cost less the budgeted Developer Fee, the acquisition cost of the Existing Structures (including Acquisition Legal Fees), and the cost of Land. The Developer Fee on the acquisition portion will be limited to 15% of the Existing Structures acquisition cost (including Acquisition Legal Fees).

  When an Identity of Interest exists between the Developer and the General Contractor, the maximum Developer Fee is restricted to 15% of the Total Development Cost less the cost of the Land, the budgeted Developer Fee, and the Builder Profit. If the Application budgets a Developer Fee of less than 15%, the percentage proposed will be substituted for 15% in determining the maximum Developer Fee.

For projects awarded a cost waiver, the developer fee will be calculated using the allowable total development cost based on the DCA Per Unit Cost Limits.

Deferred Developer fee must be payable within fifteen years from available cash flow.

Consultant's Fees are considered part of the Developer Fee.

- *Distribution Across Unit/Bedroom Sizes*

  1. Rent. Projects with a multi-tiered rent structure must distribute the rents equally across unit sizes, unit types and buildings. These units need not be fixed but may float in the same way high HOME rent and low HOME rent units may float within a project.

  2. Accessibility. To the maximum extent feasible, accessible units must be distributed through the project and site so as not to limit choice.

- *Employee Unit Designation.* For Applicants electing to house management, security, or maintenance personnel in a project unit, the employee unit can be either designated as part of the residential unit count or as part of the common space. If the employee unit is designated as part of the residential unit count, and is also designated as a low-income unit, then an income eligible household must occupy it. This income eligible household may be the on-site management, security or maintenance personnel. Rent can be charged or collected by the Owner for this unit. If the employee unit is designated as part of the common space, it need not be occupied by an income-eligible household, but must be occupied by a full time on-site manager, security or maintenance personnel. No rent can be charged or collected by the Owner for a unit designated as common space.

  2. Project Participant- Identity of Interest between any Project Participant, other than the Syndicator, and the construction and/or permanent lenders is prohibited unless the financing terms and conditions are reasonable, customary, and consistent with industry standards. The determination of whether or not such terms and conditions are reasonable and customary is at DCA's sole and absolute discretion.

  4. Land Purchase. For Applications where there is an Identity of Interest between the buyer and seller for any site(s) within the project, an appraisal no more than 6 months old and prepared by a certified appraiser must be submitted with the Application as a basis for the determination of the appropriate sales price. The appraisal must be prepared in accordance with the DCA Appraisal Guide and must provide separate valuations for the land and existing buildings. See Appendix II, Section 10(b) for further appraisal requirements.

- *Land Use Restrictions.* When there is more than one financing source imposing land use restrictions on a project, e.g., a HOME Loan and Credits, there may be restrictions from one program that are more restrictive than similar restrictions in the other program(s). In such instances, the most restrictive requirements will apply to the project.

- *Market Studies*. Applicants seeking 4% Credits, 9% Credits and/or HOME Loans must pay a fee that includes the cost of a market study to be commissioned by DCA. Applicants must pay this fee at the time of Application or Pre-Application Submission. The resulting market study is the sole property of DCA. However, after the Letter of Determination is issued or the Competitive Scoring process is complete and awards have been announced, each Applicant will receive one copy of their respective project's market study.

- *Over-Income Tenant Restriction -* The Code provides that a tenant's income may increase during tenancy to exceed 140% of the allowable household income. DCA requires that the lease for tenants who exceed this limit for two (2) successive years may not be renewed for the third year. The penalty for failure to adhere to this DCA policy may be forfeiture of the right to participate in all DCA programs in one or more future years depending upon the severity and nature of the particular circumstances.

- *Permanent Debt Financing*.* Permanent debt financing shall have a minimum term of 5 years. Any permanent debt financing maturing prior to the end of the Compliance Period shall be fully amortizing.

- *Public Housing Units*. HOME and/or Credits cannot be used for the construction or rehabilitation of public housing units except in mixed income projects that include public housing units and a portion of the Total Development Cost is from another clearly identified funding source.

- *Relocation and Displacement of Tenants.* For all HOME Loan and Credits projects, the completed and executed tenant household data forms must be submitted with the Application for every occupied unit in each building to be rehabilitated. The Applicant is responsible for the accuracy of the information on the data forms. Applications for HOME Loans that require relocation of existing tenants due to rehabilitation work will be accepted only with a relocation plan (including a sufficient budget) that in the opinion of DCA meets the requirements of the Uniform Relocation Act and any other applicable laws.

  Funding sources other than the DCA HOME Loan must be used to finance the relocation costs. For Credits projects, DCA will not allow permanent displacement of tenants, if avoidable. If the Applicant anticipates displacing tenants, the Applicant must include in the Application a detailed displacement plan, which sets forth the specifics of the displacement, including a projected budget, and an explanation of efforts planned by the Applicant to mitigate the impact of the

displacement. Any displacement of tenants will be subject to DCA's prior written approval.

- *Replacement Plan.* A Replacement Plan and schedule must be submitted to DCA with the design development documents no later than 90 days from award notification. The calculations and assumptions used in the Replacement Plan should take into account the fact that over the life of the project, capital items such as building roofs, parking lots, HVAC systems, major appliances, etc., will need to be replaced. At a minimum, the Replacement Plan must reflect reserve contributions and, depending on the projects characteristics, may require contribution amounts greater than the minimum Replacement Reserves requirements.

- *Replacement Reserve.* A Replacement Reserve, based on a Replacement Plan, is required for all projects awarded funding under the Plan and must be included in the operating budget. Contributions must be made to the reserve account, starting at or before the conversion date of the construction loan to permanent loan and must be funded for the term of the loan in accordance with the Replacement Plan. The following minimum contributions must be used:

  1. Rehabilitation - $25.00 per unit per month ($300 per unit per year)
  2. New Construction - $16.70 per unit per month ($200 per unit per year)
  3. Single Family Units – $33.30 per unit per month ($400 per unit per year)

  Replacement Reserve funds may be used only for capital improvements and system replacements, and must not be used for general maintenance expenses. Replacement Reserves must escalate at a rate of 3% per year. If the Replacement Plan indicates that an amount greater than the minimum reserve outlined above is necessary, then this greater amount will be required and must be escalated at a rate of 3% per year. DCA will, at its discretion, adjust the Replacement Reserve to reflect reasonable and customary capital and replacement expenditures.

- *Revenue, Vacancy, and Expense Trends.* Revenue should be trended at 2% per year, operating expenses at 3% and vacancy and collection loss at 7%.

- *Section 8 Rental Assistance.* No Owner may deny a unit to applicants possessing a Section 8 Rental Assistance certificate or voucher unless those applicants fail to meet the minimum requirements for all leaseholders. Federal statutes prohibit discrimination against Section 8 certificate and voucher holders. DCA will closely monitor whether the tenant application process is structured to avoid such discrimination or whether any actions are taken to discourage Section 8 Rental Assistance certificate or voucher holders from applying. Likewise, all lease provisions must be compatible and not in conflict with Section 8 leases.

- *Soft Cost Contingency*. "Soft cost" or "total project" contingency, over and above the allowed construction contingency, will not be permitted as a budgeted line item.

- *Stabilization.* Projects will be considered stabilized when occupancy reaches 90% for three consecutive months, or actual revenue reaches 90% of budgeted revenues for three consecutive months.

- *Tax Credit Percentages*. For purposes of an application for 9% credits the Applicable Credit Percentage for the month of April 2005 should be utilized. For purposes of an application for 4% credits (Tax-Exempt Bond financed applications), the Applicable Credit Percentage for the month preceding the submission of the application for tax credits should be utilized.

- *Utility Allowance (UA).* Applicants should establish utility allowances for the property as follows:

  1. *USDA–Assisted Buildings* – If a building receives assistance from the USDA (formerly called the Farmer's Home Administration, or FmHA), the USDA-prescribed utility allowance applies to all rent-restricted units in the building. The USDA-approved allowance applies even if the building is assisted by any other program or agency. Examples of USDA assistance include assistance provided under the USDA Section 515 rural rental loan program and USDA rental assistance.
  2. *Buildings with USDA-Assisted Tenants*. If any resident of a building receives USDA rental assistance, the USDA-approved utility allowance applies to all rent-restricted units in the building. This is even the case if residents of some units receive rental assistance from the U.S. Department of Housing and Urban Development (HUD).
  3. *HUD-Regulated Buildings*. If neither a building nor any resident in the building receives USDA assistance, and HUD annually reviews the rents and utility allowances for the property (such as for Section 8 and Section 236 projects), the HUD-prescribed utility allowance is used. This rule doesn't apply to buildings that have only FHA-insured mortgages.
  4. *DCA HOME/Tax Credit buildings*. If a building is neither an USDA-assisted or HUD-regulated property, and no tenant in the building receives USDA rental assistance, there are two possible methods for establishing the utility allowance. These include:

     A. The allowance established by the local Public Housing Agency (PHA) for the Section 8 Program in the locality where the property is located. However, the electric allowances may be calculated as outlined in Section B below.

     B. A written project specific estimate by a Utility Provider for the electric allowance only may also be used. If a private estimate is obtained, it must be prepared in accordance with DCA Energy Simulation Tool Criteria

requirements as outlined in the DCA Compliance Manual. The Energy Tool Criteria must be validated by a source acceptable to DCA as identified in the DCA Compliance Manual. Each year, the Utility Provider will recalculate the Utility Allowance based on the current rate and all other billing inputs to determine if there is any change in the allowance. See DCA Compliance Manual – Utility Allowances. Once this method of choosing a utility allowance is elected, the project must continue using this method during the entire compliance period for the project. However, any unit occupied by a resident with a Section 8 / Housing Choice Voucher must use the PHA utility allowance, even if a private estimate has been obtained.

XI UTILIZATION OF THE CREDITS

Credit Allocation Provisions

The credit taken during the Credit Period may not exceed the credit amount allocated by DCA (certain tax-exempt bond financed projects are an exception). An allocation is generally effective only if it occurs in the same year that the building is placed in service and if the allocation is made no later than the close of the calendar year in which the building is placed in service. The allocation will specify both the allocated maximum **qualified basis** and the **credit percentage**.

Allocation of Credits on a Project Basis

In general, in the case of a project which includes (or will include) more than one building, an allocation is effective only if:

- the allocation is made to the project for a calendar year during the project period which is the time between first building's allocation and the last building's allocation in the project;
- the allocation only applies to buildings placed in service during or after the calendar year for which the allocation is made; and
- the portion of such allocation, which is allocated to any building in such project, is specified not later than the close of the calendar year in which the building is placed in service. [42(h)(1)(F)]

Carryover and Reallocations

Post-1989 credit authority may be carried over on a statewide as well as project basis. Thus, DCA effectively has two years within which to allocate any particular year's credit ceiling. Credits not allocated by DCA by the end of the second year are to be reallocated among the states that have used all of their allotments. In any year, DCA can recapture allocations from projects that do not go forward or projects that do not become qualified low-income projects within the applicable period. Such amounts can then be reallocated to other projects. [Section 42(h)(3)]

First Year Credit Determination

The credit may first be claimed either for the year the building is placed in service or the next taxable year. [There is an exception for the acquisition credit. See Section 42(f)(5).] The owner must choose in which year the credit period begins and, once chosen, the

election is irrevocable. The term "placed in service" has different meanings depending upon the type of activity as explained below:

New Construction
For new construction, a building shall be deemed placed in service on the date the building is available for occupancy (usually evidenced by a Certificate of Occupancy issued by the local government).

Acquisition
A transfer of the building ownership results in a new placed-in-service date if, as of that date, the building is occupied or ready for occupancy.

Rehabilitation
A building involving rehabilitation is treated as placed in service at the close of any 24-month period during which rehabilitation expenditures averaging at least 10 percent of the building's adjusted basis or $3,000 per low-income unit, whichever is more, were made. This placed-in-service date applies even if the building is occupied during the rehabilitation period.

First Year Proration
During the first year of the Credit Period, the credit allowed based on the qualified basis for any building will not be the full amount of the credit allocated, if all of the planned low-income units are not occupied during the first month. To determine the amount of the credit to be taken, an averaging convention is used. The qualified basis is calculated at the close of each full month of the first credit year and added to the qualified basis of the preceding months. The cumulative total is then divided by 12 months. Any resulting reduction in the credit allocated for the first taxable year of the credit period may be taken in the first taxable year following the credit period which would generally be the eleventh year after the building has been placed in service. [Section 42 (f)]

X. OWNER REQUIREMENTS

1. Compliance with Low-Income Housing Tax Credit Requirements

Owners are responsible for operating projects in compliance with the Code. To assure compliance with the Code, the IRS has established minimum procedures, record keeping and reporting requirements for allocating agencies and owners to follow. DCA has prepared a compliance monitoring plan that complies with the regulations. The compliance monitoring plan is part of the State's Qualified Allocation Plan. DCA has also developed a separate compliance manual for project owners and managers in which it sets forth in more detail how projects will be monitored.

Representative(s) authorized by the owner/general partner are required to successfully complete a compliance training seminar provided by or sponsored by DCA. The owner of the Tax Credit property will be required to submit to DCA a copy of the certificate of successful completion for the training prior to the beginning of the lease-up or, prior to placing the first building in service. The owner(s) or representatives at the conference should be prepared to provide the following project information: the unit mix, the

corresponding rent schedule, the name(s) of personnel authorized to sign credit program reports and related documents, and a mailing list that includes the addresses and telephone numbers of all persons to be contacted regarding project compliance. DCA will distribute copies of the compliance manual at this meeting.

2. Owner Certification to IRS

Following the close of the first taxable year in the Credit Period for any qualified low-income building, the credit user must file with his/her Federal income tax return IRS Form 8586, "Low-Income Housing Credit", Schedule A, "Annual Statement", and attach a copy of IRS Form 8609 "Low-Income Housing Tax Credit Allocation Certification." If the credit user received a carryover allocation, a copy of that document must also be filed for the first tax year in which the credit is claimed. Form 8609 is the official allocation form from DCA to the owner and contains the following information:

A. **Allocation of Credit (**to be completed by GHFA). Identifies the owner, the building, the building identification number (BIN), and the housing credit dollar amount allocated.

B. **First-Year Certification** (this may be the taxable year in which the building was placed in service or the subsequent taxable year, at the taxpayer's election; to be completed by the owner only in the first credit year). Contains basis and placed-in-service information for the building and various elections by the owner as to the set-aside requirement, start of credit period, and others.

C. **Statement of Qualification (**to be completed by the owner each year for 15 years). Certification to the IRS declaring, among other things, that the building continues to be in compliance with the "qualified low-income housing project" requirements.

The credit user must file Form 8609 for each year of the Compliance Period, whether or not a credit is claimed for the tax year.

Failure to submit the required IRS forms by the date specified will result in the credit being disallowed. [Section 42 (l)]

3. Owner Certification to the Georgia Department of Revenue/Department of Insurance

Following the close of the first taxable year in the Credit Period, and for each year of the Credit Period, for any qualified low-income building, the State Credit user must file Form(s) IT-HC and any required attachments with his/her Georgia income tax return or insurance premium tax return with the Georgia Department of Revenue and/or Department of Insurance. This format will identify the owner, the building, and the amount of State Credit assigned, as well as providing a mechanism to allow the user to document its connection to the ownership entity.

4. Qualified Nonprofit Organizations

By Federal statute, 10 percent of Georgia's tax credit authority is reserved for use by qualified nonprofit organizations, which collaborate in some manner with for-profit entities. Qualified nonprofit projects also benefit from a number of other privileges granted by the tax code under its at-risk rules and the 10-year rule Qualified nonprofit organizations are those that:

A. have been granted tax-exempt status under paragraph (3) or (4) of Section 501(c) of the Internal Revenue Code; and
B. have as one of their exempt purposes the fostering of low-income housing (DCA requires that this purpose be clearly stated and not subject to interpretation or implication);
C. are not affiliated with or controlled by a for-profit organization; and
D. own an interest in the low-income project (directly or through a partnership).

In Federal regulations, Congress clarifies that the set-aside can be used by for-profit corporate subsidiaries of qualified nonprofit organizations, so long as 100 percent of the stock of such subsidiaries is owned at all times during the period such subsidiary is in existence by one or more qualified nonprofit organizations.

The qualified nonprofit is required to "materially participate in the development and operation of the project throughout the compliance period". As such, it must have a role in the development as well as in the ownership and continued management of the project. At present, there is no consensus on the amount of ownership interest that must be retained by the nonprofit partner in a syndication to maintain the qualified nonprofit project status for tax credit purposes. State and local laws may affect the minimum degree of ownership required to maintain the project's eligibility for the nonprofit set-aside. Treasury Regulation 1.469-5T states that to be considered as a material participant for any tax year, an individual can satisfy any one of the following tests:

-participates in the activity for more than 500 hours during the tax year
-participation in the activity for the taxable year constitu7tes substantially all of the participation in such activity for all individuals for that year.
-participation in the activity is more than 100 hours during the taxable year, and this participation is not less than the participation of anyone else.
-activity is a significant participation activity and all of the participation in all such activities exceeds 500 hours per tax year
-
-acts and circumstances show that the participation in the activity was on a regular, continuous, substantial basis during the tax year.

The requirements imposed by the Code for qualified nonprofits are ambiguous and subject to interpretation. In the absence of more definitive language or written guidance from the Internal Revenue Service, DCA is left to develop its own guidelines. Although such guidelines are highly desirable to provide uniformity in decision making and giving applicants some measure of predictability, it is difficult to establish such guidelines due to the number of factors that might affect a nonprofit's status. The determination of whether a nonprofit meets the requirements contained in the Code will be dependent on the facts relating to the individual nonprofit and DCA believes that it is more appropriate

at this time to make such a determination on a case-by-case basis. In making a determination, DCA will be guided by answers to such questions as the following:

- If a neighborhood-based nonprofit organization, is the association or corporation duly organized to promote and undertake housing activities on a not-for-profit basis within a specified neighborhood? Is the majority of either its membership, clientele, or governing body residents of the neighborhood where activities are to be carried out?

- If the housing development organization is operating within a city or county, are its members and/or board representative of its area of operation? That is, are a majority of either its membership, clientele, or governing body residents of the city or county where the activities are to be carried out?

- If the housing development organization is operating within a defined region of the State, are its members and/or board representative of its area of operation? That is, are a majority of either its membership, clientele, or governing body residents of region where the activities are to be carried out?

- Is each member limited to one vote in the affairs of the organization?

- Does the membership reflect a variety of interests in the community or region with at least five of the members recognized as leaders in civic, governmental, fraternal, religious, and other community organizations of the community or region where the housing will be located?

- How many persons are on the Board of Directors and are they selected by a procedure that insures that the interests of minorities and women are adequately represented?

- Is a majority of the board of directors composed of people independent from, and unrelated to, entities transacting business with the nonprofit organization, such as developers, contractors, and management agents?

- Do the directors have experience and expertise in the area relative to the organization's exempt purpose and do they have sufficient general business experience such that they can exercise should judgment on business matters?

- Are all contracts or agreements entered into by the nonprofit at arm's length and for fair value?

- Is there any obligation to give income or property to a private person or entity other than by way of a fair market value sale?

- Does the Board of Directors have sole discretion regarding all income and property of the nonprofit?

In considering the answers to these questions, DCA will be guided by such guidelines as those from the North American Securities Administrators Association, Inc. for independent trustees in real estate investment trust transactions. These guidelines define an independent board member as a member who is not affiliated, directly or indirectly, with the entity from which the exempt organization acquired the facilities or with any entity with which such organization has a management contract or lease, whether by ownership of, ownership interest in, employment by, the existence of any material business or professional relationship with, or status as an officer or director of any affiliate thereof. In addition, an independent board member also means a member that performs no services for the acquired facility or for the company that manages the facility. For purposes of the foregoing definition, an indirect relationship includes members of the board member's immediate family (e. g., spouse, parents, children, siblings and in-laws) having one of the relationships with the entities set forth above. It is intended that the indirect relationship will include the relationships outlined in section 267 of the Internal Revenue Code of 1986, as amended, in addition to those mentioned herein.

[This document is to be submitted with Application]

APPLICATION CERTIFICATION FORM LETTER

[to be submitted under Applicant's letterhead]

[Date]

State of Georgia
Department of Community Affairs
Office of Affordable Housing
60 Executive Park South, NE.
Atlanta, Georgia 30329-2231

Re: [Development's Name]

Staff:

This application is submitted in accordance with the 2004 Qualified Allocation Plan and the Office of Affordable Housing Application Manual. As described in the above referenced documents, the Applicant acknowledges that there will be a fee assessed for all documents submitted that are not in compliance with the instructions, and all approved amendments to the application must be submitted according to the instructions in the Manual.

In submitting this application for funding consideration, the undersigned applicant hereby certifies:

- The State of Georgia Department of Community Affairs (DCA) must be notified of any subsequent events or information, which would change any statements or representations in the attached application or amendments thereto;

- DCA reserves the right to verify all information or documents used in processing the application, including requiring credit checks on all parties involved in the transaction. Applicant hereby authorizes the financing bank, accountant, mortgage lender, creditors and others sources identified in the application to release information to DCA or its designee in order to verify the accuracy of information in the application and amendments thereto; and

- This application, attachments, amendments and all correspondence relating thereto in particular or the Office of Affordable Housing in general are subject to disclosure under the rules governing the Georgia Open Records Act (GORA), and Applicant expressly consents to such disclosure. Applicant also agrees to hold harmless DCA and individual directors, employees, members, officers, and agents of DCA against all losses, costs, damage expenses, and liability of whatsoever nature or kind including, but not limited to, attorneys fees, litigation, and court costs directly or indirectly resulting from or arising out of the release of information from the application pursuant to requests under the GORA.

To the best of my knowledge, all of the information in the attached application, including all supporting documentation is correct, complete and accurate.

Applicant Name: _____

By: _____

Title: _____

Attest: _____

Name: _____

Title: _____

[SEAL]

[This letter is submitted with the Application]

LIHTC FORM COVER LETTER

[Date]

Georgia Department of Community Affairs
Office of Affordable Housing
60 Executive Park South, N.E.
Atlanta, Georgia 30329

SUBJECT: Application for Low-Income Housing Tax Credit Allocation

TO DCA:

This letter contains important representations and waivers of the undersigned in connection with the application for a reservation, commitment or allocation of State and federal low-income housing credit authority for the _____project located in _____. This letter is incorporated by reference into the Formal Application. These certifications are of a continuing nature and apply at all stages of the application process: initial application, commitment, and final allocation. By my signature, I agree to the following:

1) I am responsible for ensuring that the project consists or will consist of a qualified low-income building (or buildings) as defined in the Internal Revenue Code section 42(c)(2) and will satisfy all applicable requirements of State and federal tax law in the acquisition, rehabilitation, and operation of the project to receive State and federal housing tax credits.

2) I am responsible for all calculations and figures relating to the determination of the eligible basis of the building(s). I understand and agree that the amount of the credit is allocated by reference to the figures that I submit as to eligible and qualified basis. I understand that the actual amount of credit allocated may vary somewhat from the amount initially reserved or committed due to (a) the determination by the Georgia Department of Community Affairs ("DCA") as to the amount of credit necessary for the financial feasibility of the project and its viability as a qualified low-income housing project; (b) revisions in the calculations of eligible and qualified basis as finally determined; (c) fluctuations in the prevailing credit percentage; and (d) availability of the credit.

3) I understand and agree that DCA makes no representations or warranties regarding the financial feasibility of the project, the amount of credit, or the appropriateness of the allocation of the credit and makes no independent investigation as to the eligible and qualified basis and that any and all credit awards and credit amounts are solely based on representations made by me. I therefore agree to hold harmless and indemnify DCA and the individual directors, employees, members, officers, and agents of DCA in the event that I or anyone acting on my behalf, at my request or by and through me incurs any loss in conjunction with the project, diminution of the credit, loss of the credit, recapture of part or all of the credit or failure to allocate the credit requested in my application.

4) I understand and agree that neither DCA nor any of its individual directors, employees, members, officers, or agents assume any responsibility or make any representations or warranties with respect to: (i) the amount or availability of credit for the project; or (ii) the financial feasibility of the project.

5) I understand and agree that my application for a low-income housing credit, all attachments thereto, and all correspondence relating to my application in particular or the credit in general are subject to a request disclosure under the Georgia Open Records Act and I expressly consent to such disclosure. I further understand and agree that any and all correspondence to me from DCA or other DCA-generated documents relating to my application are subject to a request for disclosure under the Georgia Open Records Act and I expressly consent to such disclosure. I agree to hold harmless DCA and the individual directors, employees, members, officers, and agents of DCA against all losses, costs, damages, expenses, and liability of whatsoever nature or kind (including, but not limited to, attorneys' fees, litigation, and court costs) directly or indirectly resulting from or arising out of the release of all information pertaining to my application pursuant to a request under the Georgia Open Records Act.

6) I understand that any misrepresentations in this application or supporting documentation may result in a withdrawal of tax credits by DCA, my (and related parties) being barred from future program participation, and notification of the Internal Revenue Service.

7) I certify that all Federal, State and local subsidies have been disclosed and revealed.

8) I certify that all information provided in the application and all documents submitted is true, correct, and complete.

OWNER

Printed Name	Title
Signature	Date

[This letter is submitted with the Application]

LOW-INCOME HOUSING TAX CREDIT PROGRAM
SAMPLE OPINION AS TO PROJECT QUALIFICATION

For Low-Income Housing Acquisition Credit under section 42 of the Internal Revenue Code of 1986, as amended
To be submitted by Tax Counsel
Please be advised that the sample letter is for informational purposes only

State of Georgia
Department of Community Affairs
60 Executive Park South, N.E.
Atlanta, Georgia 30329

ATTN: Low-Income Housing Credit Program

DEVELOPMENT NAME _____
BUILDING/DEVELOPMENT LOCATION _____
BUILDING/DEVELOPMENT OWNER _____

This opinion is given in compliance with the requirements of the Low-Income Housing Tax Credit Program. This firm represents the development owner in a legal capacity. This opinion is based on factual representations made by the development owner or proposed owner and reasonable and prudent verification of such representations. This opinion is rendered to induce the Georgia Department of Community Affairs to grant an acquisition credit under Section 42 of the Internal Revenue Code of 1986, as amended, on the subject building/development.

After reasonable investigation, we are of the opinion that the building for which the acquisition tax credit is requested meets or will meet the following statutory requirements at the time of allocation (PLEASE DELETE PARAGRAPHS WHICH ARE NOT APPLICABLE):

(1) the building will be acquired by purchase as defined in the Internal Revenue Code Section 179(d)(2); and

(2) either the building was last placed in service at least 10 years prior to the date of acquisition by the new development owner or a period of at least 10 years has expired between the date of acquisition by the new development owner and the most recent nonqualified substantial improvement of the building placed in service by the new development owner or by any related persons specified in the Internal Revenue Code, section 42(d)(2)(B)(iii); or

(3) the building is subject to the following special rule for certain transfers as specified in the Internal Revenue Code Section 42(d)(2)(B)(iii):

_____

_____

_____; or

(4) the ten-year rule has been waived by the Secretary of the Treasury in connection with the building as provided in the Internal Revenue Code section 42(d)(6)(A). If applicable, a copy of that waiver is attached to this opinion; or

(5) the building qualifies for reasons as follows:

_____

_____

_____

This opinion relates solely to the application identified at the outset and is rendered solely for the purpose of inducing the Georgia Department of Community Affairs to make an allocation of the low-income housing credit to the identified owner on the building or development specified. This opinion is not to be used for any other purpose or to be relied upon by, or delivered to, any other person.

Very truly yours,

_____

(Tax Counsel)

[This letter is available with the Application, if applicable]

FORMAT FOR OPINION OF COUNSEL
ON QUALIFICATIONS OF NONPROFIT

(Must be submitted on Attorney's Letterhead)

[Date]

State of Georgia
Department of Community Affairs
Office of Affordable Housing
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2231

Subject: **[Development Name]**
[Development Address]

In order to satisfy one of the requirements set forth in the Office of Affordable Housing Application Manual, we have been asked to render an opinion as to: whether **[Applicant]** is a qualified nonprofit organization within the meaning of Section 42(h)(5) of the Internal Revenue Code (IRC); and whether Applicant satisfies the requirements of a qualified nonprofit organization, as defined in Section 7 of the State of Georgia 2004 Core Qualified Allocation Plan, and in Section 19 of Appendix I of the Plan (Threshold Criteria). We also understand that the Department of Community Affairs requires this legal opinion as a prerequisite to considering **[Applicant]** for an allocation of State and federal tax credits from the Set-Aside reserved for use by qualified nonprofits.

In formulating our opinion, we reviewed the Articles of Incorporation and Bylaws of **[Applicant]**, the Letter of Determination dated [date] from the Internal Revenue Service as well as the Certificate of Existence from the State of Georgia, Secretary of States' Office. We also examined the records of **[Applicant]** to determine whether or not an identity of interest exists between **[Applicant]** and any for-profit sponsors of the above-referenced development ("the Development ").

Based on our review of the foregoing, it is our opinion that:

1. **[Applicant]** is a "qualified non-profit organization" within the meaning of Section 42(h)(5)(IRC);

2. To our knowledge, there is no identity of interest existing between **[Applicant]** and any for-profit sponsors of the project and that no impermissible affiliation with or control by a for-profit organization exists with respect to the Development;

3. One of the exempt purposes of [Applicant] includes the fostering of low-income housing; **[and]**

4. **[Applicant]** is a duly formed and validly existing nonprofit organization authorized to operate in the State of Georgia, as evidenced by a Certificate of Authority to Transact Business, or a Certificate of Existence. Applicant represents that all yearly annual registrations have been properly filed of record with the Secretary of State's office**[.][; and]**

5. ***{Select One}***
[After reviewing the organizational documents and other supporting documents, it is our opinion that the [Applicant] is not sponsored, created or incorporated by a for-profit entity.] or
[After reviewing the organizational documents and other supporting documents, it is our opinion that the [Applicant] was sponsored or created by a for-profit entity and the for-profit entity's primary purpose is not the development or management of housing.]

We hereby certify that this opinion may be relied upon by the Office of Affordable Housing in the 2004 funding round in making a determination as to the eligibility of [Applicant] to receive State and federal tax credits from the nonprofit set-aside.

Sincerely,

[Name of Attorney or Firm rendering opinion]

CERTIFICATION LETTER FOR DEBT FINANCING

[For all projects: to be submitted under lender's letterhead no later than 75 days from the date of Carryover Allocation.)

[Date]

State of Georgia
Department of Community Affairs
Office of Affordable Housing
60 Executive Park South, N.E.
Atlanta, Georgia 30329

Re: [Development Name]

The undersigned (hereinafter "Lender") hereby makes the following representations to the Department of Community Affairs (hereinafter "DCA") to induce DCA to award tax credits and/or HOME loan funds to **[Name of Applicant]** (hereinafter "Applicant") for permanent financing of the Development located at or to be located at **[address of Development]** known as or to be known as **[name of Development]**, and consisting of or to consist of approximately **[number of units]** affordable housing units (hereinafter "Development"):

1. The Lender has made a binding Loan Commitment (hereinafter "Loan Commitment") to Applicant for the **[construction] [and] [permanent]** financing of the Development. A copy of the Lender's Loan Commitment is attached hereto as Exhibit A and incorporated herein by reference. The attached Loan Commitment is valid through [**expiration date of the commitment document].**

2. All conditions precedent to the issuance of the Loan Commitment, with the exception of allocation of tax credits, have been met by Applicant and are deemed satisfied by the Lender. Lender acknowledges that unacceptable conditions to the loan commitment include, but are not limited to, payment of fees and or deposits, and confirmation of the development's feasibility.

3. The Applicant has reviewed and accepted the terms and conditions of the Loan Commitment.

4. Lender certifies that the Loan Commitment contains no conditions, which are not customary and reasonable for loans of this nature and amount, and or which are not reasonably expected by the Lender to be satisfied at the time of loan funding.

5. The lender reasonably expects to close on the loan referenced in the Loan Commitment attached hereto by **[Projected Closing Date].**

6. The undersigned is a duly authorized officer of the Lender who has direct and personal knowledge of the facts contained herein and in the Loan Commitment attached hereto, and who is authorized to execute said document on behalf of the Lender.

7. The attached Loan Commitment includes at minimum: all terms and conditions of the loan including interest rate, maturity date, security requirements, repayment provisions and an authorized signature of Lender on the Loan Commitment.

8. Lender certifies that to the extent this document conflicts with the Loan Commitment, attached hereto or loan documents related thereto, this document is to be given priority.

I hereby certify that the foregoing is an accurate summary of the Lender's representations concerning the attached Loan Commitment.

Lender: _____

By:_____

Title: _____

Attest: _____

By: _____

Title: _____

[SEAL]

CERTIFICATION LETTER OF LIMITED PARTNERS' EQUITY

[to be submitted under Investor's letterhead within 75 days of credit Carryover Allocation]

[Date]

State of Georgia
Department of Community Affairs
60 Executive Park South, N.E.
Atlanta, Georgia 30329

Attn: Office of Affordable Housing

The undersigned (hereinafter "Investor") hereby makes the following representations to the Department of Community Affairs (hereinafter "DCA") to induce DCA to award tax credits and/or HOME loan funds to **[Name of Applicant]** (hereinafter "Applicant") for **[acquisition] [and] [rehabilitation]** of the Development located at or to be located at **[address of Development]** known as or to be known as **[name of Development]**, and consisting of or to consist of approximately **[number of units]** affordable housing units (hereinafter "Development"):

1. The Investor has executed a binding Limited Partners' Equity Commitment (hereinafter) "Equity Commitment" with Applicant for the **[construction] [and] [permanent]** financing of the Development. A copy of the Equity Commitment is attached hereto and incorporated herein by reference. The attached Equity Agreement is valid through [**expiration date of the Equity Commitment document].**

2. All conditions precedent to the issuance of the Equity Commitment, with the exception of allocation of tax credits, have been met by Applicant and are deemed satisfied by the Investor. Investor acknowledges that unacceptable conditions to the Equity Commitment include, but are not limited to, payment of fees and or deposits, and confirmation of the development's feasibility.

3. The Applicant has reviewed and accepted the terms and conditions of the Equity Commitment.

4. Investor certifies that the Equity Commitment contains no conditions, which are not customary and reasonable for equity commitments of this nature and amount, and or which are not reasonably expected by the Investor to be satisfied at the time of execution of the Limited Partnership Agreement.

5. The Investor reasonably expects to enter into the Limited Partnership Agreement referenced in the attached Equity Commitment by **[date of the execution of the Limited Partnership Agreement]**.

6. The undersigned is a duly authorized officer of the Investor who has direct and personal knowledge of the facts contained in the Equity Commitment attached hereto, and who is authorized to execute said document on behalf of the Investor.

7. The attached Equity Commitment includes at minimum: all terms and conditions of the Equity Commitment including physical description of the development, amount of net equity contributed to the development, conditions of payment of equity, equity pay-in schedule, cash flow distribution, disclosure of all guaranties and an authorized signature of the equity investor.

I hereby certify that the foregoing is an accurate summary of the Investor's representations concerning the attached Equity Commitment.

[Select One Format for Signature from page 2 or 3 and Delete the Other]

[Use this format if Investor is either a Corporation or a Limited Partnership with a corporate General Partner.]

[Name of Investor]

By: _____

Name: _____

Title: _____
[Specify sole or managing general partner, if applicable]

Attest : _____

Name: _____

Title: _____

[Should be an officer of Corporation]

[SEAL]

[continued on next page]

[If Investor is a limited partnership with an individual general partner]

[name of Investor]

By: _____
its sole or managing General Partner

Name: _____

[SEAL]

B. HOME RENTAL HOUSING PROGRAM REQUIREMENTS

The HOME Investment Partnership Program (HOME Program), created by the National Affordable Housing Act of 1990, provides funds to state and local governments to support affordable housing initiatives. The Georgia Housing and Finance Authority (GHFA) is the Participating Jurisdiction (PJ) and recipient of the State of Georgia's allocation of funds from the federal HOME Investment Partnership (HOME) program. GHFA contracts with the Georgia Department of Community Affairs (DCA) to administer the programs funded by this HOME allocation. The HUD regulations for the HOME program (24 CFR part 92) set forth the minimum requirements that GHFA and sub-recipient must meet. These federal regulations governing the HOME program require DCA to ensure compliance with program requirements and to take appropriate action when problems arise (24 CFR 92.504(e)).

The Georgia Department of Community Affairs HOME Rental Housing Program provides funding through the HOME Program to respond to the affordable housing needs throughout the state of Georgia. These funds are used for eligible HOME activities to provide decent, safe and affordable housing for Georgia's low and moderate income families.

Policies governing the administration of the HOME Rental Housing Loan Program are found throughout the 2005 Qualified Allocation Plan, the 2005 Application Manual, the 2005 Electronic Application, Application Instructions and other documents published by HUD, and DCA. Included in this Manual are policies relating to DCA HOME loans. In no way, however, should exclusion of a policy from this section be construed to limit its applicability to funding resources allocated under the Plan. DCA reserves the right to formulate new policies to address operational issues that may arise during the course of the funding cycle and during the underwriting of each HOME loan. In the event of a conflict between this document and the QAP, the QAP shall control.

I. 2005 RESOURCES AVAILABLE

HUD annually allocates HOME funds to state and larger local governments. The Federal Fiscal Year (FFY2005) HOME allocation is expected to be available to the State on July 1, 2005**, following approval of the Annual Action Plan for FFY2005 Consolidated Funds (Annual Action Plan). In the event FFY 2005 HOME funding is not made available to the State, DCA will not be obligated to provide any HOME Loans to Applicants.**

As of the date of publication of the Plan, approximately thirteen million dollars ($13,000,000) is expected to be available for HOME Loans under the Plan. DCA reserves the right to adjust the amount of HOME funds available for HOME Loans pending final notification from HUD of its FFY2005 HOME allocation and DCA's determination of the funding needs of all of its HOME-funded programs as described in the Annual Action Plan for FFY 2005 Consolidated Funds.

In the event HOME Loan funds remain unallocated after the Competitive Scoring process described in the Plan is complete, DCA reserves the right to apply the remaining HOME Loan funds to other DCA programs at its sole and absolute discretion. Further, DCA reserves the right to adjust the amount of HOME funds allocated to the HOME Rental Housing Loan and CHDO Set-Aside in its sole and absolute discretion.

II. Post Award Deadlines

Formal Firm Commitments*. Formal firm commitments for equity and non-DCA debt must be submitted to DCA within 75 days of issuance of the carryover allocation.

Design Development Documents***. Design Development Documents as fully outlined in the Architectural Submittal Instructions in the Manual must be submitted to DCA for review and approval no later than 90 days from award notification.**

Tax Credit and Home Projects/Commencement of Construction/Rehabilitation***. Projects receiving HOME Loans must not begin construction prior to the HOME Loan closing. However, all projects receiving a HOME loan award in 2005 must have satisfied all conditions necessary to commence construction within one year of the date of the initial HOME commitment. Exceptions may be granted by DCA at its sole and absolute discretion in accordance with HUD regulations, but must be requested prior to the start of construction. DCA will closely monitor construction start dates. Failure to comply with this policy may result in cancellation of the HOME Loan Commitment or other penalties.**

HOME Loan Closing*. **All projects receiving a HOME Loan award in 2005 must close their HOME Loans on or before September 1, 2006. Applicants unable to close within that time period may have their commitment for HOME funds withdrawn.**

III. General Program Requirements

CHDO Set-aside. A CHDO is a private, non profit organization that meets a series of qualifications prescribed in the HOME regulations and by DCA. Fifteen percent (15%) of the HOME funds allocated in the 2005 competitive round will be set aside for projects owned by nonprofits that have been pre-qualified by DCA as CHDOs. All of the CHDO set-aside will be met with funding under this Plan.

HOME requires that a CHDO participate in a proposed project as an Owner, Developer or Sponsor. However, DCA requires that any CHDO funded under this Plan and eligible for the CHDO set aside must act as sole or joint Owners of newly constructed or rehabilitated rental housing for occupancy by low and very low-income households as set forth in the Plan, the Manual, and the HOME regulations. Organizations seeking funds under the CHDO Set-aside may apply for funding to cover pre-development expenses through DCA's CHDO Pre-Development Loan Program. Information on the Pre-Development Loan Program is available on DCA's website or by calling DCA at (404) 327-6858. DCA requires all projects granted CHDO status to execute a CHDO agreement as part of the loan documents. The Agreement requires that the CHDO exercise effective control of the project. In addition, the DCA QAP requires all DCA communication with the ownership entity be with the CHDO managing partner.

Maximum HOME Loan. The maximum HOME Loan will be $2 million per project, except that projects located in Rural Counties will be eligible for loans up to $2.8 million if no other lender is involved or a second lender agrees to a second-lien position.

Affordability Period. All HOME-assisted rental housing must remain affordable pursuant to certain rent and occupancy restrictions for a requisite period of time. The affordability period will begin on the date that the project is marked as "completed" in the HUD reporting system for the HOME Program. This beginning date will occur after all federal HOME funds for the activity have been expended. The affordability period will be specified in the recorded LURA.

The affordability period may be terminated under certain circumstances related to foreclosure or a transfer in lieu of foreclosure. However, certain protections are afforded existing tenants for a three year period. Also, in certain circumstances this affordability period may be revived. For example, in a foreclosure situation, where the owner of record prior to the foreclosure, obtains an ownership interest in the project or property after the foreclosure is complete, the LURA may be revived.

The following are HUD's minimum period of Affordability:

HOME Investment per Unit/Minimum Length of the Affordability Period

Less than $15,000	5 years
$15,000 -$40,000	10 years
More than $40,000	15 years
New construction of *rental* housing	20 years
Refinancing of *rental* housing	15 years

DCA policies may require longer periods of affordability. For example, DCA requires the period of affordability to coincide with the length of the HOME loan. The minimum period of affordability will be determined during the HOME underwriting process.

Repayment of HOME funds

If a project that is funded with HOME funds is terminated before completion, all HOME funds must be repaid to DCA's HOME Investment Trust Fund (except for project-specific pre-development assistance to a CHDO that was terminated for reasons outside the control of the CHDO).

Defining HOME-assisted units

It is DCA's policy that all affordable units in a project will be designated as HOME units if the project receives DCA HOME funds. DCA's policy is more restrictive in it's use of HOME funds than is required under the statute. The formula for determining the minimum number of HOME assisted units in a project that receives HOME funds from another jurisdiction is as follows:

Total HOME investment/Total Development Cost x Total # of units = Min. # HOME assisted units

Requirements for Projects receiving DCA HOME funds:

All affordable units:

- are subject to all of the HOME requirements;

- must be comparable to the other units in the project (units are considered comparable if HOME-assisted units have similar amenities and a comparable number of bedrooms to those units that are not assisted.);

- cannot have a cost differential greater than 15% of comparable unassisted units;

- for properties with both HOME assisted and non- HOME assisted units, the Applicant must select to treat the HOME assisted units as "fixed" or "floating" units at the time of loan commitment. When HOME assisted units are "fixed", the specific units that are HOME assisted (and, therefore, subject to HOME rent and occupancy requirements) are designated and will never change. When HOME assisted units are "floating", the units that are designated as HOME assisted may change over time as long as the total number of HOME assisted units in the project remains constant and the HOME assisted units remain comparable to the non assisted units over the affordability period in terms of size, features and number of bedrooms. If the Applicant fails to make such an election at the time of loan commitment, DCA will deem that the Applicant has elected to treat the HOME assisted units as "floating".

Religious Organizations

DCA is prohibited from providing HOME funds to any entity which is a "primarily religious organization". DCA may provide HOME funds to a wholly secular entity to acquire housing from a primarily religious entity. In addition, a primarily religious entity may transfer title to its property to a wholly secular entity, and the secular entity may use HOME funds to rehabilitate or construct housing. The secular entity may be existing or newly established by a primarily religious entity. Housing completed and owned by the wholly secular entity must be available to all persons, regardless of religion. In particular, there must be no religious or membership criteria for tenants of the property.

The Georgia state constitution has a provision which prohibits the use of any funds from the state treasury being allocated to any religious entity. Therefore, state match funds cannot be distributed to any such project.

IV. ELIGIBLE AND PROHIBITED ACTIVITIES/COSTS

DCA has established the HOME Rental Housing Loan Program to allow owners and developers of rental property to apply for funding for the construction and/or rehabilitation of affordable rental housing projects for low income persons in the state of Georgia. HOME funds can be used only for eligible activities and costs for the purpose of providing affordable rental housing to low and very low-income persons. A project means a site or sites together with any building (including manufactured housing units) or buildings located on the site(s) under common ownership, management and financing,

to be assisted with HOME funds as a single undertaking. The "Project includes all of the activities associated with the site and building.

A. Eligible Activities

The following is a summary of activities which are eligible under the DCA HOME Rental Housing and DCA CHDO Loan Programs. Please note that in some instances, DCA requirements are more restrictive than HOME requirements.

Reconstruction - Reconstruction means the rebuilding, on the same lot, of housing standing on a site at the time of project commitment. HOME funds may be used to build a new foundation or repair an existing foundation. (Note: Construction of housing on a vacant lot where a house was demolished or removed prior to project commitment is considered new construction.) During reconstruction, the number of rooms per unit may change, but the number of units may not.

Conversion - Conversion of an existing structure from another use to affordable residential housing is usually classified as rehabilitation. If conversion involves additional units beyond the walls of an existing structure, the entire project will be deemed new construction. Conversion of a structure to commercial use is prohibited.

New Construction – Any project that includes the addition of dwelling units outside the existing walls of a structure is considered new construction.

Rehabilitation – This includes the alteration, improvement or modification of an existing structure. It also includes moving an existing structure to a foundation constructed with HOME funds. Rehabilitation may include adding rooms outside the existing walls of a structure, but adding a housing unit is considered new construction.

B. Prohibited Activities

DCA HOME funds may not be used to fund the following activities:

Transitional Housing - Section 205 of the Housing and Development Act of 1992 added transitional housing as an eligible HOME activity. Transitional housing includes housing which is provided for a limited amount of time, often 12-18 months, for persons in need of appropriate supportive services. However, DCA does **not** fund transitional Housing under its HOME multifamily loan program.

Public Housing: The development or modernization of public housing or the provision of annual contributions for the operation of public housing is a prohibited activity.

Mixed Use Projects: For purposes of the HOME programs, a mixed-use project contains, in addition to at least one residential unit: a laundry, community or any

commercial type facilities (e.g. stores, delicatessens, restaurants), and/or any other non-residential space (e.g. office space) which is available to the public. If laundry and/or community facilities are for use exclusively by the project tenants and their guests, then the project is not considered mixed-use. Neither a leasing office nor a maintenance area will trigger the mixed-use requirements. No HOME funds can be used to fund the commercial or non-residential portion of a mixed-use project. Therefore, if a HOME-assisted project contains such commercial or non-residential space, other sources of funding must be used to finance that space. In order to be eligible for HOME funding, a mixed-use project must meet the following conditions: residential living space in the project must constitute at least 51 percent of the total project space; and each building in the project must contain residential living space (including the building which holds any such laundry and/or community facility). HOME funds can only be used to fund the residential portion of the mixed-use project which meets the HOME rent/purchase price limits and income requirements. If the rental project will contain a model apartment that will be shown to potential renters, the model apartment will be considered a non-residential area subject to the mixed-use requirements, unless the model apartment will be rented in the event of high occupancy.

Refinancing: DCA HOME loans cannot be used to refinance or payoff an existing loan, except that proceeds from permanent HOME loans can be used to repay for construction, and DCA HOME predevelopment loans provided that the HOME assistance is part of the original financing package and meets all other DCA HOME loan requirements.

C. Eligible Costs

Project related Hard Costs: DCA HOME Rental Housing Loan funds are used to fund on-site construction hard costs. DCA defines construction hard cost as the total of the on-site site improvements, on-site unit/building construction cost, plus construction contingency, and contractor services. Contractor Services are defined as the Builder's Overhead, Builder Profit, General Requirements, and the Payment and Performance Bonds or the cost of the letter of credit or construction loan when used in lieu of a Payment and Performance Bond.

These costs include, but not limited to:

- Site preparation including demolition
- Site improvements, including utility connections
- Securing of buildings
- Construction materials and labor
- Improvements to permit use by handicapped persons
- Model Energy Code improvements (new construction)
- Energy-related repairs and improvements
- Accessibility improvements for disabled persons
- Abatement of lead based paint hazards and other environmental mitigation
- Repairs and/or replacement of major housing systems in danger of failure
- General property improvements which are non-luxury in nature

On -Site Improvements – Eligible Site improvements must be in keeping with improvements to surrounding standard projects. They include new, on-site improvements (sidewalks, utility connections, sewer and water lines, etc.) where none are present. They are essential to development or repair of existing improvements. Building new, off site utility connections to an adjacent street is also eligible.

Additional eligible costs: There are several other miscellaneous costs which are also allowable. These costs include:

- HOME funds can be used for projects previously assisted with HUD funds. If other HUD requirements still apply to the property, then both the existing requirements and HOME requirements must be met. Projects receiving Section 8 Moderate Rehabilitation Program Assistance may not be good candidates for HOME funds, because HOME maximum rent levels may not be consistent with Moderate Rehabilitation rents.

- Interim construction financing is an eligible HOME cost as long as the construction financing converts to permanent DCA HOME Loan financing.

D. Prohibited Costs

DCA HOME funds cannot be used to fund the following activities:

- Refinancing

- Soft costs related to the project's development, including but not limited to architectural, financing, reserves, and insurance (While reasonable and necessary soft costs are eligible under HOME regulations, DCA does **not** allow them as an eligible cost.);

- Providing a project reserve account for replacements, unanticipated increases in operating costs or operating subsidies;

- Providing tenant-based rental assistance for the special purposes of the Section 8 Existing Housing program or for preventing displacement from projects assisted with rental rehabilitation grants under 24 CFR §511;

- Providing nonfederal matching contributions required under any other federal program;

- Carrying out activities authorized under 24 CFR §968 (Public Housing Modernization);

- Providing assistance to eligible low-income housing under 24 CFR §248 (Prepayment of Low Income Housing Mortgages);

- Providing assistance to project(s) previously assisted with HOME funds during the period of affordability established by DCA However, additional HOME funds may be committed to a project up to one year after project completion, but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount;

- The Uniform Relocation Act and Section 104(d) (also known as the Barney Frank Amendments) apply to all HOME assisted properties. While these costs are eligible under HOME regulations, DCA does **not** allow them as an eligible cost.

- Using HOME funds to carry out housing remedies or to pay fines, penalties, or costs associated with an action in which DCA has been found by a federal, state or local court, to be in violation of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, or any other federal, state or local law promoting fair housing or prohibiting discrimination. However, HOME funds may be used in connection with a settlement that has been entered into in any case where claims of the above violations have been asserted against DCA only to carry out housing remedies with eligible activities; and

- Using HOME funds in projects assisted under the pre-1992 Rental Rehabilitation

- Program governed by 24 CFR §511;

- Emergency shelters;

Off-site Improvements- Off-site infrastructure are not eligible as a HOME expense. For example, infrastructure, such as sewer and water lines in a public street in front of a HOME assisted property cannot be paid for with HOME funds. However, the connections that run from the HOME assisted property to the street are eligible HOME costs since they are essential to the property

E. Contractor Cost Certification. Contractors will be required to execute a Cost Certification (Forms B12, B13, and B15) as to the actual costs incurred in construction of the project. A Certified Public Accountant must perform the audit and issue an opinion letter in accordance with Generally Accepted Accounting Principals and Generally Accepted Auditing Standards and execute CPA Certification (Form B14). The Cost Certification will include an audit opinion letter from a CPA certifying the contractors actual cost. The DCA Cost Certification and audit opinion letter will be required prior to release of final retainage. The Certification and Audit will be reviewed by DCA staff who will determine the total actual allowable cost for construction.

If the Cost Certification and Audit of the actual construction costs finds that the Contractors actual costs are more than budgeted cost and DCA concurs with that finding, no further action is necessary. If audit finds that Contractors actual allowable costs for construction is are less than budgeted costs or DCA staff determines that the Contractor's

actual allowable cost for construction is less than budgeted costs, HUD and DCA have determined that DCA has some flexibility in determining the appropriate corrective actions that should be taken in order to ensure that a HOME project's feasibility is maintained but that the Contractor does not receive a windfall and that the project is not over subsidized. This flexibility includes the following actions which may be taken by DCA to meet the above referenced goals:

A. DCA has the ability under its change order process to approve legitimate cost increases to the property up to the original budgeted amount. Legitimate costs increases would include (but are not limited to)

(i.) Material upgrades

(ii.) Amenities that provide security such as lightning, fencing, smoke detectors etc.

(iii.) Amenities designed to enhance the quality of life.

B. If the Difference between the budgeted costs and the actual costs are significant or extraordinary, DCA may determine that change orders cannot be utilized to correct the problem. In that event, the following actions may be taken by DCA to meet the above referenced goals:

(i) DCA may determine that the reduction in costs will reduce eligible basis and will decrease the amount of tax credits by an amount sufficient to ensure that sources will continue to equal uses.

(ii) DCA may determine that the project HOME loan will be reduced by an amount sufficient to ensure that sources will continue to equal uses. (DCA HOME Loan documents will be revised to reflect DCA's ability to make this revision subsequent to closing).

(iii) DCA may also approve an exception to its policy to only fund a portion of hard costs and fund all hard costs or a portion of the soft costs if necessary, provided that the final sources and uses remain equal

4. DCA Director of the Office of Affordable Housing and of Housing and Finance Division will review staff recommendations prior to release of retainage to ensure that goals of preventing Contractor windfall profits and that sources equal uses are met. DCA shall limit the sum total of all payments from all sources to the Contractor to the lesser of: (1) the construction contract price as adjusted for change orders or (2) the total actual allowable cost for construction as determined by DCA.

5. HUD and/or DCA shall have the right to audit the Contractor's Certificate of Actual Cost for a period of five years from project completion and require the return of an overpayment from the owner/borrower.

6. Each construction contract between the General Contractor and the Developer of a HOME project shall at a minimum contain the following:

(a) The sum total of all payments from all sources to the contractor shall not exceed the actual allowable cost for Construction as determined by DCA.
(b) HUD and/or DCA shall have the right to audit the Contractor's Certificate of Actual costs for a period of five years from project completion.
(c) HUD and the Georgia Department of Community Affairs shall have access to the Contractor's records for the project and for his/her cost certification for five years after project completion in order to conduct audits of project costs.

IV. PER UNIT COST LIMITS

All projects built or rehabilitated using HOME dollars must adhere to the Minimum/Maximum Per Unit Cost requirements. At minimum, DCA must invest an amount equal to $1,000 times the number of HOME assisted units in each project or $100,000 which ever is greater. At a maximum, DCA will not fund projects with per-unit costs higher than those limits given in the State's Qualified Allocation Plan, which are determined using the limits set by HUD under Section 221(d)(3) of the National Housing Act. Developers may apply for a waiver of the per-unit cost limits, as described in the Qualified Allocation Plan. In projects where all units are not HOME assisted- DCA will verify that HOME funds went only to HOME units and that the costs were appropriately allocated. For further information, please refer to HUD CPD Notice 94-12.

V. PROPERTY REQUIREMENTS

Property Standards. All HOME-assisted units- whether in a multifamily building, single room occupancy (SRO), or single-family or group home, must conform to HUD's minimum property standards and any local, state, or federal codes once construction is complete. If the HOME assisted units have been designated as "floating units", all units in the project, whether HOME assisted or not, must meet these requirements at project completion. Housing assisted with HOME funds must meet or exceed the minimum property standards set forth in Section 24 CFR 200.25, applicable state and local code requirements, and DCA Rehabilitation Standards. See the DCA Architectural Manual for additional information. Local rehabilitation standards may be adopted but they must meet or exceed DCA Rehabilitation Standards. Throughout the affordability period, the HOME-assisted property must continue to meet HQS, applicable state and local codes, DCA Rehabilitation Standards, and local rehabilitation standards (if any).

DCA is required to inspect the rental project and determine that the property standards are being met (annually for projects with more than 25 units, every two years for projects with 25 units or less.)

If the project is substantially rehabilitated (a total development cost of more than $25,000 per unit) or is newly constructed, the units also must meet specific energy standards.

Acessibility. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) which prohibits discrimination against any otherwise qualified handicapped individual from participation in any program or activity receiving federal financial assistance. All projects receiving HOME funds must comply with Section 504 of the Rehabilitation Act. *Accessibility requirements are more fully set forth in the DCA Accessibility Manual.*

VI. Site and Neighborhood Standards.

The site and neighborhood standards of 24 CFR 983.6(b) apply to the new construction of rental housing which will utilize HOME funds**.** Applicants for HOME funding of new construction projects will be required to meet DCA's site selection and approval process requirements before being approved for HOME funding. Applicants must first determine if the project is located in an area of minority concentration, a racially mixed area, or a non-minority area. An area of minority concentration is an area that has 50% or more minorities. A racially mixed area is an area that has 25% or more minorities. A non-minority area is an area that has less that 25% minorities. For purposes of making this designation, DCA will review the racial make up of the census tract in which the project is located. Applicants must use the applicable DCA Form (B1, B2, or B3) in documenting the appropriate designation for the census tract in which the proposed project will be located. DCA will verify this information upon receipt of application both by reviewing US Census data and by visiting the area of the proposed project.

A. Areas of Minority Concentration

It is DCA policy not to fund projects located in areas of minority concentration unless the applicant submits specific, detailed information that meets the requirements of the statute. Applicants proposing projects in areas of minority concentration should review these requirements very carefully. The Applicant must submit specific, convincing documentation to show that there is an overriding housing need in the area of the proposed project or that there are sufficient and comparable housing opportunities for minorities outside of the area. DCA will be closely scrutinizing any project submitted in a minority concentration to ensure that this policy is met.

In determining whether a proposed project in an area of minority concentration meets HUD's site and neighborhood standards, DCA will review the application and seek HUD's concurrence in determining whether there is an overriding housing need in the area of the proposed project. "Overriding housing needs" means the proposed housing project is intended to preserve or restore housing located in the area of minority concentration, provided that discrimination is not the reason that the housing located outside the area of minority concentration is not available or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice. DCA will look at the following factors to determine whether an overriding housing need exists:

- Is the proposed project a part of an integral overall local strategy for the preservation or restoration of the immediate neighborhood? DCA will review neighborhood redevelopment plans, revitalization strategies and special designations such as enterprise zones in determining whether this standard is met.

- Is the proposed project in a neighborhood experiencing significant private investment that is demonstrably changing the economic character of the area (a "revitalizing area")?

(Documentation and/or evidence of overall strategy and/or revitalizing area must be detailed in the documentation submitted by the Applicant in the Project Application.)

If insufficient information is submitted that an overriding housing needs exists, DCA will review whether there is sufficient documentation that evidences that either "sufficient" and "comparable" housing opportunities exist for minority families (in the income range to be served by the proposed project) in the area outside the area of minority concentration where the proposed project is to be located. "Sufficient" means a reasonable distribution of assisted housing units each year which over a period of years which gives a balance of housing choices within and outside the areas on minority concentration. "Comparable" means:

A. same household type (elderly, family, disabled, etc.);
B. same tenure type (owner/renter);
C. same tenant contribution in rent; or
D. same income group and same standard housing conditions exist in the same housing market area.

DCA will review the following factors to consider whether sufficient and comparable housing opportunities exist:

- Based on analysis and research of the information provided by the Applicant, the DCA-commissioned market study, and other DCA sources of information, are there a significant number of assisted housing units available outside areas of minority concentration?

- Based on analysis and research of the information provided by the Applicant, the DCA-commissioned market study and United States census data, are there racially integrated neighborhoods in the locality of the project?

- Based on analysis and research of the information provided by the Applicant and the DCA commissioned market study, has a significant proportion of minority households been successful in finding units in non-minority areas under the Section 8 certificate and voucher programs?

Application Documentation for areas of Minority Concentration

If a project is located in an area of minority concentration, the applicant must submit the following information to DCA:

1. Map of proposed project site showing location in census tract
2. Site map of proposed neighborhood
3. Census tract data of proposed neighborhood population by:
    a. household type
    b. tenure type
    c. income group and housing conditions
    d. race of residents
4. Narrative on how the percentage of minority residents is determined
5. DCA Site and Neighborhood certification form

6. Documentation that establishes overriding need standard or sufficient and comparable standard.
7. Narrative on why project meets HUD standards for areas of minority concentration

B. Racially Mixed Area

Applicants proposing projects in census tracts which are designated as racially mixed, must clearly document that the proposed project will not significantly increase the proportion of minority to non-minority residents.

Application Documentation for Racially Mixed Areas

If the project is located in a racially mixed area, the following must be submitted to DCA by the applicant for review:

1. Map of proposed project site
2. Site map of proposed neighborhood
3. Census tract of proposed neighborhood population by:
    a. household type
    b. tenure type
    c. income group and housing conditions
    d. race of residents
4. Based upon the proposed number of units, show what increase of minority residents to non-minority residents will occur.

C. Non Minority Areas

For projects located in non-minority areas and areas that are not racially mixed, the following must be submitted to DCA by the applicant:

1. Map of proposed project site
2. Site map of proposed neighborhood
3. Census tract or enumeration district data of proposed neighborhood population by:
    a. household type
    b. tenure type
    c. income group and housing conditions
    d. race of residents

D. Site standards

DCA will also review application documentation and perform a site visit to determine whether there are any conditions present which may be seriously detrimental to family life. A determination will be made as to whether any of these undesirable conditions predominate in the neighborhood. If DCA determines that there are undesirable conditions present, it will look to determine whether there is evidence of a concerted program to remedy these conditions substandard dwellings, abandoned buildings are examples of such undesirable conditions.

VII. RENT AND OCCUPANCY REQUIREMENTS

The HOME Program establishes rent and occupancy requirements for all units assisted with HOME funds. The HOME Program requires that each building in a HOME-assisted project contain housing that meets the applicable HOME rent and occupancy requirements. HOME-assisted housing must be in compliance with rent and occupancy requirements throughout the affordability period. HUD Income limits, Qualified Census Tracts and Difficult Development areas are available at http//www.huduser.org.

A. Rent Requirements

There are two types of rents associated with the HOME Program.

> Low HOME Rents - If the project consists of three or more rental units, at least 20 percent of the HOME assisted units must have rents equal to or less than the rent affordable to a household at 50 percent of area median income (AMI) **or** the area Fair Market Rent (FMR), which ever is less. Additionally, the Low HOME units must be distributed comparably across unit sizes, e.g. 20% of the one bedrooms, two bedrooms and three bedrooms must be Low HOME units in each project.
>
> High HOME Rents - DCA requires that the remaining HOME-assisted units have rents equal to or less than the rent affordable to a household at 60 percent of AMI **or** the area FMR.
>
> **NOTE: DCA'S policy is more restrictive than the statute. None of the restricted units in a DCA project can have rents more than the area FMR. Many Applicants assume that for their 60% rent restricted units, that the rent can exceed FMR. It cannot unless the project has government project based rental assistance.**

In determining the maximum rent that can be charged to a tenant for a HOME-assisted unit, the tenant-paid utility allowances must be subtracted from both low and high HOME rents.

While the actual project rents must meet these requirements, they may be less than the maximum allowable rents under the HOME program requirements. A number of reasons for this include developers choosing to lower the rents in order to receive consideration in the competitive selection process, and a market study indicating that lower rents are necessary for the project to be competitive in that apartment market area. The actual project rent limits will be written into the Land Use Restriction Agreement (LURA) which will be recorded at the closing of the HOME loan.

B. Occupancy Requirements:

The units renting for the low HOME rent (minimum of 20% of the HOME assisted units) must be rented to households earning no more than 50 percent AMI, adjusted for family size. The remaining HOME assisted units must be rented to households earning no more

than 60 percent AMI, adjusted for family size. The Table Section of the DCA Application Manual contains Utility Allowance Instructions, Utility Allowance Region Map Listing and Utility Allowance charts as well as the HUD Fair Market rents for the state of Georgia. Income is calculated using the Section 8 definition of income.

C. Using the Low Income Housing Tax Credit with the HOME Program

Many DCA projects will combine the Tax Credit program and a DCA HOME loan. As a result, if the 9% tax credit is proposed, the income targeting requirements may be more stringent.

Specifically, at least 40% of the residential units in each building of the project must be targeted to families at 50% of AMI, adjusted for family size. All remaining assisted units must be targeted to families at 60% or less of AMI, adjusted for family size. If the HOME loan is provided at or above the applicable federal rate, the HOME loan will not be treated as a federal subsidy and the additional 40/50 requirement will not apply. Particular attention should be paid to projects composed of single family homes or similar housing designs. Because each single family home is considered a building, all homes in such a project would need to meet the 40/50 rule.

If the HOME loan is provided for a project at an interest rate at or above the applicable rate, the project would qualify for the 9% credit allocation for eligible improvement cost and is also eligible for the 130 percent basis adjustment for projects in "qualified census tracts or difficult development areas" (QCT/DDA). However, if the HOME loan that is provided for a project is at an interest rate below the applicable federal rate, the project <u>is not</u> eligible for the 130 percent basis adjustment for projects in "qualified census tracts or difficult development areas" (QCT/DDA).

Accordingly, the maximum rents charged for the units occupied by tenants at 50% or less of AMI must be equal to or less than the lesser of the applicable tax credit rent based on the 50% rents from the rent chart or the area FMR. The remaining rents for the assisted units must have rents no greater than the lesser of the tax credit rents based on the 60% rents from the rent chart or the area FMR. The Tax Credit Section of the Application Manual provides more details on the Low Income Housing Tax Credit Program.

A project combining HOME and tax credits must meet the HOME rent requirements on **all** its units occupied by low-income households. The HOME funding cannot be designated for only some of the units so as to avoid the high HOME rent requirements.

VIII. OWNER/DEVELOPER ELIGIBILITY REQUIREMENTS

All owners/developers' financial capacity and experience will be evaluated during the underwriting process to determine if the owner/developer is able to carry forward the proposed project. However, there are additional requirements related to owner/developer, and in some cases contractors and subcontractors**,** participation in the program. These requirements are outlined below.

Debarment and Suspension Requirements

HOME funds may not be provided to any individual or entity that is presently debarred, suspended, proposed for debarment, declared ineligible, subject to limited denial of participation (LDP) or voluntarily excluded from participation in the HOME program.

DCA will review all pertinent HUD and DCA debarment/suspension lists for the presence of any developer, owner, contractor, subcontractor, or other entity participating in the construction/rehabilitation of the HOME-assisted project.

The owner must obtain written certification from any contractor, subcontractor, or other entity participating in the construction/rehabilitation of the HOME assisted project verifying that the entity or individual is not presently debarred, suspended, proposed for debarment , declared ineligible, LDP'd or voluntarily excluded from participation in the HOME program. The owner must submit written certifications to DCA as new entities become involved with the project. The Owner shall also monitor its employees and contractors to ensure that all HOME regulations relating to Debarment and Suspension are enforced.

IX. LOBBYING PROHIBITIONS 24 CFR 87

The Byrd Amendment prohibits a recipient of federal funds from using said federal funds to lobby members of Congress; and in the event that a recipient of federal funds uses other non-federal monies to lobby Congress, requires disclosure of lobbying activities. The Byrd Amendment requirements apply to Federal contracts, grants and cooperative agreements exceeding $100,000 and Federal loans exceeding $150,000.

Execution of the forms described below by the appropriate individual or entity, evidencing compliance with the Byrd Amendment must occur prior to loan closing, or for contractor or subcontractors selected after loan closing, before they are allowed to start work.

Owner - An owner who expects to receive a HOME loan in excess of $150,000 must certify that the funds will not be used to lobby Congress. Each applicant must provide a copy of the Certification for Contracts, Loans and Cooperative Agreements is attached to this Manual as Form B4 and the Applicant/Recipient Disclosure/Update Report attached to this Manual as Form B5 at the time of Application. In addition, if an owner uses non-federal money to lobby Congress, then the owner must also submit to DCA the Disclosure of Lobbying Activities Form (SF-LLL) which is attached to this Manual as Form B6. The borrower is responsible for ensuring compliance with the Byrd Amendment by all contractors and subcontractors.

Contractor - Any developers, contractors, subcontractors (including architects, engineers and other consultants which are contractors) (Contractor) who receive federal funds in excess of $100,000 for any one HOME activity must complete and submit the Certification form B4 and the Disclosure of Lobbying Activities Form (SF-LLL) if applicable. The form is attached as P2 to this Manual. The owner will forward the signed form to DCA.

X. CONFLICT OF INTEREST

No person who is currently an employee, agent, consultant, officer, elected or appointed official of DCA (hereinafter collectively referred to as Person) may obtain a financial benefit or interest from any HOME-assisted activity; have an interest in any contract, subcontract or agreement relating to any HOME-assisted activity; or obtain any proceeds from a contract, subcontract or agreement relating to any HOME-assisted activity. The prohibition only applies to a Person who has HOME-related responsibilities, or is in a position to participate in the decision making process or has access to inside information. This prohibition remains in effect for one year after the tenure of said Person has expired. This prohibition also applies to the Person's immediate family members and business associates.

If a potential conflict of interest exists involving any of the above-mentioned parties as described above, the potential conflict of interest must be disclosed to DCA, which must obtain a waiver from HUD prior to awarding funds to the project.

DCA's request to HUD for a waiver includes a description of the nature of the conflict; an assurance that all the interested parties have publicly disclosed the conflict; and an opinion from the Georgia Attorney General's office stating that any waiver of the conflict would not violate state or local law. DCA may request a waiver of a conflict of interest from the HUD Regional Office. If a potential conflict of interest exists between the above-mentioned parties, DCA may require the applicant to provide information and assist in the preparation of the waiver.

A certification is included in all applications stating that no conflict of interest exists, and a section of the application allows for the identification of any potential conflicts of interest.

XI. COMPLIANCE

DCA will monitor the property for compliance with all applicable HOME regulations prior to loan closing, during construction/rehabilitation, and throughout the period of affordability. At the pre-construction conference, the owner will receive a complete package of HOME compliance materials and information on training opportunities. Prior to lease up, the owners will be required to attend a DCA Compliance workshop that will cover lease-up regulations and compliance requirements throughout the period of affordability.

Any owner, developer, syndicator or management company who has been in default or has been out of compliance with <u>any</u> DCA-administered program within the past three calendar years may be ineligible to participate in future funding rounds. Please refer to the 2005 Compliance Manual for compliance requirements including the Federal HOME Compliance requirements

XII. LABOR STANDARDS

A. APPLICABILITY

If HOME funds are provided (whether for construction or non-construction expenses) to projects involving the construction of affordable housing consisting of 12 or more units, then the contract relating to the new construction or rehabilitation must comply with the following labor standards:

- Davis-Bacon Act, 40 U.S.C. 276(a)-5
- Contract Work Hours and Safety Standards Act, 40 U.S.C. 327-332
- Copeland "Anti Kickback" Act, 40 U.S.C. 276(c) 1982.
- All applicable regulations and HUD Handbook #1344.1

Each developer/owner is required to attend a pre-construction conference. During this conference DCA's Compliance Manager will distribute applicable forms and instructions relating to labor standards and answer any questions you may have. The following summary of general requirements is intended to be a summary and should not replace direct conversations with DCA staff. Records should be maintained to evidence compliance with all requirements.

Common pitfalls to avoid.

◊ Starting work prior to pre-construction conference and loan closing without written authorization from DCA
◊ Failure to obtain a wage determination <u>from DCA</u> prior to soliciting construction bids.
◊ Failure to submit weekly contractor/subcontractor payrolls and Statements of Compliance to DCA.
◊ Failure to provide documentation that employees are receiving the compensation reflected on payrolls (i.e. employee interviews).
◊ Failure to pay workers for overtime.

Failure to comply with the items listed above may affect your compliance score and ability to compete in future funding rounds.

B. GENERAL REQUIREMENTS

Every construction and/or rehabilitation contract or subcontract must have appended to it the labor provisions contained in HUD Form 4010, obtained from DCA at pre-construction conference. The property owner is required to ensure that all contractors and subcontractors comply with this requirement.

The Labor Standards do not apply to individuals who are considered volunteers or to members of an income eligible family who provide "sweat equity."

C. Davis-Bacon Requirements

DCA will provide the owner/developer with the local prevailing wage rate for the class of laborer/mechanic involved in the project at the pre-construction conference. Wage rate decisions are based on determinations made by the U.S. Dept. of Labor (DOL). The owner/developer is required to:

- Have a written contract with all contractors and subcontractors on the project;

- *Submit to DCA a certification from the Bureau of Apprenticeship and Training for each apprentice employed on the project;*

- Ensure that the applicable ratio of apprentices to journeymen is not exceeded;

- Ensure that all apprentices are paid the applicable wage rate;

- Ensure that the applicable wage rate decision, as changed or modified, is used in the contract bidding process, if any, and at the time the contract is awarded;

- Ensure that no party who is debarred/suspended or given limited denial of participation is used as a contractor or employee (see Section 1 of this Manual);

- Ensure that wage decisions and DOL posters are displayed on the project job site (poster will be distributed at the pre-construction conference);

- Attend a pre-construction conference with DCA (mandatory, before you start construction) which is held after loan underwriting and thirty days prior to closing; and

- Allow DCA to monitor the construction and/or rehabilitation and conduct on-the-job interviews with workers on the job site.

D. Copeland Act Requirements

In general under the Copeland "Anti-Kickback" Act, the owner/developer must:

- Ensure that persons working on the construction and/or rehabilitation of the project are paid weekly and that only those salary deductions which are permissible are taken;

- Submit to DCA, on a weekly basis, payrolls and Statements of Compliance from contractors and subcontractors *(the forms will be distributed at the pre-construction conference and must be used to document compliance with this responsibility);*

- Retain for at least three (3) years (and sometimes longer) the documents described in the immediately preceding paragraph B;

- Check the payrolls of the contractor and subcontractors for accuracy; and

- Ensure that contractors and subcontractors retain for at least three (3) years the basic records supporting the payrolls.

E. Contract Work Hours and Safety Standards Act

The property owner/developer must ensure that laborers and mechanics that work in excess of forty (40) hours in any work week receive overtime compensation at a rate at least equal to one and one-half times the basic rate of pay for overtime hours.

XIII. EQUAL EMPLOYMENT OPPORTUNITY/ FAIR HOUSING

A. Summary

No person in the United States may, on the grounds of age, race, color, national origin, religion, sex, familial status or handicap be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or part with HOME funds.

B. Requirements

HOME fund recipients must comply with any and all federal, state and local laws relating to fair housing and equal opportunity, including but not limited to those listed below.

1. **Minority Business Enterprise Executive Orders 11625, 12432, and 12138** relating to use of minority and women-owned business enterprises which provide that owners must make efforts to encourage the use of minority and women's business enterprises in connection with HOME funds by prescribing procedures acceptable to establish and oversee an outreach plan. (Please refer to the MBE/WBE Outreach Plan Guide Form attached to this Manual as B7)

2. **The Federal Fair Housing Act** (42 U.S.C. §3601 et seq. (1968)) and the **Georgia Fair Housing Act** (O.C.G.A. §8-3-200 et seq., (1992 Supp.)) requires each owner to affirmatively further fair housing. It is illegal to discriminate against any person because of race, color, religion, familial status, sex, handicap, or national origin: in the sale of rental or housing of residential lots; in advertising the sale or rental of housing or residential lots; in the financing of housing or residential lots; in the provision of real estate brokerage services; or in the appraisal of houses or residential lots. Blockbusting is also illegal. Blockbusting is the use of racial fears and prejudices to entice one racial group to flee a neighborhood when members of a disparate racial group move into the area. Normally, "blockbusting" refers to realtor exploitation of racial tensions. With respect to the development of rental housing, the rental housing must be accessible to persons with disabilities in compliance with the American National Standard (ANSI A117.1), a copy of which can be obtained from the EEOC.

3. **Age Discrimination Act of 1975** (42 U.S.C. §6101 et seq.) which prohibits discrimination based on age.

4. **Section 504 of the Rehabilitation Act of 1973** (29 U.S.C. §794) which prohibits discrimination against any otherwise qualified handicapped individual from participation in any program or activity receiving federal financial assistance.

5. **Americans With Disabilities Act of 1990 (ADA)** (42 U.S.C. §12116 et seq.) which prohibits discrimination in employment on the basis of disability (Title I) and prohibits discrimination on the basis of disability in state and local government services (Title II). Transitional housing must be in compliance with Title III of the ADA including but not limited to the Americans with Disabilities Act Accessibility Guidelines (ADAAG).

6. **Section 3 of the Housing and Urban Development Act of 1968** (12 U.S.C. §171U et seq.) which provides that, to the greatest extent feasible, opportunities for training and employment arising in connection with planning and carrying out any project assisted with HOME funds be given to low-income persons residing within the program service area. In addition, to the greatest extent feasible, contracts for work (of all types) to be performed in connection with any project must be awarded to business concerns, including but not limited to individuals or firms doing business in the field of planning, consulting, design, maintenance or repair, which are located in or owned in substantial part by persons residing in the program service area.

7. **Executive Order 11063** which requires that all action necessary and appropriate be taken to prevent discrimination based on race, color, religion (creed), sex, national origin, familial status or disability in the sale, rental, leasing or other disposition of residential property and related facilities, or in the use or occupancy thereof, where such property or facilities are owned or operated by the Federal Government, or provided with HOME funds and in the lending practices with respect to residential property and related facilities of lending institutions insofar as such practices relate to loans insured, guaranteed or purchased by the U.S. Department of Housing and Urban Development.

8. **Title VI Civil Rights Act - 1964** (42 U.S.C. 2000d) which provides that no person in the United States may, on the basis of race, color, or national origin, be excluded from participation in, or be denied the benefit of, or be otherwise subjected to discrimination under any program or activity receiving federal financial assistance from the U.S. Department of Housing and Urban Development.

9. **Affirmative Marketing** is required when HOME-assisted housing contains five or more units. If applicable, owners of HOME-assisted housing must adopt and conduct affirmative marketing procedures and requirements which provide information and otherwise attract eligible

persons as described below. DCA will monitor and annually assess the affirmative marketing efforts conducted by owners in compliance with this requirement. Please refer to the Instructions for Affirmative Fair Housing Marketing Plan attached to this Manual as Form B8 and the Affirmative Marketing Plan attached to this Manual as Form B9.

Owners must be in compliance with all of the above stated federal and state regulations. In addition, owners must comply with the DCA MBE/WBE Outreach Plan and submit their own written MBE/WBE Outreach Plan to DCA for approval. The MBE/WBE Attachment can be used as a guide-form for the owner's submission, make appropriate adjustments as necessary. The owner is bound by all representations and certifications made in the approved plan.

The owner must also develop and submit to DCA a written affirmative marketing plan (Plan). Using the form provided, the applicant is required to document its Plan and assemble related documentation. Once the Plan has been approved by DCA, the applicant must keep the plan on the central office premises, along with a copy of the federal and state Fair Housing Act, both of which must be available for review by the general public.

XIV ENVIRONMENTAL REQUIREMENTS

HOME funded projects must adhere to the environmental requirements set forth in the 2005 QAP and the 2005 Environmental Manual. DCA requires that a Phase I be completed in accordance with DCA requirements and included in the Application. Additionally, in accordance with the National Environmental Protection Act (NEPA), DCA has provided public notice and reviewed the environmental effects of proposed housing related activities throughout the state and concluded that a broad range of activities will not have an adverse effect on the environment. As a result, the project level advertisements of NEPA are no longer necessary. However, as each project is identified, DCA will review it for adherence to DCA's environmental requirements and for adverse environmental effects.

(A). LEAD BASED PAINT

The HOME program prohibits the use of and requires the elimination of lead-based paint hazards in HOME-assisted housing. These lead-based paint requirements apply to all HOME-assisted properties built before 1978, with the exception of housing intended for elderly or handicapped persons (except for units in which children under 7 years of age or pregnant women are residing), and studio or efficiency apartments. These affected units are referred to as "targeted housing".

Disclosure requirements for "targeted housing" - To protect families from exposure to lead in paint and the contaminated dust and the soil it generates, Congress passed the Residential Lead-Based Paint Reduction Act of 1992. This law requires the disclosure of known information on lead-based paint and lead-based paint hazards to the tenants or prospective tenants of "targeted housing" as described above. Property owners/developers must:

- Give tenants the EPA/HUD pamphlet titled "Protect Your Family From Lead in Your HOME;" (attached to this Manual as Form B10) and

- Incorporate the addendum entitled "Disclosure of Information on Lead Paint and Lead Paint Hazards" into all lease agreements) attached to this Manual as Form B11).

Lead based paint hazard control standards - The national "Lead-Based Paint Hazard Reduction and Financing Task Force" recently provided recommendations related to the control of lead based paint and associated hazards in their report "Putting the Pieces Together: Controlling Lead Hazards in the Nation's Housing." The DCA requirements outlined below meet or exceed the recommendations provided by the Task Force. For further guidance on specific guidelines for controlling lead-based paint hazards refer to Title X of the Housing and Community Development Act of 1992 and the final new HUD regulation on lead-based paint hazards in federally-owned housing and housing receiving federal assistance released September 1999.

All targeted housing must comply with the following requirements:

- Completion of Environmental Questionnaire and Phase I Environmental Assessment
- Consideration of reduction versus abatement - Depending on the condition of the property, the property owner/developer, in cooperation with HUD guidelines, referenced above, and DCA may elect to reduce the lead-based paint and associated hazards. Alternatively, the property owner/developer may propose abatement. All interim controls must be included in the property's Operation and Maintenance Plan (O&M Plan) and reviewed by DCA as described in this Manual.
- Engineer approval that all interim control and abatement work is effective and has been completed according to HUD guidelines, which approval must be obtained from an engineer who has a good understanding of lead paint abatement measures and work, based in training and experience, as confirmed by a Qualifications Statement or similar document describing education, training, and work experience, for the engineer(s) providing the approval.

PLEASE REFER TO THE DCA ENVIRONMENTAL GUIDE FOR FURTHER INFORMATION.

For HOME-assisted housing constructed before 1978 and occupied by families with children under seven years of age with Elevated Blood Levels, the following procedures, in addition to those listed above, must be followed:

- Cooperation with local public health officials investigating the child's case by:
- Responding promptly to requests from local officials for information necessary to complete an environmental investigation;

- Providing access to the property; and

- Implementing lead hazard control methods as directed by the agency.

- Obtain a risk assessment unless the local health department has already conducted an environmental investigation and the owner/developer has already responded appropriately or the property is already covered by valid documentation of compliance by an independent certified individual.

- Control all LBP Hazards identified by the risk assessor within 15 days and conduct post intervention dust tests. Where there is evidence of chewing, the control action should provide permanent protection.

- Notify affected tenants of risk assessment results and hazard control actions taken.

- Do not retaliate against tenant in response to the identification of an EBL child.

- Relocate tenants if LBP Hazards are not promptly controlled. In such cases the relocated tenants are eligible for relocation payments, and the unit may not be re-rented until the LBP Hazards have been controlled.

B. FLOOD INSURANCE

Applicants should review the 2005 QAP and Environmental Manual for DCA requirements related to building on a site designated as a special flood hazard area. DCA requirements are more stringent than HOME requirements. In the event, that DCA does fund a project located in a flood zone, HOME and DCA requires flood insurance if the HOME-funded project is located in a community for which flood insurance has been made available under the provisions of the Flood Disaster Protection Act of 1973 (42 U.S.C. Section 4001, et seq.); or in a designated special flood hazard area (SFHA). At the sole discretion of DCA, properties at elevations where flooding is potentially a risk may also be required to obtain flood insurance.

Such flood insurance must be in a form of the standard National Flood Insurance Program policy or in the form of a policy which meets the guidelines published by the Federal Insurance Administration (FIA) in the Federal Register on February 17, 1978, as amended (43 F.R. 7142).

These guidelines establish the minimum amount of flood insurance required as the lower of the following:

- The full replacement cost value of the improvements secured by the mortgage; or

- The maximum amount of flood insurance available on the date the mortgage was filed.

The owner/developer is required to either provide documentation that the HOME funded project is located outside of a designated SFHA; or provide documentation before closing the HOME loan or grant that flood insurance is in place and will be maintained.

Documentation must be satisfactory to DCA and must include:

- Consultation with local planning/zoning officials to learn if flood insurance has been made available in the community through the Flood Disaster Protection Act of 1973;

- A copy of the flood insurance policy that references the property in question and meets or exceeds the minimum amount required by FIA guidelines (i) or (ii); and

- An agreement signed by the borrower that this policy will be maintained for the life of the HOME loan. This may also be expressed as a clause in or an addendum to the policy.

XV. UNIFORM RELOCATION ACT

Relocation/Displacement of tenants.

The Uniform Relocation Act and Section 104(d) (also known as the Barney Frank Amendments) apply to all HOME assisted properties. DCA will not consider applications for financial assistance that propose the permanent displacement of existing resident tenants. However, there are instances where temporary relocation may be necessary and allowed by DCA provided the relocation complies with the URA. Temporary relocation may be allowed if a relocation plan and relocation budget are submitted and approved by DCA. The following Relocation Forms must be included in any submitted application: Tenant Household Data Form (L-1), Tenant General Information Notice (L-6), and the Tenant Relocation Plan and Budget (L-3). Please refer to the 2005 DCA Relocation Manual for further guidance regarding temporary relocation, formulation of tenant relocation plan. All additional HUD relocation forms can be obtained from the HUD website.

Notices to Sellers and Tenants Under URA.

Voluntary acquisitions are subject to the requirements outlined at 49 CFR 24.101, as outlined in HUD's implementing instructions found in Chapter 5 of Handbook 1378. This is a HUD HOME requirement. In general, this guidance explains the voluntary acquisition process for a buyer that has the power of eminent domain, but does not plan to use such power, and for a buyer that does not have such power. In voluntary acquisitions subject to 49 CFR 24.101, the buyer must inform the seller in writing that:

1) The buyer does not have the power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement; or,

2) If the buyer is an agency that does have the power of eminent domain, that the agency has determined that it will not use its power of eminent domain to acquire the property if negotiations fail to result in an amicable agreement; and;

3) Of the buyer's estimate of the fair market value of the property.

> **NOTE:** Even though an appraisal is not required, most buyers will seek an appraisal to establish the fair market value estimate. In the event an appraisal is not obtained, the grantee's files must include an explanation, with reasonable evidence, of the basis for the estimate.

Whenever feasible, this information shall be provided before making the purchase offer. In those cases where there is an existing option or contract, the seller must be provided the opportunity to withdraw from the agreement after this information is provided

Applicability

This provision is applicable to all acquisitions of real property made with the intent of procuring federal financing. It is applicable to vacant land and to the acquisition of existing rehab properties. The fact that the property is not occupied is irrelevant to this requirement. The purchase price does not have to be equal to the fair market price. However, the documentation submitted must evidence that the Seller was aware of the fair market value prior to closing and voluntarily entered into the purchase and/or option agreement.

Timing

The statute requires that the acquisition of the real property be voluntary and that the Seller be informed of the fair market value of the land. The fact that an applicant may have closed on property prior to submission of an Application for HOME funds does not obviate this requirement. If the Applicant acquired the property with the intent to procure financing, then this requirement must be satisfied.

- HOME applicants should provide the appropriate notice prior to the signing of the Sales Contract or Option or at the time the contract or option is executed. This evidences the fact that the Seller knew the fair market value of the property and voluntarily entered into the transaction. A sample Pre Contract Form is attached as DCA Form B-10.

- If the Sales Contract or Purchase Option is pending, but the required notice has not been executed, the seller must be provided the opportunity to withdraw from the agreement when it is given the information required by the statute. A guide letter is attached as DCA Form B-11 for use by Applicants who did not properly notify the Seller of the fair market value of the property prior to entering into the Acquisition Agreement, but have not yet closed on the property.

- If the Applicant already has site control of the real estate prior to submitting the application, and did not intend to apply for federal financing at the time the property was acquired, an explanation of the applicant's initial purpose for purchasing the land must be submitted to DCA. The explanation must contain specific and detailed information sufficient for DCA to reasonably determine that the property was not acquired for the purpose of obtaining federal financing or funding and that the requirements of this statute are not applicable.

- If the Applicant obtained site control of the real estate with the intent of submitting the property for HOME funding, and did not properly comply with these requirements, then the Applicant must obtain a reasonable estimate of the fair market value of the land. The Applicant must submit a written explanation and sufficient documentation to establish that the Seller knew the Fair market value of the land, voluntarily entered into the contract and that the transaction was an arms length transaction. (Examples of documentation may include, but are not limited to the initial listing of the property at the fair market price, or notarized statements from the broker involved in the transaction).

Examples of Reasonable Evidence of Fair Market value

All HOME applications must contain an estimate of the Fair market value of the real property at the time of acquisition, and an explanation from the Applicant along with reasonable evidence of how this value was obtained.

(The following examples of evidence of fair market value are intended to give Applicants guidance, but do not limit the types of evidence that can be submitted)

Appraisal
Letter from an Appraiser setting out fair market value (does not have to be a full appraisal)
Letter of Real Estate Broker familiar with market estimating fair market value – (recent comparable sales should be attached)
Documentation from Tax Assessors office as to value of property

Any documentation required under this section must be submitted to DCA at the Application stage.

XVI. TENANT AND PARTICIPANT PROTECTIONS

There must be a written lease between a tenant and the owner of a HOME-assisted rental project for the unit occupied by the tenant. This lease must be for a term of at least one year, unless a shorter lease is mutually agreed to by the tenant and the owner/developer. The owner and tenant must also execute DCA's lease addendum. If any language in the owner's lease conflicts with the DCA lease addendum, the DCA lease addendum will take precedence. The lease must also provide that the owner will give at least 30 days notice to the tenant before implementing a rent increase.

The owner/developer may terminate a tenant's lease or refuse to renew a lease only for serious or repeated violation of the terms and conditions of the lease; violation of applicable federal, state or local law; or other good cause. The owner/developer must give the tenant at least 30 days advance written notice of the owner/developer intent to terminate or refusal to renew the lease and the grounds upon which this action is based.

The owner/developer must adopt written tenant selection policies and criteria that are consistent with the purpose of providing housing for very low-income and low-income families; are reasonably related to program eligibility and the tenant's ability to perform the obligations of the lease; give reasonable consideration to the housing needs of tenants that would have a preference under 24 CFR §960.211 (relating to federal selection preferences for public housing admission), which are families and tenants that are involuntary displaced, occupying substandard housing, homeless, or paying more than 50 percent of their annual income for rent; and provide for either the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable, or the prompt written notice to any rejected applicant of the grounds for any rejection.

The owner/developer cannot refuse to lease to a holder of a Section 8 rental assistance certificate or voucher, or a recipient of HOME tenant-based rental assistance, if the prospective tenant is otherwise eligible under the HOME program.

If the owner/developer is a CHDO, it must develop and follow a fair lease and grievance procedure, and a tenant participation plan for management decisions in keeping with the HOME requirements found at 24 CFR Part 92-303.

XVII. UNDERWRITING REQUIREMENTS AND FEASIBLITY CRITERIA

Prior to making a firm loan commitment, DCA will carefully underwrite all loans to assess project feasibility and long term viability.

HOME Loan Terms. The following provisions are applicable to projects awarded HOME Loans**:**

- Applicants requesting permanent HOME Loan financing must also use HOME Loans for construction financing.

- HOME loans will be made in an amount sufficient to cover hard construction costs only.

- No interest will be charged during the construction loan period.

- Construction loan terms will be based upon the projected construction and lease-up schedule, as determined from the Application and DCA's underwriting.

- The principal amount of the HOME construction loan and HOME permanent loan for a project will be the same.

- The interest rate on the permanent loan will be no less than 1%. However, the interest rate on loans to finance projects located in areas designated as rural pursuant to the definitions in the QAP may be less than 1% in years 8 through 15 as required to ensure project feasibility. In no case may such interest rate fall below 0.50%. In years 16 through maturity, such interest rates shall not fall below 0.25%. DCA reserves the right to adjust this rate at its sole and absolute discretion.

- Repayment schedules will vary depending upon projected economics of the development.

- In general, permanent HOME Loans will be fully amortizing, with a maturity and amortization period ranging from 15 to 30 years.

- DCA reserves the right, in its sole and absolute discretion, to adjust the term according to its own underwriting projections and all applicable policies and procedures.

- DCA HOME loans cannot be used to refinance or payoff an existing loan.

- Proceeds from permanent HOME loans can be used to repay for construction, bridge and predevelopment loans provided that the HOME assistance is part of the original financing package.

  Non-amortizing Balloon Loans are available for projects in Rural counties and for all Special Needs Projects throughout the state applying under the Special Needs Housing Tenancy Characteristics in Section 3B of Appendix II, Scoring Criteria. In such cases the term will be set by DCA with monthly payment and interest payments determined by DCA's underwriting projections and a balloon payment due at maturity.

- Written agreements shall be entered into between GHFA and the borrower evidencing, securing, and setting forth all of the terms and conditions of the HOME Loan. The Project Owner will also be required to execute all other closing or loan documents DCA deems necessary or desirable to document the HOME Loan satisfactorily.

- HOME Construction Loan proceeds will be disbursed on a draw basis during the construction period. The HOME loan documents will describe the policies and procedures for obtaining a draw.

- HOME Loans must "convert" to permanent loans within twenty-four months of HOME loan closing and upon the satisfaction of certain conditions outlined in the loan documents.

- In the case of non-amortizing HOME Loans, the outstanding interest and a portion of the principal must be paid every year.

- Contractor construction cost certifications audited by an independent certified public accountant must be submitted with the request for final draw.

XVIII. Summary of DCA HOME policies under the 2005 QAP

- *Annual Operating Expenses.* Annual budgeted Operating Costs, excluding reserve contributions, must be no less than $3,000 per unit for urban projects, $2,600 for Rural County projects, and $2,400 for Rural County projects that include USDA loans as a funding source. (The lower amount for an USDA project is allowable due to USDA's more restrictive underwriting policies.) However, DCA reserves the right to determine the reasonableness of budgeted operating expenses for all projects. DCA will consider waivers for projects that can clearly demonstrate that annual operating costs can be reasonably maintained at a lesser amount. Approval of such waivers shall be at DCA's sole and absolute discretion. If a determination is desired prior to Application Submission, requests for waivers and fees shall be forwarded to DCA on or before March 1, 2005, to the attention of the Director of the Office of Affordable Housing. For Bond Financed Projects, request for waivers and fees must be forwarded to DCA no later than 30 days prior to Application submission. (Both)

- *Assumptions for Land Purchase.* The cost assumed for acquisition of land and existing buildings will be limited to the lesser of the sales price or the appraised "as-is" value.

  The appraised value will be the basis for determining the appropriate sales price when an Identity of Interest exists between the buyer and seller.

- *Builder Cost Limitations.* Builder's overhead, general requirements and builder's profit are limited to percentages of the total construction contract (net of builder's overhead, general requirements, and builder's profit) as follows: Builder's overhead – two percent (2%); General Requirements – six percent (6%); and Builder's profit – six percent (6%). General Requirements shall not include water tap and sewer fees. For Applications where there is an Identity of Interest

between the owner and contractor or the developer and the contractor, the cost of obtaining a letter of credit or a construction loan in lieu of the payment and performance bond must be included in the general requirements.

- *Construction Contingency.* The construction contingency amount must be at least 2% but no greater than 5% of the total construction hard costs for new construction projects. For rehabilitation projects, the construction contingency amount must be at least 5%, but no greater than 7% of the total construction hard cost. DCA reserves the right to adjust development budgets in this regard, for underwriting purposes, in its sole and absolute discretion.

  To the extent feasible, DCA funds should be allocated to cover disbursements from the construction contingency. Regardless of how the contingency is funded, DCA must approve all change orders. Any unused balance in the construction contingency at the time of Conversion must be used to reduce the principal amount of the HOME Loan or the senior lender loan as appropriate, with the monthly principal and interest payments adjusted accordingly.

- *Contract Bidding and Bid Bonds.* Owners are not required to solicit bids for construction contracts to be financed with DCA HOME Loans, and bid bonds are not required when bids are solicited, unless otherwise required by law. However, prior to closing a HOME Loan, DCA must approve both the general contractor and the contract documents. DCA will not close a Home loan unless the approved contract with the general contractor has been fully executed.

- *Construction Hard Cost Financing.* HOME Loan funds can be used to finance only construction hard costs, which include site development, unit/building construction, and contractors, services which include, general requirements (inclusive of payment and performance bonds), builders overhead and builder's profit. Soft costs, acquisition costs and other project costs must be financed by other financing sources. (Not applicable to HOME CHDO Predevelopment Loans.)

- *Construction Loan Recourse.* All construction loans will be full recourse against the borrower and/or the principals of the Ownership entity until full and final completion of the project as determined by DCA. In its discretion, GHFA may require that one or more Principals of the Owner or Developer guarantee the completion of construction and payment of the HOME Loan until completion of construction.

- *Conversion.* Projects receiving HOME Loans must be scheduled to convert within twenty four-months of the HOME construction loan closing.

- *Debt Coverage Ratio.* The debt coverage ratio for all tangible debt after funding expenses and other required reserve funding must be between 1.15 and 1.35 for the first full year of operation. For purposes of determining the debt coverage ratio, the deferred Developer Fee will not be considered tangible debt. As part of its financial feasibility analysis, DCA will require that a project meet at a minimum a 1.15 debt coverage ratio for each year after the first year of the credit period. Amounts set aside in a reserve funded in one year may not be withdrawn and treated as a gross receipt in a subsequent year to satisfy the debt service coverage ratio in the subsequent year. Amounts received

in one year that exceed the debt service coverage target for that year will not be credited to another year. For purposes of this test, each year will stand alone. The debt coverage ratio cannot drop below 1.15 during the 15-year Compliance Period, HOME Loan term, or the Period of Affordability, whichever is longer. The Credits and/or HOME Loan amount may be reduced if DCA's underwriting indicates a debt coverage ratio greater than 1.35 in the first full year of operation.

- *Developer Fee Limitation.* DCA restricts the maximum Developer Fee as follows:

  For New Construction and Rehabilitation projects, the Developer fee will be limited to 15% of Total Development Costs less the budgeted Developer Fee and the cost of Land and Existing Structures. For projects that are eligible for acquisition credits, the Developer Fee on the rehabilitation portion will be limited to 15% of the Total Development Cost less the budgeted Developer Fee, the acquisition cost of the Existing Structures (including Acquisition Legal Fees), and the cost of Land. The Developer Fee on the acquisition portion will be limited to 15% of the Existing Structures acquisition cost (including Acquisition Legal Fees).

  When an Identity of Interest exists between the Developer and the General Contractor, the maximum Developer Fee is restricted to 15% of the Total Development Cost less the cost of the Land, the budgeted Developer Fee, and the Builder Profit. If the Application budgets a Developer Fee of less than 15%, the percentage proposed will be substituted for 15% in determining the maximum Developer Fee.

  For projects awarded a cost waiver, the developer fee will be calculated using the allowable total development cost based on the DCA per Unit Cost Limits.

  Deferred Developer fee must be payable within fifteen years from available cash flow.

  Consultant's Fees are considered part of the Developer Fee.

- *Developer Overhead and Consultant Fees*. The amount of the Developer's overhead and Consultant's Fee (if applicable) that can be drawn before Conversion must not exceed the lesser of (1) 20% of the maximum allowable Developer Fee, or (2) 50% of the total Developer Fee requested. None of the Developer's profit will be disbursed until Conversion. These disbursement conditions will be reflected in the HOME Loan documents and in an agreement with any other funding source(s) that will be funding these line items.

- *Distribution Across Unit/Bedroom Sizes*

  1. Rent. Projects with a multi-tiered rent structure must distribute the rents equally across unit sizes, unit types and buildings. These units need not be fixed but may float in the same way high HOME rent and low HOME rent units may float within a project.

  2. Accessibility. To the maximum extent feasible, accessible units must be distributed through the project and site so as not to limit choice.

- *Final Draw*. The final payment of funds (not including any retainage) for a HOME construction loan shall be made at the time of substantial completion of construction, to be evidenced by submission of all items on the DCA form "Requirements for Final Draw", including but not limited to: final payment request on the AIA draw request form, copies of all final certificates of occupancy for all buildings, final lien waivers, construction Consultants' final inspection report, and approval for release of funds.

- Fixed or Floating Unit Designation. For properties with both HOME assisted and non-HOME assisted units, the Applicant must select to treat the HOME assisted units as "fixed" or "floating" units at the time of loan commitment. When HOME assisted units are "fixed", the specific units that are HOME assisted (and, therefore, subject to HOME rent and occupancy requirements) are designated and will never change. When HOME assisted units are "floating", the units that are designated as HOME assisted may change over time as long as the total number of HOME assisted units in the project remains constant and the HOME assisted units remain comparable to the non assisted units over the affordability period in terms of size, features and number of bedrooms. If the Applicant fails to make such an election at the time of loan commitment, it will be deemed that the Applicant has elected to treat the HOME assisted units as "floating".

- *Employee Unit Designation.* For Applicants electing to house management, security, or maintenance personnel in a project unit, the employee unit can be either designated as part of the residential unit count or as part of the common space. If the employee unit is designated as part of the residential unit count, and is also designated as a low-income unit, then an income eligible household must occupy it. This income eligible household may be the on-site management, security or maintenance personnel. Rent can be charged or collected by the Owner for this unit. If the employee unit is designated as part of the common space, it need not be occupied by an income-eligible household, but must be occupied by a full time on-site manager, security or maintenance personnel. No rent can be charged or collected by the Owner for a unit designated as common space.

- *Identity of Interest.*

  1. Contractor- If there is an Identity of Interest between the Owner and the contractor or the Developer and the contractor, a third party front-end analysis of the construction costs will be commissioned by DCA during the DCA underwriting period. Additionally, industry standards for such Owner-provided construction services shall be used to determine reasonableness for the services.

  2. Project Participant- Identity of Interest between any Project Participant, other than the Syndicator, and the construction and/or permanent lenders is prohibited unless the financing terms and conditions are reasonable, customary, and consistent with industry standards. The determination of whether or not such terms and conditions are reasonable and customary is at DCA's sole and absolute discretion.

  3. Other Provider - If there is an Identity of Interest between the Owner and any other provider of service, material, or supplies, three (3) bids must be submitted to DCA. Such Owner-supplied services, materials, or supplies must not exceed the amount ordinarily paid for the service, material, or supply.

  4. Land Purchase. For Applications where there is an Identity of Interest between the buyer and seller for any site(s) within the project, an appraisal no more than 6 months old and prepared by a certified appraiser must be submitted with the Application as a basis for the determination of the appropriate sales price. The appraisal must be prepared in accordance with the DCA Appraisal Guide and must provide separate valuations for the

land and existing buildings. See Appendix II, Section 10(b) for further appraisal requirements.

- *Intercreditor Agreements.* When GHFA is not the only construction lender on a project, an intercreditor agreement shall be executed with the other lenders to ensure DCA's required involvement in all significant aspects of the administration of the construction loans.

  At a minimum, the intercreditor agreement should contain at least the following essential elements:

  1. A development cost budget approved by all lenders indicating the source(s) of funding for each line item;
  2. A process and timetable for reviewing and approving change orders to the construction contract;
  3. A process and timetable for reviewing and approving draw requests, including site inspection and documentation standards;
  4. A process and timetable for amending the approved development cost budget;
  5. Limitations on disbursements for Developer Fee (Owner's profit and risk) and Consultant fees; and,
  6. Other matters, such as priority of each lender's interest in the collateral for the loans.

- *Land Use Restrictions.* When there is more than one financing source imposing land use restrictions on a project, e.g., a HOME Loan and Credits, there may be restrictions from one program that are more restrictive than similar restrictions in the other program(s). In such instances, the most restrictive requirements will apply to the project.

- *Market Studies*. Applicants seeking 4% Credits, 9% Credits and/or HOME Loans must pay a fee that includes the cost of a market study to be commissioned by DCA. Applicants must pay this fee at the time of Application or Pre-Application Submission. The resulting market study is the sole property of DCA. However, after the Letter of Determination is issued or the Competitive Scoring process is complete and awards have been announced, each Applicant will receive one copy of their respective project's market study.

- *Non-Amortizing Loans - Excess Cash Flow.* For all permanent non-amortizing HOME Loans, in which the monthly installments of principal and interest are not sufficient to pay the HOME Loan in full over the loan term (a "non-amortizing HOME Loan") the borrower will deposit one-half of the cash flow from the project (after payment of secured debt service) into an interest bearing reserve account. The holder of the reserve account and the terms under which it will be held must be approved by DCA in its sole discretion. Funds held in the reserve account will be used only for principal reduction of the HOME Loan or Capital Improvements, but only if such use is approved by GHFA in advance. Funds in the reserve account (with the exception of those approved by GHFA for Capital Improvements) must remain in the reserve account until the HOME Loan is repaid.

- *Non-Amortizing Loans - Future Market Value.* In the case of a non-amortizing HOME Loan, DCA will require a projection from the appraiser of the future market value of the property at the maturity of the HOME Loan. This value will

be used by DCA to determine the likelihood of retirement of the outstanding balance by refinance or resale of the property. The future market value of the property must be greater than the projected outstanding DCA HOME Loan balance at maturity in order for the HOME Loan to be considered financially feasible. In the case of a non-amortizing HOME Loan, the outstanding interest and a portion of the principal must be paid every year.

- *Operating Deficit Reserve.* All developments financed in whole or in part with HOME Loans must budget for and fund an operating deficit reserve in an amount of no less than four times the secured monthly debt service to lenders plus no less than four months projected operating expenses. The funding of the operating deficit reserve must be completed at or before Conversion. If drawn upon, no further distribution to Owners will be authorized until such time as the operating deficit reserve is restored to full funding.

  The operating deficit reserve must be held by DCA or the senior lender and must remain in place for the term of the HOME Loan or the Period of Affordability, whichever is longer. With the exception of instances in which Fannie Mae is the sole senior lender, if DCA is a subordinate lender, but makes a HOME Loan in an amount greater than the senior lender, DCA must hold the reserves. All withdrawals from the operating deficit reserve must be requested in writing and approved in advance by DCA. Interest earned on the operating deficit reserve account shall be added to the account as an additional contribution and will not be credited against the required monthly cash contributions.

- *Over-Income Tenant Restrictions* - When DCA HOME Loans are used, additional over-income restrictions shall apply. Upon re-certification of a previously eligible tenant, if it is determined that the tenant's income exceeds 60% of AMI, the tenant's rent must be increased to the lesser of: 30% of the tenant's adjusted annual income, HUD's fair market rent limitations, or the maximum amount allowable by the Code, not to exceed limitations set by state or local laws (if any). Any exceptions to this requirement must be approved in writing by DCA. In the event a HOME funded project also has Credits, the Over Income Tenant Restrictions will defer to the tax credit rules stated above.

- *Owner-Contractor Agreements*. If the Owner is not also the general contractor, all developments financed in whole or in part with a HOME Loan for construction must use an AIA Standard Form Agreement between Owner and contractor, with Standard Form Terms and Conditions. The contract can either be stipulated sum or cost plus a fee with a maximum.

- *Partnership Agreements.* The partnership agreement and any amendments must be fully executed prior to the HOME Loan closing. The Partnership Agreement and any amendments must reflect the terms of the HOME Loan transaction on all material points. If the Owner is a limited liability company, an operating agreement in a form satisfactory to DCA must be fully executed before the HOME loan closing. After the HOME loan closing, the partnership agreement or the

operating agreement (as the case may be) may not be further amended without GHFA's prior approval.

- *Payment and Performance Bonds.* A 100% payment and performance bond will be required for all developments funded with HOME Loans. The issuer of the bonds and the terms of the bonds must be satisfactory to DCA in its sole discretion. The cost of these bonds shall be included in the six- percent general requirements limit for the construction contract (see "Builders Cost Limitations" above). When an Identity of Interest exists and the contractor cannot obtain a payment and performance bond, a letter of credit or construction loan can be utilized in lieu of a payment and performance bond. The cost of the letter of credit or construction loan will be included in general requirements.

  A waiver of the requirement for payment and performance bonds may be granted when there is an Identity of Interest between the Owner/Developer and the contractor, regardless of the contract amount, since such a relationship is usually not bondable.

  A waiver will not be considered unless:

  1. The Owner agrees to provide a construction completion guaranty and payment guarantee, secured by a letter of credit with a value of at least 50% of the total construction cost, including profit and overhead; or
  2. The Owner agrees to secure a construction loan with private financing. GHFA will disburse funds during the construction period, in an amount not to exceed $2,500 per construction draw.

- *Permanent Debt Financing*.* Permanent debt financing shall have a minimum term of 5 years. Any permanent debt financing maturing prior to the end of the Compliance Period shall be fully amortizing.

- *Public Housing Units*. HOME and/or Credits cannot be used for the construction or rehabilitation of public housing units except in mixed income projects that include public housing units and a portion of the Total Development Cost is from another clearly identified funding source.

- *Relocation and Displacement of Tenants*. For all HOME Loan and Credits projects, the completed and executed tenant household data forms must be submitted with the Application for every occupied unit in each building to be rehabilitated. The Applicant is responsible for the accuracy of the information on the data forms. Applications for HOME Loans that require relocation of existing tenants due to rehabilitation work will be accepted only with a relocation plan (including a sufficient budget) that in the opinion of DCA meets the requirements of the Uniform Relocation Act and any other applicable laws.

  Funding sources other than the DCA HOME Loan must be used to finance the relocation costs. For Credits projects, DCA will not allow permanent displacement of tenants, if avoidable. If the Applicant anticipates displacing tenants, the

Applicant must include in the Application a detailed displacement plan, which sets forth the specifics of the displacement, including a projected budget, and an explanation of efforts planned by the Applicant to mitigate the impact of the displacement. Any displacement of tenants will be subject to DCA's prior written approval.

- *Rent-Up Reserves.* A rent-up reserve is required for projects receiving a DCA HOME Loan only if a lease-up cash flow analysis results in a cash flow deficit. For those developments, the required rent-up reserve would equal the amount of the projected lease-up deficit. A required rent-up reserve will only be used to cover operating cash flow deficits during the period prior to converting a construction loan to a permanent loan. Loan documents and intercreditor agreements must reflect this requirement and DCA's approval authority.

- *Replacement Plan.* A Replacement Plan and schedule must be submitted to DCA with the design development documents no later than 90 days from award notification. The calculations and assumptions used in the Replacement Plan should take into account the fact that over the life of the project, capital items such as building roofs, parking lots, HVAC systems, major appliances, etc., will need to be replaced. At a minimum, the Replacement Plan must reflect reserve contributions and, depending on the projects characteristics, may require contribution amounts greater than the minimum Replacement Reserves requirements.

- *Replacement Reserve.* A Replacement Reserve, based on a Replacement Plan, is required for all projects awarded funding under the Plan and must be included in the operating budget. Contributions must be made to the reserve account, starting at or before the conversion date of the construction loan to permanent loan and must be funded for the term of the loan in accordance with the Replacement Plan. The following minimum contributions must be used:

  1. Rehabilitation - $25.00 per unit per month ($300 per unit per year)
  2. New Construction - $16.70 per unit per month ($200 per unit per year)
  3. Single Family Units – $33.30 per unit per month ($400 per unit per year)

  Replacement Reserve funds may be used only for capital improvements and system replacements, and must not be used for general maintenance expenses. Replacement Reserves must escalate at a rate of 3% per year. If the Replacement Plan indicates that an amount greater than the minimum reserve outlined above is necessary, then this greater amount will be required and must be escalated at a rate of 3% per year. DCA will, at its discretion, adjust the Replacement Reserve to reflect reasonable and customary capital and replacement expenditures.

- *Replacement Reserve Withdrawals*. All withdrawals from the Replacement Reserve account must be approved by DCA in advance. The senior lender must maintain the Replacement Reserve account in a FDIC insured financial institution. Interest earned on the Replacement Reserve account shall be added to the account

as an additional contribution and will not be credited against the required monthly cash contributions.

- *Retainage.* The loan agreement between the Project Owner and GHFA will provide that GHFA may retain 10% of the amounts that it has approved for each draw request ("the retainage") until the project reaches 50% completion. Thereafter GHFA will retain 5% of the amount that it has approved for each draw request. The construction contract must provide and the contractor must acknowledge that GHFA has the right to withhold such retainage and that the retainage will not be disbursed until full and final completion of the construction.

- *Revenue, Vacancy, and Expense Trends.* Revenue should be trended at 2% per year, operating expenses at 3% and vacancy and collection loss at 7%.

- *Rural County Projects.* DCA recognizes that Rural County projects may involve greater financial risk than non-Rural County projects. While a sufficient economic base to support a proposed Rural County project may exist at the time of Application, the loss of a predominate industry or employer, or other extenuating circumstances out of the control of the Applicant could result in a major economic impact on the project. To mitigate this increased financial risk, DCA will consider loan modifications during the course of the HOME Loan for projects which have suffered a demonstrated major economic impact as a result of the loss of a predominate industry or employer or other extenuating circumstances. The loan modification may be structured to allow the Owners to maintain Ownership and control of the property and to continue providing affordable housing to the extent it is needed in the community.

- *Section 8 Rental Assistance.* No Owner may deny a unit to applicants possessing a Section 8 Rental Assistance certificate or voucher unless those applicants fail to meet the minimum requirements for all leaseholders. Federal statutes prohibit discrimination against Section 8 certificate and voucher holders. DCA will closely monitor whether the tenant application process is structured to avoid such discrimination or whether any actions are taken to discourage Section 8 Rental Assistance certificate or voucher holders from applying. Likewise, all lease provisions must be compatible and not in conflict with Section 8 leases.

- *Stored Materials.* DCA will not pay draw requests that include the cost of stored materials. Stored materials are considered to be materials that will not be incorporated into the construction within thirty days.

- *Subsidy Layering Review.* DCA will perform subsidy-layering analysis for HOME funded projects prior to the time of preliminary commitment for projects receiving tax credits from the state's low income housing tax credit allocation. In cases where the results of a DCA subsidy layering review indicated that there would be excess assistance, DCA will reduce the amount of the HOME loan to eliminate the excess. In addition, a subsidy layering review is also conducted during HOME loan underwriting prior to the closing of the HOME loan.

- *Subordination.* The decision whether to subordinate DCA's regulatory agreement and/or lien position to a private lender's security deed will be made only after DCA considers the individual circumstances of each HOME Loan. Factors that will be considered include, but are not limited to, the senior loan amount, DCA's HOME Loan amount, debt coverage ratio, private lender's interest rates, loan maturity, type of loan, etc. In no instance will DCA subordinate to a public entity's loan.

- *Soft Cost Contingency.* "Soft cost" or "total project" contingency, over and above the allowed construction contingency, will not be permitted as a budgeted line item.

- *Stabilization.* Projects will be considered stabilized when occupancy reaches 90% for three consecutive months, or actual revenue reaches 90% of budgeted revenues for three consecutive months.

- *Syndicator Asset Management Fee.* Syndicator asset management fees will be paid from the "after debt service" cash flow less the cash flow payments to DCA on the HOME permanent loans.
- *Tri-Party Agreements.* A Tri-Party Agreement will be required for all DCA HOME Loan transactions involving another permanent lender that is not financing construction costs. The Tri-Party Agreement must clearly state, at a minimum, that the permanent lender has reviewed and approved the DCA HOME Loan documents, plans and specifications, development budget, tenant lease, environmental assessment, construction contract, title exceptions legal description, management agreement, partnership agreement, borrower's certificate of limited partnership, survey, appraisal, form of subordination agreement, and items necessary to satisfy the permanent commitment regarding completion of construction of the improvements of the collateral property.

- *Utility Allowance (UA).* Applicants should establish utility allowances for the property as follows:

  1. *USDA–Assisted Buildings* – If a building receives assistance from the USDA (formerly called the Farmer's Home Administration, or FmHA), the USDA-prescribed utility allowance applies to all rent-restricted units in the building. The USDA-approved allowance applies even if the building is assisted by any other program or agency. Examples of USDA assistance include assistance provided under the USDA Section 515 rural rental loan program and USDA rental assistance.
  2. *Buildings with USDA-Assisted Tenants*. If any resident of a building receives USDA rental assistance, the USDA-approved utility allowance applies to all rent-restricted units in the building. This is even the case if residents of some units receive rental assistance from the U.S. Department of Housing and Urban Development (HUD).
  3. *HUD-Regulated Buildings*. If neither a building nor any resident in the building receives USDA assistance, and HUD annually reviews the rents and utility allowances for the property (such as for Section 8 and Section 236

projects), the HUD-prescribed utility allowance is used. This rule doesn't apply to buildings that have only FHA-insured mortgages.

4. *DCA HOME/Tax Credit buildings*. If a building is neither an USDA-assisted or HUD-regulated property, and no tenant in the building receives USDA rental assistance, there are two possible methods for establishing the utility allowance. These include:

   A. The allowance established by the local Public Housing Agency (PHA) for the Section 8 Program in the locality where the property is located. However, the electric allowances may be calculated as outlined in Section B below.

   B. A written project specific estimate by a Utility Provider for the electric allowance only may also be used. If a private estimate is obtained, it must be prepared in accordance with DCA Energy Simulation Tool Criteria requirements as outlined in the DCA Compliance Manual. The Energy Tool Criteria must be validated by a source acceptable to DCA as identified in the DCA Compliance Manual. Each year, the Utility Provider will recalculate the Utility Allowance based on the current rate and all other billing inputs to determine if there is any change in the allowance. See DCA Compliance Manual – Utility Allowances. Once this method of choosing a utility allowance is elected, the project must continue using this method during the entire compliance period for the project. However, any unit occupied by a resident with a Section 8 / Housing Choice Voucher must use the PHA utility allowance, even if a private estimate has been obtained.

- *Work Scope* Owners of projects receiving HOME loan funding in the 2005 round for the rehabilitation of an existing property must perform 100% of the rehabilitation work scope in accordance with the original physical needs assessment submitted with the Application. DCA may approve modifications to the proposed work scope upon written request within its sole and absolute discretion.

XX. DCA closing Process

A. Issuance of Preliminary Commitment – At award, DCA will issue a preliminary commitment letter to each successful applicant. The following are the general terms and conditions applicable to the GHFA loan which will appear as conditions of the committeemen letter:

1. Borrower will execute the following "Loan Documents" at Closing, all of which must be in form and content satisfactory to GHFA:

   (a) a Construction/Permanent Loan Agreement;

   (b) a promissory note;

(c) a [first][second] priority deed to secure debt for the Land and security agreement granting GHFA a security interest in all furniture, fixtures, equipment, building materials, plans, records, reserves, and other tangible or intangible personal property used in or connected with the Project and financing statements sufficient to perfect GHFA's interests;

(d) a [first][second] priority assignment of leases, rents, and security deposits;

(e) a Land Use Restriction Agreement ("LURA"), which will contain restrictive covenants, in form and content satisfactory to GHFA in its sole discretion. The LURA will be recorded in the real estate records of the County where the Land is located and will contain use, rent, occupancy, and income restrictions (among other things) lasting for a period of at least ____ years from the completion of construction and satisfaction of the other requirements under the HOME regulations;

(f) a Borrower's affidavit;

(g) a Borrower's Certificate;

(h) any other agreements, instruments, certificates, or other documents necessary or desirable to document and evidence the agreement of the parties and close the loan.

2. Third parties must execute and GHFA must receive at or before Closing the following ancillary documents and agreements, all of which must be in form and content satisfactory to GHFA and properly executed:

(a) an intercreditor agreement or subordination agreement with each other lender (if applicable);

(b) a tri-party agreement with all permanent lenders other than GHFA (if applicable);

(c) a consent to assignment from the general contractor;

(d) a consent to assignment from the Project architect;

(e) a HOME addendum to the construction contract;

(f) all guaranties of the loan;

(g) an opinion letter of counsel for borrower;

(h) any other agreements, instruments, certificates, memoranda, or other documents GHFA deems necessary or desirable to close the loan.

3. Borrower's acceptance of the Commitment constitutes Borrower's agreement to pay all fees, expenses, and charges incurred by GHFA in connection with closing and making the loan.

4. GHFA's obligation to make the construction loan is conditioned upon approval of the phase I environmental report on the Land and receipt of any updates or additional reports relating to the environmental status of the Land as GHFA may request, all of which are subject to GHFA's review and approval. The Loan Documents will include provisions relating to the environmental requirements for the Property, including warranties and representations by Borrower, Borrower's indemnification of GHFA against any liability resulting from violations of environmental laws, and GHFA's right to require additional environmental testing of the Property by an environmental engineer or consultant satisfactory to GHFA, all of which must be in form and content satisfactory to GHFA in its sole discretion.

5. At the date or dates specified in the Loan Documents, Borrower will be required to fund and subsequently maintain reserves for taxes and insurance, replacement of capital improvements, operating deficits[, excess cash flow], and such other purposes as GHFA may require and subject to such terms and conditions as GHFA may require in its sole discretion. All reserves will be held by State Home Mortgage, unless GHFA agrees otherwise.

6. Without GHFA's prior written consent, Borrower may not transfer the Land or any interest in it, may not permit any transfer of an interest in Borrower[, except limited partnership interests, may not permit the General Partner to be removed or replaced], and may not create or permit any liens, other security deeds, or other encumbrances on the Land, except those approved by GHFA; provided, however, Borrower may grant easements for utilities serving only the Land and Project without GHFA's prior consent.

7. GHFA's obligation to make the construction loan is conditioned upon GHFA's determination that Borrower[, the General Partner], the developer(s), and the manager are all in compliance for other projects funded using HOME funds, state and federal housing tax credits administered by GHFA, or other sources of funds supplied or administered by GHFA or the Georgia Department of Community Affairs.

8. GHFA will be permitted to place a sign on the Land, indicating GHFA's participation in the financing for the Project. GHFA will also be permitted to obtain other publicity in connection with the Project through press releases and participation in events such as ground breaking and opening ceremonies. Borrower shall give GHFA sufficient advance notice of any such event and give GHFA as much reasonable assistance as possible in connection with obtaining such publicity as GHFA desires.

9. No statements, agreements, or representations by GHFA or any of its employees, agents, or contractors with respect to the same subject matter as this Commitment or about the GHFA loan shall have any force or effect, except to the extent stated and included in this Commitment, and all such prior statements, agreements, or representations are merged in this Commitment.

10. GHFA may terminate this Commitment in its sole and absolute discretion and without further notice or obligation if any of the following occurs:

(a) **Default.** Borrower's failure to meet, satisfy, or perform all applicable covenants and conditions contained in this Commitment on a timely basis or to GHFA's satisfaction if not cured within 15 days after written notice is given to Borrower by GHFA; or

(b) **Title Problem**. Borrower's failure to acquire the Land (if applicable) or any defect in or objection to Borrower's title to the Property that is non-curable or that is not cured within a reasonable time; or

(c) **Bankruptcy; Insolvency**. With respect to Borrower[, the General Partner,] or any guarantor, the commission of an act of bankruptcy, the making of a general assignment for the benefit of creditors, the filing by or against it of a petition in bankruptcy or for the appointment of a receiver, or the commencement of proceedings under any bankruptcy or insolvency law for relief or the composition, extension, arrangement, or adjustment of any of its obligations or the reorganization of its business, or the issuance of any warrant or attachment against any of its property or the taking of possession of or assumption of control of all or any substantial part of the property of it by any governmental agency; or

(d) **Violation of Law**. GHFA's determination that the Closing and funding of the construction loan would violate any applicable law, including the Act and the HOME Regulations; or

(e) **Misrepresentation**. Any material misrepresentation or omission or inaccuracy in the application for the GHFA loan and any attachments to it or documents or information delivered in connection with it, including (but not limited to) the financial statements and projections that Borrower [or the General Partner or developer]may have submitted to GHFA; or

(f) **Environmental Problem**. Any environmental matter relating to the Property is not satisfactory to GHFA; or

(g) **Casualty and Condemnation**. The existing improvements (if applicable) are substantially damaged or destroyed or any part of the Land is taken by condemnation, eminent domain, or similar proceeding or if any such proceeding is pending at the time of Closing.

(**NOTE**: The general conditions set forth in this Exhibit are not intended to be exhaustive or exclusive, and are subject to change, all in the absolute discretion of GHFA. The Loan Documents may contain other terms and conditions.)

B. Due Diligence.

Prior to closing, the DCA underwriting department will require that the Applicant produce certain due diligence items in support of its Application for funding. The following is a generalist of the documents required:

1. At least 2 copies of a current boundary survey for the Land, prepared by a registered land surveyor or engineer and meeting the minimum standards for an ALTA/ACSM Land Title Survey, as adopted in 1999, and including items 1, 2, 3, 4, 6, 8, 9, 10, 11(a) and (b), 13, 14, 15, and 16 of Table A. In addition, GHFA's name and the title insurer's name need to be included in the title block, and a legal description of the property should be included on the face of the survey. The survey must be acceptable to GHFA and include a surveyor’s certificate in the form or addressing the items contained in the form following this list or the certificate may be submitted separately.

2. A lender's title insurance binder for GHFA with the coverage amount being the maximum amount of the construction loan or permanent loan, whichever is greater. All real estate taxes due and payable must be paid at or before Closing. Title to the Land must be in Borrower's name at or before Closing. Only those exceptions acceptable to GHFA will be permitted and any exception for mechanic’s and materialmen's liens must be removed at or before Closing. Legible copies of the documents relating to all easements, rights-of-way, or other exceptions mentioned in the title binder should be submitted along with the binder. The binder must include a legal description. GHFA requires the following endorsements: pending disbursement endorsement; access endorsement; "same as survey" endorsement; zoning endorsement (if applicable); and comprehensive endorsement. After review of the binder, GHFA may require additional endorsements. GHFA requires that its binder be "marked" at or before Closing and such "marked" binder must be satisfactory to GHFA in all respects.

3. If Borrower is a Georgia partnership, a copy of its certificate of partnership and all amendments, which certificate must be accompanied by the certificate of the Georgia Secretary of State. If Borrower is a Georgia corporation, a copy of its articles of incorporation and all amendments and the certificate of incorporation from the Georgia Secretary of State. If Borrower is a Georgia LLC, a copy of its articles of organization and all amendments and the certificate of organization from the Georgia Secretary of State.

4. If Borrower is an entity created under the laws of a state other than Georgia, the comparable items set forth in the preceding paragraph with the certificate of the secretary of state or other state office that is applicable for the type of entity and, if Borrower is qualified to do business in the State of Georgia, a certificate from the Georgia Secretary of State evidencing such qualification. If Borrower is not qualified to do business in the State of Georgia, an explanation as to why such qualification is not required, which explanation shall be subject to GHFA's review and approval.

5. If Borrower is a partnership, a copy of the most recent partnership agreement and all amendments plus a draft of the most recently proposed amendment or restatement (if applicable) plus all exhibits and attachments. The final partnership agreement must contain a provision that clearly and explicitly limits the payment of the development fee before conversion of the construction loan to 20% of the total development fee or the amount specified by GHFA in its final conversion conditions (see Exhibit D, #26). The final partnership agreement needs to include a provision authorizing the reserves required under the GHFA Loan Agreement and accurately reciting the nature of the loan and the loans of all other lenders (if applicable) and any other sources of funds of the partnership

for the Project. The final partnership agreement and any attachments must be fully executed before or simultaneously with the Closing.

6. If Borrower is a corporation, a copy of its bylaws and all amendments.

7. If Borrower is an LLC, a copy of its operating agreement and all amendments.

8. If Borrower is a partnership, the names and addresses of all investors and the name of each investor's counsel, address, telephone number, and fax number. If Borrower's investor has issued a commitment letter or a term sheet, a copy of that letter or sheet. If Borrower is a corporation, the names and addresses of all shareholders and the names and positions of all officers. If Borrower is an LLC, the names and addresses of all managers and members, and, if any member is separately represented, the name of his counsel and his address, telephone number, and fax number.

9. If Borrower is a partnership or an LLC with one or more corporate general partners or managers, the articles of incorporation and all amendments and the bylaws and all amendments for each such corporation, and the names and positions of all officers of each such corporation.

10. If there is a separate agreement with the developer(s), it needs to contain the limitation as to the amount of developer fee payable before the conversion of the GHFA construction loan (see #5 above).

11. At least one week before Closing, a certificate of existence for Borrower issued by the Georgia Secretary of State dated no more than 30 days before Closing.

12. If Borrower is a partnership or LLC with one or more corporate general partners or managers, at least one week before Closing, a certificate of existence for each such corporation issued by the Georgia Secretary of State no more than 30 days before Closing.

13. A copy of the executed construction contract with Borrower's general contractor and all amendments. If the construction contract is not in the name of Borrower, it must be assigned to Borrower in writing or a new construction contract executed.

14. If applicable, drafts of the payment and performance bonds, including a dual or multiple obligee rider, naming GHFA, and a Power of Attorney (the original bonds, rider, and power of attorney must be provided at or before Closing).

15. A copy of the executed contract between the Borrower and the Project architect and all amendments. The architect of record must cover design and construction inspections. If the architect contract is not in the name of Borrower, it must be assigned to Borrower in writing or a new contract executed.

16. A copy of the deed to the Borrower for the Land, or, if Borrower does not own the Land, a copy of the contract for the purchase of the Land by Borrower (plus all amendments). If the purchase contract does not contain a legal description, Borrower must submit a copy of the record legal description for the Land along with the contract.

17. A list of the names of the persons who will be signing the loan documents on behalf of Borrower and their titles (GHFA requires a signatory and an attesting officer for the loan documents if a corporation is signing, either in its own name or as a general partner or manager).

18. The name of the bank where the construction account is or will be maintained, and the wiring instructions for the account.

19. Borrower's federal employer identification number.

20. If there is any other financing or subsidy or grant that will be used in connection with the Project, a copy of the commitment letter of each such lender and, at least one week before Closing, a copy of any loan documents prepared by each such lender and a copy of all documents relating to such subsidy or grant.

21. A list of the plans and drawings of the Project Architect, showing the latest revision dates.

22. Certificates of insurance for property (builder's risk) insurance and for liability insurance or certified copies of policies of insurance. If certificates are submitted, they should meet the requirements set forth in Exhibit F, #3.

23. Borrower shall furnish GHFA with such other documentation as GHFA may require, including (but not limited to) financial statements, leases, estoppel certificates, licenses and permits, tests and inspection reports, all of which must be approved by GHFA in its sole discretion as a condition of Closing. At or before Closing, Borrower shall deliver to GHFA documents, which evidence the existence, good standing, capacity, and authority for the actions to be taken by Borrower in connection with this Commitment and the Loan.

24. Any other and additional information that GHFA may request as part of the due diligence process.

Site and Neighborhood Standards

Minority Concentration

Certification

Project Name: _____

Project Location (City): _____ State: _____

Census Tract:_____

Percentage of Minority concentration for census tract: _____

I certify that the proposed project is located in an area of Minority Concentration. I also certify that the attached documentation and attached statements presented are true and accurate to the best of my knowledge.

Applicant Signature: _____
Title: _____
Date: _____

The following documentation must be attached to this certification:

1. Map of proposed project site.

2. Site map of proposed neighborhood.

3. Census track or enumeration district data of proposed neighborhood population by:
   - ❶ Household type;
   - ❶ Tenure type;
   - ❶ Income group and housing conditions; and,
   - ❶ Race of residents.

4. Narrative on how the percentage of minority residents is determined and how project meets HUD's standards for building in a minority concentrated area..

Attach the following documentation as applicable:

5. Documentation that project is part of an integral overall local strategy for the preservation or restoration of the immediate neighborhood. (Attach redevelopment plan, revitalization strategies or other documentation used)

6. List of sufficient, comparable sites outside the area of minority concentration, or a market study evidencing that there is an overriding housing need in the area of minority concentration.

7. Expected rents for units on-site and comparable rates to other low-income housing near comparable sites outside the area of minority concentration.

8. Number of HUD-assisted units located outside of the area of minority concentration.

9. Documentation that there are racially integrated neighborhoods in the locality of the project.

Site and Neighborhood Standards

Non-Minority Concentration

Certification

Project Name: _____

Project Location (City): _____ State: _____

Census Tract:_____

Percentage of Minority concentration for census tract: _____

I certify that the proposed project is located in an area of Non-Minority Concentration. I also certify that the attached documentation and attached statements presented are true and accurate to the best of my knowledge.

Applicant Signature: _____

Title: _____

Date: _____

Attached:

1. Map of proposed project site.

2. Site map of proposed neighborhood.

3. Census track or enumeration district data of proposed neighborhood population by:
   - ❶ Household type;
   - ❶ Tenure type;
   - ❶ Income group and housing conditions; and,
   - ❶ Race of residents.

Site and Neighborhood Standards

Racially-Mixed Concentration

Certification

Project Name: _____

Project Location (City): _____ State: _____

Census Tract:_____

Percentage of Minority concentration for census tract: _____

I certify that the proposed project is located in an area of Racially Mixed Concentration. I also certify that the attached documentation and attached statements presented are true and accurate to the best of my knowledge.

Applicant Signature: _____

Title: _____

Date: _____

The following documentation should be attached:

1. Map of proposed project site.

2. Site map of proposed neighborhood.

3. Census track or enumeration district data of proposed neighborhood population by:
   - ❶ Household type;
   - ❶ Tenure type;
   - ❶ Income group and housing conditions; and,
   - ❶ Race of residents.

4. Based upon the proposed number of units and market information, show what increase of minority residents to non-minority residents will occur in the census tract if the proposed project was built..

5. Detailed Narrative from applicant outlining why the project would not significantly increase the proportion of Minority to non minority residents in the area.

6. All documentation used to support narrative.

CERTIFICATION FOR CONTRACTS, LOANS AND COOPERATIVE AGREEMENTS

The undersigned certifies, to the best of his or her knowledge and belief that:

No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, of modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than Federal appropriated funds have been paid or will be paid to any persons for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, " Disclosure Form to Report Lobbying, " in accordance with its instructions.

The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

_____

Signature of Applicant/Authorized Representative Date

_____

Name of Firm

DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB
0348-0046

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

1. Type of Federal Action: ☐ a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	**2. Status of Federal Action:** ☐ a. bid/offer/application b. initial award c. post-award	**3. Report Type:** ☐ a. initial filing b. material change **For Material Change Only:** year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: ☐ **Prime** ☐ **Subawardee** Tier _____, *if known*: **Congressional District**, *if known*: 4c	**5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:** **Congressional District**, *if known*:	
6. Federal Department/Agency:	**7. Federal Program Name/Description:** CFDA Number, *if applicable*: _____	
8. Federal Action Number, *if known*:	**9. Award Amount,** *if known*: $	
10. a. Name and Address of Lobbying Registrant (*if individual, last name, first name, MI*):	**b. Individuals Performing Services** (*including address if different from No. 10a*) (*last name, first name, MI*):	
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.	Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____	
Federal Use Only:		Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

PRINT

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employeeof a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.

2. Identify the status of the covered Federal action.

3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.

4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.

5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.

6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizationallevel below agency name, if known. For example, Department of Transportation, United States Coast Guard.

7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.

8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."

9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.

10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.

    (b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).

11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

Applicant/Recipient Disclosure/Update Report

U.S. Department of Housing and Urban Development

OMB Approval No. 2510-0011 (exp. 3/31/2003)

Instructions. (See Public Reporting Statement and Privacy Act Statement and detailed instructions on page 2.)

Applicant/Recipient Information

Indicate whether this is an Initial Report ☐ **or an Update Report** ☐

1. Applicant/Recipient Name, Address, and Phone (include area code): ( ) -	2. Social Security Number or Employer ID Number: - -
3. HUD Program Name	4. Amount of HUD Assistance Requested/Received

5. State the name and location (street address, City and State) of the project or activity:

Part I Threshold Determinations

1. Are you applying for assistance for a specific project or activity? These terms do not include formula grants, such as public housing operating subsidy or CDBG block grants. (For further information see 24 CFR Sec. 4.3).

☐ **Yes** ☐ **No**

2. Have you received or do you expect to receive assistance within the jurisdiction of the Department (HUD) , involving the project or activity in this application, in excess of $200,000 during this fiscal year (Oct. 1 - Sep. 30)? For further information, see 24 CFR Sec. 4.9

☒ **Yes** ☐ **No**.

If you answered "**No**" to either question 1 or 2, **Stop**! You do not need to complete the remainder of this form. ***However***, you must sign the certification at the end of the report.

Part II Other Government Assistance Provided or Requested / Expected Sources and Use of Funds.

Such assistance includes, but is not limited to, any grant, loan, subsidy, guarantee, insurance, payment, credit, or tax benefit.

Department/State/Local Agency Name and Address	Type of Assistance	Amount Requested/Provided	Expected Uses of the Funds

(**Note**: Use Additional pages if necessary.)

Part III Interested Parties. You must disclose:

1. All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
2. any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds $50,000 or 10 percent of the assistance (whichever is lower).

Alphabetical list of all persons with a reportable financial interest in the project or activity (For individuals, give the last name first)	Social Security No. or Employee ID No.	Type of Participation in Project/Activity	Financial Interest in Project/Activity ($ and %)

(**Note**: Use Additional pages if necessary.)

Certification

Warning: If you knowingly make a false statement on this form, you may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosures of information, including intentional non-disclosure, is subject to civil money penalty not to exceed $10,000 for each violation.

I certify that this information is true and complete.

Signature: X	Date: (mm/dd/yyyy)

Public reporting burden for this collection of information is estimated to average 2.0 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection information unless that collection displays a valid OMB control number.

Privacy Act Statement. Except for Social Security Numbers (SSNs) and Employer Identification Numbers (EINs), the Department of Housing and Urban Development (HUD) is authorized to collect all the information required by this form under section 102 of the Department of Housing and Urban Development Reform Act of 1989, 42 U.S.C. 3531. Disclosure of SSNs and EINs is optional. The SSN or EIN is used as a unique identifier. The information you provide will enable HUD to carry out its responsibilities under Sections 102(b), (c), and (d) of the Department of Housing and Urban Development Reform Act of 1989, Pub. L. 101-235, approved December 15, 1989. These provisions will help ensure greater accountability and integrity in the provision of certain types of assistance administered by HUD. They will also help ensure that HUD assistance for a specific housing project under Section 102(d) is not more than is necessary to make the project feasible after taking account of other government assistance. HUD will make available to the public all applicant disclosure reports for five years in the case of applications for competitive assistance, and for generally three years in the case of other applications. Update reports will be made available along with the disclosure reports, but in no case for a period generally less than three years. All reports, both initial reports and update reports, will be made available in accordance with the Freedom of Information Act (5 U.S.C. §552) and HUD's implementing regulations at 24 CFR Part 15. HUD will use the information in evaluating individual assistance applications and in performing internal administrative analyses to assist in the management of specific HUD programs. The information will also be used in making the determination under Section 102(d) whether HUD assistance for a specific housing project is more than is necessary to make the project feasible after taking account of other government assistance. You must provide all the required information. Failure to provide any required information may delay the processing of your application, and may result in sanctions and penalties, including imposition of the administrative and civil money penalties specified under 24 CFR §4.38.

Note: This form only covers assistance made available by the Department. States and units of general local government that carry out responsibilities under Sections 102(b) and (c) of the Reform Act must develop their own procedures for complying with the Act.

Instructions

Overview.

A. Coverage. You must complete this report if:
- (1) You are applying for assistance from HUD for a specific project or activity **and** you have received, or expect to receive, assistance from HUD in excess of $200,000 during the during the fiscal year;
- (2) You are updating a prior report as discussed below; or
- (3) You are submitting an application for assistance to an entity other than HUD, a State or local government if the application is required by statute or regulation to be submitted to HUD for approval or for any other purpose.

B. Update reports (filed by "Recipients" of HUD Assistance): General. All recipients of covered assistance must submit update reports to the Department to reflect substantial changes to the initial applicant disclosure reports.

Line-by-Line Instructions.

Applicant/Recipient Information.
All applicants for HUD competitive assistance, must complete the information required in blocks 1-5 of form HUD-2880:

1. Enter the full name, address, city, State, zip code, and telephone number (including area code) of the applicant/recipient. Where the applicant/recipient is an individual, the last name, first name, and middle initial must be entered.
2. Entry of the applicant/recipient's SSN or EIN, as appropriate, is optional.
3. Applicants enter the HUD program name under which the assistance is being requested.
4. Applicants enter the amount of HUD assistance that is being requested. Recipients enter the amount of HUD assistance that has been provided and to which the update report relates. The amounts are those stated in the application or award documentation. NOTE: In the case of assistance that is provided pursuant to contract over a period of time (such as project-based assistance under section 8 of the United States Housing Act of 1937), the amount of assistance to be reported includes all amounts that are to be provided over the term of the contract, irrespective of when they are to be received.
5. Applicants enter the name and full address of the project or activity for which the HUD assistance is sought. Recipients enter the name and full address of the HUD-assisted project or activity to which the update report relates. The most appropriate government identifying number must be used (e.g., RFP No.; IFB No.; grant announcement No.; or contract, grant, or loan No.) Include prefixes.

Part I. Threshold Determinations - Applicants Only
Part I contains information to help the applicant determine whether the remainder of the form must be completed. **Recipients filing Update Reports should not complete this Part.**

If the answer to ***either*** questions 1 or 2 is No, the applicant need not complete Parts II and III of the report, but must sign the certification at the end of the form.

Part II. Other Government Assistance and Expected Sources and Uses of Funds.

A. Other Government Assistance. This Part is to be completed by both applicants and recipients for assistance and recipients filing update reports. Applicants and recipients must report any other government assistance involved in the project or activity for which assistance is sought. Applicants and recipients must report any other government assistance involved in the project or activity. Other government assistance is defined in note 4 on the last page. For purposes of this definition, other government assistance is expected to be made available if, based on an assessment of all the circumstances involved, there are reasonable grounds to anticipate that the assistance will be forthcoming.

Both applicant and recipient disclosures must include all other government assistance involved with the HUD assistance, as well as any other government assistance that was made available before the request, but that has continuing vitality at the time of the request. Examples of this latter category include tax credits that provide for a number of years of tax benefits, and grant assistance that continues to benefit the project at the time of the assistance request.

The following information must be provided:

1. Enter the name and address, city, State, and zip code of the government agency making the assistance available.
2. State the type of other government assistance (e.g., loan, grant, loan insurance).
3. Enter the dollar amount of the other government assistance that is, or is expected to be, made available with respect to the project or activities for which the HUD assistance is sought (applicants) or has been provided (recipients).
4. Uses of funds. Each reportable use of funds must clearly identify the purpose to which they are to be put. Reasonable aggregations may be used, such as "total structure" to include a number of structural costs, such as roof, elevators, exterior masonry, etc.

B. Non-Government Assistance. Note that the applicant and recipient disclosure report must specify all expected sources and uses of funds - both from HUD ***and any other source*** - that have been or are to be, made available for the project or activity. Non-government sources of funds typically include (but are not limited to) foundations and private contributors.

Part III. Interested Parties.

This Part is to be completed by both applicants and recipients filing update reports. Applicants must provide information on:

1. All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
2. any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds $50,000 or 10 percent of the assistance (whichever is lower).
   Note: A financial interest means any financial involvement in the project or activity, including (but not limited to) situations in which an individual or entity has an equity interest in the project or activity, shares in any profit on resale or any distribution of surplus cash or other assets of the project or activity, or receives compensation for any goods or services provided in connection with the project or activity. Residency of an individual in housing for which assistance is being sought is not, by itself, considered a covered financial interest.

The information required below must be provided.

1. Enter the full names and addresses. If the person is an entity, the listing must include the full name and address of the entity as well as the CEO. Please list all names alphabetically.
2. Entry of the Social Security Number (SSN) or Employee Identification Number (EIN), as appropriate, for each person listed is optional.
3. Enter the type of participation in the project or activity for each person listed: i.e., the person's specific role in the project (e.g., contractor, consultant, planner, investor).
4. Enter the financial interest in the project or activity for each person listed. The interest must be expressed both as a dollar amount and as a percentage of the amount of the HUD assistance involved.

Note that if any of the source/use information required by this report has been provided elsewhere in this application package, the applicant need not repeat the information, but need only refer to the form and location to incorporate it into this report. (It is likely that some of the information required by this report has been provided on SF 424A, and on various budget forms accompanying the application.) If this report requires information beyond that provided elsewhere in the application package, the applicant must include in this report all the additional information required.

Recipients must submit an update report for any change in previously disclosed sources and uses of funds as provided in Section I.D.5., above.

Notes:

1. All citations are to 24 CFR Part 4, which was published in the Federal Register. [April 1, 1996, at 63 Fed. Reg. 14448.]
2. Assistance means any contract, grant, loan, cooperative agreement, or other form of assistance, including the insurance or guarantee of a loan or mortgage, that is provided with respect to a specific project or activity under a program administered by the Department. The term does not include contracts, such as procurements contracts, that are subject to the Fed. Acquisition Regulation (FAR) (48 CFR Chapter 1).
3. See 24 CFR §4.9 for detailed guidance on how the threshold is calculated.
4. "Other government assistance" is defined to include any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance from the Federal government (other than that requested from HUD in the application), a State, or a unit of general local government, or any agency or instrumentality thereof, that is, or is expected to be made, available with respect to the project or activities for which the assistance is sought.
5. For the purpose of this form and 24 CFR Part 4, "person" means an individual (including a consultant, lobbyist, or lawyer); corporation; company; association; authority; firm; partnership; society; State, unit of general local government, or other government entity, or agency thereof (including a public housing agency); Indian tribe; and any other organization or group of people.

MBE/WBE OUTREACH PLAN GUIDE FORM

Minority and Women's Business Enterprises Outreach Procedures
(Owner's name may be substituted for the blank space, however, Owner is responsible for each item in the plan) The MBE/WBE Outreach Plan Guide Form must be submitted with the second and final construction draw request.

DCA has established procedures to encourage the use of minority and women's business enterprises (MBE/WBE) in HOME-assisted housing in accordance with the Interim Rule of the Home Investment Partnerships (HOME) Program. These procedures are intended to further the objectives of Executive Orders 11625, 12432 and 12138.

(a) Informing the public, owners and potential MBE/WBE about the MBE/WBE outreach policy/procedures

1. _____ will publish its Minority/Women's Business Enterprises Policy Statement in the newspaper of widest statewide circulation and other minority/women oriented newspapers of widest statewide circulation.

2. _____ will develop and maintain a solicitation list of certified MBE/WBE with capabilities, services, supplies and/or products which are related to housing development. All state recipients, subrecipients, prime contractors, and owners of HOME-assisted housing will be required to do the same, whenever financially feasible. The services and assistance of the Minority Business Development Agency of the U.S. Department of Commerce and other appropriate federal and state agencies will be sought in accomplishing this task.

(b) MBE/WBE participation in the HOME programs

1. To the maximum extent possible, MBE/WBE will be included in all contracts which _____enters related to the provision of affordable housing under the HOME program. All state recipients, subrecipients, prime contractors, and owners of HOME-assisted housing will also be required, to the maximum extend possible, to do the same.

2. When economically feasible, _____ will divide total requirements into small tasks and quantities to permit the maximum participation by MBE/WBE and will require the same of the state recipients, subrecipients, prime contractors, and owners of HOME-assisted housing.

3. When economically feasible, _____ will establish delivery schedules which encourage MBE/WBE participation in HOME programs and will require the same of the state recipients, subrecipients, prime contractors, and owners of HOME-assisted housing.

(c) Compliance

DCA will require that all state recipients, subrecipients, prime contractors, and owners of HOME-assisted housing comply with the MBE/WBE outreach program procedures as a condition of assistance. This requirement will be included as a legal covenant in the appropriate Performance Agreement.

(d) Record keeping procedures

DCA will maintain records which will describe MBE/WBE outreach activities taken and will require the prime contractors, developers and owners of HOME-assisted housing to do the same and submit annual reports on their MBE/WBE outreach activities to DCA as a condition of receipt of HOME funds.

(e) MBE/WBE outreach assessment and corrective actions

DCA will review annually the success of its MBE/WBE outreach efforts associated with the HOME programs and will take corrective action to strengthen any weaknesses in its MBE/VVBE outreach activities. This assessment will be completed for each SR, CHDO, prime contractor, and owner of HOME-assisted housing consisting of more than four units (smaller housing projects will be assessed every two years). Each will be required to take corrective action to strengthen any weakness. Failure to do so may result in the pursuit of remedies by DCA.

Instructions For Affirmative Fair Housing Marketing Plan
Please Read Before Filling Out the Forms.

1. Introduction. DCA's Affirmative Marketing Plan for owners of HOME assisted projects with five or more units requires that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants of all majority and minority groups in the housing market area *regardless of race, color, religion, sex, national origin, handicap or familial status.*

The applicant will describe on this format the activities it proposes to carry out during *advance marketing*, where applicable, and the initial sales and rent-up period. The affirmative marketing program also must ensure that any group(s) of persons normally **NOT** likely to apply for the housing without special outreach efforts (because of existing neighborhood racial or ethnic patterns, location of housing in the SMSA, price or other factors) know about the housing, feel welcome to apply and have the opportunity to buy or rent.

Information specifically required in each subsection of this form must be attached upon submission of the application and must be resubmitted with the final construction draw.

In addition to the specific advertising and notification activities, please describe activities relating to instructions to staff on fair housing and EHO concerns, and acknowledge intent to participate in periodic DCA-sponsored training opportunities where applicable.

2. Part 2. Applicant and Project Identification.

- Parts A, B, and D are self-explanatory.
- With regard to Part C, the applicant shall obtain census tract information from local planning agencies, county planning departments, public libraries or other sources of census data. ***In addition, applicant must attach map and census tract information indicating location of existing assisted housing projects in community or proposed service area.***
- With respect to Part E, specify approximate starting date of initial occupancy.
- Part F is to be completed only if the applicant is not to implement the plan on its own.

3. Part 3. Type of Affirmative Marketing Plan. Applicant for multifamily and subdivision projects are to submit a Project Plan which describes the marketing program for the particular project or subdivision. Scattered site builders are to submit individual annual plans based on the racial composition of each type of census tract. For example, if a builder plans to construct units in both minority and non-minority census tracts, separate plans will be submitted for all of the housing proposed for both sites.

4. Part 4. Direction of Marketing Activity. Considering factors such as price or rent of housing, the racial/ethnic characteristics of the neighborhood in which housing is (or is to be) located, and the population within the housing market area, public transportation routes, etc., indicate which group(s) of the existing population you believe ARE **LEAST** LIKELY to apply without special outreach.

5. Part 5. Marketing Programs. The applicant will describe the marketing program to be used to attract all segments of the eligible population, especially those groups designated in Part 4 of the Plan as least likely to apply. The applicant will state:

- the type of media to be used,
- the names of newspapers/call letters of radio or of TV stations,
- the name of contact person at each medium,
- the address and phone number of each medium,
- the identity of the circulation or audiences of the media identified in the Plan, e.g., White (non-Hispanic), Black (non-Hispanic), Hispanic, Asian-American/Pacific Islander, American Indian/Alaskan Native,
- and the size or duration of newspaper advertising or length and frequency of broadcast advertising.

Community contacts include the individuals or organizations that are well-known in the project area or the locality, and that can influence persons with groups considered least likely to apply. Such contacts may include, but need not be limited to: neighborhood minority and women's organizations, churches, labor unions, employers, public and private agencies, and individuals who are connected with these organizations and/or are well-known in the community.

6. Part 6. Future Marketing Activities. Self-explanatory.

7. Part 7. Experience and Staff Instructions.

a. Indicate whether the applicant has previous experience in marketing housing to group(s) identified as least likely to apply for the housing.

b. Describe the instructions and training given to the sales/rental staff. This guidance to staff must include information regarding federal, state and local fair housing laws and AFHM Plan. Copies of any written materials must be submitted with the Plan, if such materials are available.

8. Part 8. Additional Considerations. In this section describe other efforts not covered previously which are planned to attract persons in either those groups already identified in Part 4 of the Plan as least likely to apply for the housing or in groups not previously identified in the Plan. Such efforts may include outreach activities to female-headed households.

9. Part 9. Self-explanatory. The applicant's authorized agent signs the AFHM Plan at the bottom and dates it. By signing the Plan, the applicant assumes full responsibility for its implementation. DCA may at any time monitor the implementation of the Plan and request modification in its format or content, as DCA deems necessary.

10. Notice of Intent to Begin Marketing. No later than 90 days prior to the initiation of sales or rental marketing activities, the applicant with an approved Plan will submit written notice of intent to begin marketing to DCA.

11. Annual Assessment of AFHM Plan. The applicant will submit to DCA on an annual basis, within 30 days of the anniversary of the approval of its AFHM Plan, an assessment of the Plan's execution. The assessment will include as attachments, confirmation of all media announcements made in accordance with Part 5(A) of the Plan. In the case of newspaper and other types of printed media, confirmation must be in the form of a photocopy of the actual notice or article, including the date and name of the publication. In the case of broadcast media, confirmation will be in the form of written text used to compose announcement(s), plus written acknowledgment from the broadcasting station, indicating the time(s) and date(s) of announcement and the fee paid or designation of the announcements as a public service announcement (PSA).

The assessment will include copies of brochures and/or public notices posted in fulfillment of Part 5(B) of the Plan. The assessment will also include copies of newsletters, church bulletins, correspondence or leaflets featuring notification of community contacts to their membership of the availability of housing through this project.

DCA will assess each applicant's compliance with and adherence to its approved AFHM Plan based on the completion of prescribed activities and the applicant's ability to provide adequate proof that such activities are undertaken as described in the AFHM Plan.

12. Corrective Action. In the event of an applicant's failure to submit an approved AFHM Plan or to comply with activities set out in the DCA-approved AFHM Plan, DCA will notify the applicant in writing that it has been placed on a 90-day probationary period during which the applicant will be allowed to complete those activities which will bring it into compliance. Upon coming into compliance, the applicant will be notified in writing by DCA and will undergo a six-month monitoring period during which DCA may request proof of the applicant's completion of activities specified in each part of the AFHM Plan.

13. Record Keeping. DCA will keep on file a copy of the applicant's approved AFHM Plan and all assessment materials, both as provided by the applicant and as discovered independently. The applicant must keep on file a copy of its AFHM Plan, with ongoing attachments.

DCA AFFIRMATIVE FAIR HOUSING MARKETING PLAN

COMPLETE FORM AND SUBMIT TO: DCA Compliance Department, 60 Executive Park South, N.E. Atlanta, GA 30329

1. INTRODUCTION

Affirmative Fair Housing Marketing Regulations require that each applicant subject to these regulations carry out an affirmative program to attract prospective buyers or tenants of all minority groups and non minority groups to the housing that the applicant is providing regardless of race, color, religion, sex, national origin, disability or familiar status. The applicant shall describe on this form, the activities it proposes to carry out during advance marketing, where applicable, and the initial sales rent up period.

2. APPLICATION AND PROJECT IDENTIFICATION

A. Applicant's: Name	B. Project or Application Number Number of Units
Address(City, State, & Zip Code)	Price Range of Units: From $_____ to $_____
Telephone Number (including area code)	D. For Multifamily Housing only: Elderly Non-elderly
Project Name	E. Approximate Starting Dates Advertising Occupancy
C. Location/Address (include: City, State, and Zip Code) County Census Tract	F. Name of Managing Sales Agent Address (include: City, State, and Zip Code)

3. TYPE OF AFFIRMATIVE MARKETING PLAN

❑ Project plan ❑ Annual Plan (for single family scattered site units)

❑ Minority ❑ White (non-minority) Area ❑ Mixed Area (with _____% minority residents)

4. DIRECTION OF MARKETING ACTIVITY

Indicate below which group(s) in the housing market area is/are least likely to apply for the housing because of its location and other factors without special outreach projects.

❑ White (non-Hispanic) ❑ Black (non-Hispanic) ❑ American Indian or Alaskan Native ❑ Hispanic

❑ Asian or Pacific Islander ❑ Persons with Disabilities

5. MARKETING PROGRAM

A. Commercial Media

Check the media to be used to advertise the availability of this housing:

❑ Newspaper(s)/Publications ❑ Radio ❑ TV ❑ Billboard(s) ❑ Other (specify)

Name of Newspaper, Radio or TV Station (1)	Racial/Ethnic Identification of Readers/Audience (2)	Size/Duration of Advertising (3)

B. Brochures, Signs and HUD's Fair Housing Poster

(1) Will brochures, leaflets, or handouts be used to advertise? _____Yes _____ No. If yes, attach a copy or submit when available. (2) For project site sign: indicate sign size _____ x _____; Logotype size _____ x _____. Attach a photograph of project sign or submit when available. (3) HUD's Fair Housing Poster must be conspicuously displayed whenever sales/rentals and showings take place. Fair Housing Posters will be displayed in the ❑ Sales Rental Offices(s); ❑ Real Estate Office(s); ❑Model Unit(s) ❑ Other specify)_____

C. Community Contacts

To further inform the group(s) least likely to apply about the availability of the housing, the applicant agrees to establish and maintain contact with the groups & organizations listed below that are located in the housing market area or SMSA. If more space is needed, attach an additional sheet. Notify DCA of any changes in this list. Attach a copy of correspondence to be mailed to these groups/organizations. (Provide all requested information.)

Name of Group/Organization (1)	Racial/Ethnic Identification (2)	Approximate Date of Contact or Proposed Contact (3)	Person Contacted or to be Contacted (4)

C. Community Contacts, continued

Address & Telephone (5)	Method of Contacts (6)	Indicate the specific function Group/Organization will undertake in implementing the Marketing Program (7)
		.

6. Future Marketing Activities

Check the block(s) that best describe future marketing activities to fill vacancies as they occur after the project has been initially occupied.

❑ Newspapers/Publications ❑ Radio ❑ TV ❑ Brochures/Leaflets/Handouts ❑ Site Signs
❑ Community Contacts ❑ Others (specify)

7. Experience and Staff Instructions

Indicate any experience in marketing housing to the group(s) identifies as least likely to apply ❑ Yes ❑ No

Indicate training to be provided to staff on Federal, state and local fair housing laws and regulations, as well as this AFHM Plan. Attach a copy of the instructions to staff regarding fair housing.

8. Additional Considerations

By signing this form the applicant agrees, after appropriate consultation with DCA, to change any part of the plan covering a multifamily project to assure continued compliance with HUD's Affirmative Fair Housing Marketing Regulations.

Signature of person submitting plan_____ Date _____

Name (type or print) _____

Title and Company _____

FOR DCA's USE ONLY

Approval by: Signature	Disapproval by: Signature
Name (type or print)	Name (type or print)
Title	Title
Date	Date

SAMPLE PRE-CONTRACT AGREEMENT
(Page 1 of 2)

This Pre-Contract Agreement (Agreement) is executed for the property located at _____ between the following parties:

Buyer: _____ Address: _____

Seller**:** _____ Address**:** _____

AGREEMENT CONDITIONS:

The Buyer may use Federal funds obtained from the U.S. Department of Housing and Development to acquire property owned by the Seller. Therefore, please be informed of the following:

Voluntary Sale –

1) The Buyer does not have the right of eminent domain.

2) Because this is a voluntary transaction, the Buyer will not be able to acquire the property offered for sale if negotiations fail to result in an amicable agreement.

3) The Buyer estimates the fair market value of the property to be_____.

4) Even though Federal funds will be used in the acquisition of the property, the Seller WILL NOT be entitled to any relocation benefits.

5) Any tenant legally occupying the property is eligible to receive relocation assistance and benefits as identified in the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) of 1970, as amended.

Timely Notices –

1) The Seller authorizes the Buyer, the funding buyer, or a designated representative, to provide to each resident the notices required by HUD's instructions found in HUD Handbook 1378.

2) The Seller authorizes the Buyer, the funding buyer, or a designated representative, to provide, or permit to be provided, a move-in notice to any person who wishes to make application to become a tenant.

3) Before signing a lease and commencing occupancy, the person must be informed of the following:

a. If the application is funded, the new tenant may be displaced; and,

b. The person would not qualify as a "displaced person" as a result of the project and, therefore, would not be eligible to receive any assistance or benefits.

Recordkeeping –

1) The Seller agrees to provide the Buyer, the funding buyer, or a designated representative, when requested, the names and addresses of the residents residing in the property.

2) The Seller authorizes the Buyer, the funding buyer, or a designated representative, to survey the residents to determine the relocation costs and housing needs.

AGREEMENT ACCEPTANCE:

The Buyer and Seller understand if the conditions of this Agreement are not complied with, either party may terminate the real property sales contract (Contract) by notifying the other party by certified mail, return-receipt requested, that the Contract is terminated. The Buyer and Seller voluntarily accept these Agreement conditions and agree to enter into a Contract for the property identified in this Agreement.

_____ _____
Signature of Seller Date

_____ _____
Signature of Witness Date

Witness Phone Number: _____

Address of Witness: _____

_____ _____
Signature of Buyer Date

_____ _____
Signature of Witness Date

Witness Phone Number: _____

Address of Witness: _____

RIGHT TO WITHDRAW SAMPLE LETTER

Grantee or Buyer Letterhead

Date: _____

Property Owner: _____

Address: _____

_____ _____

Subject Property: _____

_____

Dear _____:

On _____, we entered into an option to acquire your property for $_____. Our records do not indicate that we made clear to you that our effort to acquire your property, which we estimate the fair market value to be $_____, is voluntary in nature and, therefore, without any threat of eminent domain (condemnation), and that our intent is to acquire your property through an amicable agreement.

Because we failed to advise you of the above, we wish to offer you the opportunity to withdraw from your agreement to sell your property, and without penalty. **Before we can proceed, it is necessary that you complete, sign, and return this letter to us indicating your decision to not withdraw from our agreement.**

If you have any questions about this notice, please contact the acquiring buyer at the following address or phone number: _____

Sincerely,

_____ _____

(Signature and title of Buyer Representative) *(Date)*

- ❑ I/we certify that I/we understand that if I/we have the right to withdraw from my/our agreement, without penalty, to sell the subject property.
- ❑ I/we do not wish to withdraw from my/our agreement, without penalty, to sell the subject property.

_____ _____ _____ _____

Signature of Owner Date Signature of Owner Date

Georgia Department of Community Affairs
Office of Affordable Housing

HOME MULTIFAMILY LOAN
CONTRACTOR'S CERTIFICATE OF ACTUAL PROJECT COST

This form and certification is to be used by the General Contractor to certify the actual cost of project construction and development. It must be completed by the project general contractor subsequent to the completion of construction and prior to the release of the retainage. It is required so that DCA can make a determination of the actual project costs compared to the budgeted project costs, prevent windfall profits, and to ensure that the project has not been over subsidized. The Certificate requires that the Project General Contractor certify that the actual cost of labor, materials, and necessary services for construction of the below referenced project, after deduction of all kickbacks, rebates, adjustments, discounts, promotional, or advertising recoupment made or to be made to the General Contractor.

This Certificate must also be supported by an audit report and an opinion letter prepared by a Certified Public Accountant in accordance with Generally Accepted Accounting Principles and Generally Accepted Auditing Standards.

Project Name: _____

DCA Number: _____

Owner Name: _____

General Contractor Name: _____

Location of Project: _____

Date of project completion: _____

Date of Certification: _____

Georgia Department of Community Affairs
Office of Affordable Housing

GENERAL CONTRACTOR CERTIFICATION

The undersigned certifies that the actual cost of labor, materials and necessary services set forth in the attached schedule, for the construction of the physical improvements in connection with the project described above, is true and accurate. Such schedule sets forth the actual cost of labor, materials, and necessary services after deduction of all rebates, adjustments, or discounts made or to be made to the owner, general contractor or any corporation, trust, partnership, joint venture, or other legal or business entity in which the undersigned borrower or general contractor, or any of their members, stockholders, officers, directors, beneficiaries, or partners hold any interest. I further certify that all soft costs associated with construction of the project, as set forth herein are correct as represented herein. This certificate of actual costs is supported by an audit report and an opinion letter prepared by a Certified Public Accountant in accordance with Generally Accepted Accounting Principals and Generally Accepted Auditing Standards. I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Convictions may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012, 31 U.S.C. 3729, 3802).

The undersigned also certifies that (check as appropriate):

There has not been and is not now any identify of interest between or among the borrower and/or general contractor and any subcontractor, material supplier, equipment lessor or payee (including any of their members, officers, directors, beneficiaries, or partners).

There is an identity of interest between or among the borrower and/or general contractor and any subcontractor, material supplier, equipment lessor, or payee. Attached to and made a part of this certificate is a signed statement fully describing any such identity of interest.

Attached to and made a part of this certificate is a signed statement fully describing any rebates adjustments, discounts or any other devices which may have or have had the effect of reducing project costs.

_____
General Contractor

By:_____

Title:_____

Georgia Department of Community Affairs
Office of Affordable Housing

CERTIFICATION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

The undersigned does certify that in his/her opinion, the General Contractor's Certification of Actual Costs presents fairly, in all material respects, the actual cost of labor, materials and necessary services for the above. This is intended solely for the information and use of the Owner of the Project and for filing with the Georgia Department of Community Affairs. We have no financial interest in the project other than in the practice of our profession. This certification is supported by an audit report and an opinion letter prepared in accordance with Generally Accepted Accounting Principals and Generally Accepted Auditing Standards.

_____
Name of Firm

By:_____
(Signature)

C. ACCESSIBILITY MANUAL

This Manual contains the following:

- **Accessibility Design and Construction Standards**
- **Summary of Accessibility Laws and Standards**
- **Summary of 2005 QAP Accessibility Scoring Criteria**
- **Appendix I: DCA Accessibility Review Report Guidelines**

Accessibility Design and Construction Standards

The 2005 Qualified Allocation Plan requires that all projects funded under the Plan meet all Federal and State accessibility standards as well as all DCA accessibility requirements. Because accessibility requirements may differ depending on the funding sources of a particular project as well as the type of construction contemplated for a project, identifying the correct standards can be difficult. In addition, DCA encourages the incorporation of additional accessibility components into projects through the scoring process. The following is an overview of the primary accessibility laws and requirements that are applicable to projects funded under the Plan, a summary of the 2005 DCA scoring criteria for accessibility and the guidelines for the DCA Accessibility Review Report.

Failure to comply with applicable accessibility, adaptive design and construction requirements of these laws may result in loss of tax credits and/or the loss of HOME funds. Therefore, you should consult an attorney and/or design professional to ensure that the rehabilitation and/or construction of the multi-family development complies with the accessible and adaptive design and construction requirements of each applicable law. Failure to comply with accessibility modifications which have received scoring points may result in the non-issuance of 8609's or other sanctions by DCA. These additional accessibility modifications will be incorporated in the Land Use Restriction Agreement for the project.

The attached chart, Summary of Accessibility Laws and Standards, can be used to initially determine the appropriate design standards that should be incorporated into a

project. Project Architects, Engineers and Contractors should be familiar with the requirements of each standard to ensure that the appropriate requirements are met.

I. Federal Fair Housing Act

(A) Applicability. The Fair Housing Act (FHA) requires that covered public and private multifamily dwelling units designed and constructed for first occupancy after March 13, 1991, be designed and constructed in a manner that the public and common use portions of such dwellings are readily accessible to and usable by disabled persons. First occupancy is defined as a building that has never before been used for any purpose. The Act's construction and design requirements apply on a building by building basis. **Under the 2005 Qualified Allocation Plan, all new construction projects applying for 9% or 4% tax credits and/or HOME funds must be build in accordance with the accessibility requirements of the FHA. In addition, rehabilitation projects applying for credits and/or HOME funds must also meet the design and construction standards of the FHA if the first use of the building was after March 13, 1991.** These specific design and construction standards can be found in the appropriate requirements of the American National Standards Institute (ANSI), Fair Housing Accessibility Guidelines (FHAG) and in HUD's Fair Housing Act Design Manual. If a project is built in compliance with HUD's FHAG requirements, a safe harbor for compliance purposes is created.

In determining which units of a proposed project must meet the FHA accessibility standards the following guidelines can be utilized:

- Development has buildings containing 4 or more units and was designed and constructed for first occupancy on or after March 13, 1991
- Building contains elevator so all units in building are "covered units"
- All units in buildings with elevators are designed and constructed with features required by the Act
- Building does not contain elevator so only ground-floor units in building are "covered units"

- All ground-floor units in buildings without elevators are designed and constructed with features required by the Act
- Development contains "covered units," so the public and common use facilities must be designed and constructed with features required by the Act.

NOTE: Fair Housing Act Accessibility Guidelines contain a narrow "Site Impracticality Exception" which provides that first floor units do not have to meet all of the Act's requirements if it is impractical to have an accessible entrance to the building because of the natural hilly terrain or other unusual characteristics of the site. Any project that claims such an exception must submit documentation from the project architect outlining the basis for the site exception. Supporting documentation of the "site impracticality" must also be submitted. DCA may also request the Owner to provide a legal opinion that the project falls with the requirements of the Site Impracticality Exception. DCA's acceptance of such documentation should not be construed as conclusive that the project meets the legal requirements of the exception. Each Project Owner should consult their own attorney to make that determination.

Accessibility Checklist. The following checklist represents some, but not all of the accessible and adaptive design and construction requirements of the Fair Housing Act. The IRS, Department of Justice and HUD have jointly prepared it. Adoption of these items into the design and construction of a project will not guarantee that the project complies with all applicable FHA accessibility requirements. The project architect must utilize all requirements set forth in the Fair Housing Act, regulations and FHAG to ensure that the project is accessible in accordance with The FHA law. However, it does represent many of the requirements of the Fair Housing Act.

1. <u>ACCESSIBLE BUILDING ENTRANCE ON AN ACCESSIBLE ROUTE</u>

- The accessible route is a continuous, unobstructed path (no stairs) through the development that connects all buildings containing covered units and all public and common use facilities.

- The accessible route also connects to parking lots and to at least one public street, public sidewalk, and to a public transportation stop, when provided.
- All slopes on the accessible route are no steeper than 8.33%.
- All slopes on the accessible route between 5% and 8.33% have handrails.
- Covered units have at least one entrance on an accessible route.
- There are sufficient numbers of curb rampscuts for a person using a wheelchair to reach every building in the development.
- Curb rampscuts slope and cross slope specifications.

2. ACCESSIBLE COMMON AND PUBLIC USE AREA

- At least 2 percent of all parking spaces serving covered units are designated as accessible handicapped parking spaces.
- At least one parking space at each common and public use amenity is designated as handicapped accessible parking.
- All handicapped accessible parking spaces have adequate signage.
- All handicapped accessible parking spaces are at least 96" wide with a 60" wide access aisle that can be shared between two spaces.
- The accessible aisle is part of connects to a curb ramp and the accessible route.
- The rental or sales office is readily accessible and usable by persons with disabilities as required by both the Fair Housing Act and the Americans with Disabilities Act.
- A sufficient number of mailboxes, swimming pools, tennis courts, clubhouses, rest rooms, showers, laundry facilities, trash facilities, drinking fountains, public telephones, and other common and public use amenities offered by the development are readily accessible and usable by persons with disabilities.

3. USABLE DOORS

- All doors into and through covered units and common use facilities provide a clear opening of at least 32" nominal width.
- All doors leading into common use facilities have lever door handles operating hardware that does not require grasping and twisting.

- Thresholds at doors to common use facilities are no greater than ½”.
- All primary entrance doors to covered units have lever door handle operating hardware that does not require grasping and twisting.
- Thresholds at exterior primary entrance doors to covered units are no greater than ¾” and beveled.

4. ACCESSIBLE ROUTE INTO AND THROUGH THE COVERED UNIT

- All routes through all rooms in the covered units are no less than 36” wide.

5. ACCESSIBLE ENVIRONMENTAL CONTROLS

- All light switches, electrical outlets, thermostats, and other environmental controls are no less than 15" and no greater than 48” from the floor.

6. REINFORCED BATHROOM WALLS FOR GRAB BARS

- Reinforcements are built into the bathroom walls surrounding toilets, showers, and bathtubs for the later installation of grab bars.

7. USABLE KITCHEN AND BATHROOMS

USABLE KITCHENS

- 30 x 48" clear floor space centered at each fixture and appliance
- 40 of clear floor space between opposing elements (i.e. cabinets, appliances, etc.)
- U-shaped kitchens with sink or cooktop at end have 60" diameter turning space or have sink or cooktop base with removable cabinets
- Appliances and controls shall conform to the required accessibility design standards.

USABLE BATHROOMS

Type A Bathroom

- 30 x 48" clear floor space outside the swing of the door
- 30 x 48" clear floor space at lavatory (if centered for parallel approach cabinet may be fixed)

- Toilet next to the tub allowing a perpendicular approach
- Centerline of toilet is 18" from bathtub and 15" from lavatory
- Toilets shall comply with the required design standards for height and location.

Type B Bathroom

- 30 x 48" of clear floor space outside swing of door
- 30 x 48" of clear floor space centered in front of sink
- 30 x 48" of clear floor space adjacent to the bathtub
- If at least one Type B bathroom is included the other bathroom(s) is exempt from only the maneuvering space requirements
- Toilets shall comply with the required design standards for height and location.

II. Section 504 of the Rehabilitation Act of 1973

Applicability.

Section 504 of the Rehabilitation Act of 1973 prohibits discrimination against persons with disabilities in the operation of programs receiving federal financial assistance. These programs include, but are not limited to HOME, CDBG, and other programs under the jurisdiction of the HUD Office of Multifamily Housing Program. HUD regulations implementing Section 504 contain accessibility requirements for new construction and rehabilitation of housing as well as requirements for ensuring that the programs themselves are operated in a manner that is accessible to and usable by persons with disabilities. Both individual units and the common areas of buildings must be accessible under Section 504. **All projects funded under the 2005 QAP which provide for the new construction or rehabilitation of multifamily housing projects must be designed and built in accordance with the appropriate accessibility requirements of Section 504 if the projects will receive HOME or other federal funding.** These specific design and construction standards can be found in the Uniform Federal Accessibility Standards (UFAS).

Specific 504 Requirements.

New Construction – A minimum of 5% or at least one unit (whichever is greater) of the total units in the project must be accessible to individuals with mobility impairments. A minimum of 2% or at least one unit (whichever is greater) of the total units in the project must be accessible to individuals with sensory impairments (hearing or vision).

Substantial Rehabilitation – If alterations are undertaken to a project that has 15 or more units and the cost of the alteration is 75% or more of the replacement cost of the completed facility than the accessibility requirements for the projects are the same as for newly constructed projects.

Other Alterations- When other alterations are undertaken, including, but not limited to modernization and rehabilitation which does not meet the Threshold of "substantial" rehab under the act, such alterations are required to be accessible to the maximum extent feasible, up to the point where at least 5% or the units in a project are accessible. If alterations of single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, then the entire dwelling unit shall be made accessible.

Section 504 requirements may be stricter than requirements under the Fair Housing Act. For instance, in regards to townhome development, Section 504 would be applicable to a new construction project composed of all two story townhomes. HUD Notices CPD 00-09 and PIH 99-52 (HA) states that, "a development consisting entirely of multistory townhouses constructed with Federal financial assistance is not a covered multifamily dwelling for purposes of the design and construction requirements at 24 CFR 100.205 (FHAG), but would still have to meet the Section 504 5% + 2% accessibility requirements at 24 CFR 8.22 (Section 504). A townhouse development of 5 or more single story units would still have to comply with the Fair Housing Act design and construction requirements. Whether or not the rehab of a development of two story townhouses would need to meet the 504 requirements would depend on the extent of the

rehabilitation and whether the applicant could present documentation that the modifications would not be feasible.

NOTE: Section 504 contains a narrow exception when alterations that do not meet the standard of "substantial rehabilitation" are undertaken. This exception provides that a recipient is not required to make a dwelling unit, common area, facility or element accessible if doing so would impose undue financial and administrative burden on the operation of the project. Therefore recipients are required to provide access for covered alterations up to the point of being infeasible or an undue financial and administration burden. Any project that claims such an exception must submit documentation from the project architect outlining the basis for the site exception. Supporting documentation regarding the feasibility of the modification must also be submitted. DCA may also request the Owner to provide a legal opinion that the project falls with the requirements of the Exception. DCA's acceptance of such documentation should not be construed as conclusive that the project meets the legal requirements of the exception. Each Project Owner should consult their attorney to make that determination.

Increasing Program Accessibility

Section 504 regulations also require that a recipient of Federal Funds ensure that its project, when viewed in its entirety, is accessible to persons with disabilities. In order to meet this obligation, Section 504 requires that the Project Owner must:

- To the maximum extent feasible, distribute accessible units through the projects and sites, and make them available in a sufficient range of sizes and amenities so as to not to limit choice.
- Adopt suitable means to assure that information regarding the availability of accessible units reaches eligible individuals with disabilities. Reasonable nondiscriminatory steps to maximize use of such units by eligible individuals must also be taken.
- When an accessible unit becomes vacant, before offering the unit to an individual without a disability, offer the unit: first, to a current occupant of the project requiring the accessibility feature; and second, to an eligible qualified applicant on the waiting

list requiring the accessibility features.

- When an applicant or tenant requires an accessible feature or policy modification to accommodate a disability, a federally assisted project must provide such feature or policy modification unless doing so would result in a fundamental alteration in the nature of its program or an undue financial and administrative burden.
- Project Owners are required to ensure that information about their project is disseminated in a manner that is accessible to persons with disabilities.
- Include a lease provision that requires a non disabled family occupying an accessible unit to move if a family with a disability needing that size unit applies and there is an appropriately sized nonaccessible unit available for the relocating family.

III. Visitability

HUD recommends that all design, construction and alterations for multifamily units, incorporate, whenever practical, the concept of visitability in addition to the requirements under Section 504 and the Fair Housing Act. DCA has also adopted the concept of visitibility as a recommended practice for all projects that receive funding under the 2005 Qualified Allocation Plan. The concept of visitibility is to design units so that persons with disabilities can visit relatives, friends and neighbors. The following are the basic visitability design requirements:

- Provide 32 inch clear openings in all bathrooms and interior doorways
- Provide at least one accessible means of egress/egress for each unit.

III. The American with Disabilities Act

Applicability. The American with Disabilities Act guarantees equal opportunity for individuals with disabilities in employment, public accommodations, transportation, state and local government services and telecommunication. It is divided into five titles. Two of which are primarily applicable to multifamily housing agencies.

Title II. Public services, which include state and local government instrumentality's, cannot deny people with disabilities from participating in programs or activities which are available to people without disabilities.

Title III. Prohibits disability based discrimination and requires privately owned places of "public accommodation to be designed, constructed and altered in compliance with certain accessibility standards.

Under the 2005 Qualified Allocation Plan, the ADA is applicable to all new construction projects that are selected for funding. In Rehabilitation projects, existing facilities must comply to the extent readily achievable. Please note that generally the requirements of the ADA are not as restrictive as the requirements under Section 504.. Projects financed through an allocation of 4% or 9% tax credits, need to closely review the requirements of the ADAAG or UFAS as it pertains to these areas of public accommodation.

Basic ADA Requirements

For all DCA new construction projects the following requirements are applicable:

- Public accommodations does not include portions of privately owned rental housing used exclusively as residences, but does include areas within such facilities that are available to the general public such as rental offices, parking areas and community rooms for rental by non residents.
- Social service programs operated by a housing provider that are available to non-residents would be considered public accommodations and must be accessible under Title III.

Design, Construction or alteration of facilities in conformance with the ADA Accessibility Guidelines (ADAAG) shall be deemed to comply with requirements of the Act.

For rehabilitation projects, the following requirements are applicable to those areas covered by the ADA:

- All architectural barriers in existing facilities must be removed where such removal is readily achievable that is easily accomplished and able to be carried out. This would include adding grab bars, ramping a few steps and lowering telephones. If barrier removal is not readily achievable then services must be made available through alternative methods.

Note: Any project that claims a required modification is not readily achievable must submit documentation from the project architect outlining the basis for the exception. Supporting documentation regarding the achievability of the modification must also be submitted. DCA may also request the Owner to provide a legal opinion that the project falls with the requirements of the Exception. DCA's acceptance of such documentation should not be construed as conclusive that the project meets the legal requirements of the exception. Each Project Owner should consult their own attorney to make that determination.

IV. DCA Accessibility Requirements

DCA requires that all projects which receive funding under the 2005 Qualified Allocation Plan be designed and constructed in a manner so that the Units and common areas, facilities and services are readily accessible to and usable by disabled persons. All projects that receive allocations or funding under the Plan must comply with all applicable Federal and State accessibility laws. When two or more accessibility standards apply, the provider is required to follow and apply both standards so that a maximum accessibility is obtained. In addition**, DCA requires that the accessibility requirements of Section 504 be incorporated into the design and construction of all new construction and/or rehabilitation projects funded under the 2005 Allocation Plan regardless of <u>whether or not the project will receive federal financing assistance</u>. This constitutes a higher standard of accessibility than what may be required under federal laws.** This means that all projects including those financed with tax exempt

bonds which receive an allocation of 4% tax credits and 9% tax credit only projects, must incorporate at a minimum, the requirements of the UFAS into the design and construction of the project.

DCA will not waive these requirements for any new construction project. Waivers for rehabilitation projects will be considered in accordance with the requirements set forth in Section 504. Section 504 provides that a recipient is not required to make a dwelling unit, common area, facility or element accessible if doing so would impose undue financial and administrative burden on the operation of the project and if the rehabilitation is not substantial. Therefore recipients are required to provide access for covered alterations up to the point of being infeasible or an undue financial and administration burden. Any project that claims such an exception must submit documentation from the project architect outlining the basis for the waiver request. Supporting documentation regarding the feasibility of the modification must also be submitted.

DCA requires that the accessibility modifications be "in place" upon completion of new construction and/or completion of substantial rehabilitation. The ability of the applicant to "adapt" a unit to the required standard upon request, is not sufficient to meet this requirement. However, in the rehab of an occupied unit, the applicant can submit a plan for incorporating the required accessibility modifications into the project based on projected end dates or move out of tenants provided all of the modifications are complete within 24 months.

V. State Fair Housing Laws

Georgia Fair Housing Law

(O.C.G.A. §8-3-200 to §8-3-223)

The Georgia Fair Law contains substantially the same requirements as the Federal Fair Housing Law. It covers all of the following in connection with the design and construction of covered multifamily dwellings for first occupancy after March 13,

1991shall be designed and constructed to have at least one building entrance on an accessible route unless it is impractical to do so because of the terrain or unusual characteristics of the site.

Georgia Access Law

(O.C.G.A. §30-3 et. seq.)

The Georgia Access Law contains substantially the same requirements as the Federal American with Disabilities Act: It was enacted to further the policy of the State of Georgia to encourage and enable persons with disabilities or elderly persons to participate fully in the social and economic life of Georgia and to encourage and promote their education and rehabilitation. It is the intent of the law to eliminate, insofar as possible, unnecessary physical barriers encountered by persons with disabilities or elderly persons whose ability to participate in the social and economic life of this state is needlessly restricted when such persons cannot readily use government buildings, public buildings, and facilities used by the public.

Georgia Single Family Accessibility

(O.C.G.A. §8-3-172)

Georgia Law requires single-family affordable housing projects awarded state or federal funds and constructed for individuals and families of low and very low incomes be constructed to be accessible. Specifically, at least one entrance door, whether located at the front, side, or back of the building, has to be on an accessible route served by a ramp or no-step entrance; and has to have at least a standard 36-inch door. In addition, on the first floor of the building, each interior door must be at least a standard 32 inch door, unless the door provides access only to a closet of less than 15 square feet in area; each hallway has a width of at least 36 inches and is level, with ramped or beveled changes at each door threshold; each bathroom wall is reinforced for potential installation of grab bars; each electrical panel or breaker box, light switch, or thermostat is not higher than 48 inches above the floor; each electrical plug or other receptacle is at least 15 inches above the floor; and the main breaker box is located inside the building on the first floor. A person who builds single-family affordable housing to which this Code section applies

may obtain a waiver from the requirement that one entrance door be on an accessible route served by a ramp or no-step entrance if the cost of grading and other improvements to the terrain which are required in order to meet the requirement of such subparagraph is unreasonably expensive.

DCA considers all single family detached units which are part of a multifamily project funded with HOME to be covered under this statute. In addition, DCA requires that a single family detached project also meet the requirements of Section 504.

VI. Layered Properties

In many projects, multiple sources of funding may mean the projects must meet both the Fair Housing and Section 504 new construction requirements. Where two or more accessibility standards apply, the Project Owner is required to follow and apply both standards so that maximum accessibility is obtained. The US Department of Housing and Urban Development has provided the following examples illustrating how these requirements would apply:

- A project building with an elevator constructed with HOME funding would be required to have 5% of its dwelling units meet the Section 504 accessibility requirements. The remaining 95% of its units would be required to comply with the Fair Housing design and construction requirements.
- A newly constructed 100 unit two story garden apartment development with no elevator construction with HOME assistance with half (50) of its dwelling units on the ground floor and half (50) on the second floor would be required to have 5 of its ground floor dwelling units built to comply with Section 504 accessibility requirements and the remaining 45 ground floor dwellings built to comply with the Fair Housing Act design and construction standards.
- A development consisting entirely of multistory rental townhouses constructed with Federal financial assistance is not a covered multifamily dwelling for purposes of the design and construction requirements of the Fair Housing Act. It would still have to meet the Section 504 5% accessibility requirements.

VII. Summary of 2005 Scoring Criteria

Projects can receive up to six additional points for agreeing to include accessibility components selected from the list below and certified on Accessibility Certification Form F.

- An additional 2% of the units (with a minimum of one) will be equipped for the mobility disabled in addition to the 5% of units required to be equipped for the mobility disabled. Each of these additional units must include the installation of a roll in shower. This means that at least 7% of the units must be equipped in accordance with the 504 standards regardless of whether there is federal financing involved.
- All units designated and equipped as units for the disabled are equipped with front loading washers and dryers at no expense to the tenant. This means that the 5% units required by DCA to be equipped according to section 504 must also include front loading washers and dryers. If an applicant is claiming points for the additional 2% units to be equipped, these units must also contain the front loading dryers and washers.
- The maximum length of travel from each first floor unit in every building to the closest parking space designated as a "Handicapped" space does not exceed 200 feet (this measurement will be taken from the closest point of the designated parking space to the closest point of the entry).
- All multi family units on all floors shall incorporate the following visitability modifications for the mobility disabled: All passageways shall be a minimum of 36" wide; all bathroom and interior doorways shall be a minimum 32" clear opening and each unit shall provide at least one accessible means of egress/ingress with a no step entry.
- All single family units shall incorporate a no-step entry with a 36" wide entry door, interior passageways shall be a minimum of 36" wide; interior doors shall be a minimum of 32" wide and an accessible bathroom and bedroom shall be located on the main level.
- Applicant agrees that prior to the commencement of construction, the final plans and specifications will be reviewed by a professional accessibility consultant to

determine that the all federal, state and DCA accessibility guidelines are accurately incorporated into the Project design. In addition, the professional accessibility consultant must prepare a report which follows the Accessibility Review Report Guidelines (Appendix I) and submit the report to DCA and the Project Architect.

VIII. Additional Resources

The below referenced links may be used to access different accessibility standards and information:

The Rental Access Network (RAN)

http://www.rentalaccessnetwork.org

One of the key barriers to an individual's success in locating affordable rental housing is a lack of information as to the location of quality, affordable and accessible rental units. To address this issue, DCA has developed a web portal for property managers of DCA's funded rental properties to market available units to prospective renters. This portal, the Rental Access Network (RAN), provides a convenient and inexpensive way to link prospective low and moderate income renters with quality, affordable units in their community. Property managers can create a User ID and Password that give them the ability to enter units into the system with information such as location, unit distribution across bedroom size, rent, and how to contact the property manager, Prospective tenants will be able to locate these units when searching by city, county or zip code – allowing the consumer to easily identify affordable rental housing in their community of choice. Individuals with disabilities are also able to identify features that make the units accessible for their physical needs.

HUD Fair Housing Design Manual
http://www.huduser.org/publications/destech/fairhousing.html

Fair Housing Accessibility Guidelines (FHAG):
http://www.hud.gov/fhe/fhefhag.html

Uniform Federal Accessibility Standards (UFAS):
http://www.access-board.gov/ufas/ufas-html/ufas.htm

ADA Accessibility Guidelines for Buildings and Facilities (ADAAG):
http://www.access-board.gov/adaag/html/adaag.htm

Official Code of Georgia Annotated:
http://www.state.ga.us/cgi-bin/gl codes detail.pl?code=1-1-1

Please note that DCA does not endorse any of the above sites, but provides them as an additional resource only. Please consult with your Project Architects, Engineers, Contractors and Attorneys to determine how the requirements of each standard will be met.

APPENDIX I

DCA ACCESSIBILITY REVIEW REPORT GUIDELINES

The Accessibility Review Report must be undertaken and completed by a competent professional consultant ("Consultant") in the construction industry. The final plans, specifications and design development documents must be reviewed by a professional accessibility consultant to determine that the all federal, state and DCA accessibility requirements are accurately incorporated into the Project design.

The Accessibility Review Report must be completed by an independent third party and not by the project architect, applicant, sponsor, owner or manager of the property. The report must include a resume of the education, background and experience of the individual or company presenting the assessment. In addition, any accessibility certifications obtained must be included. The report must also include three letters of recommendation and endorsement attesting to the Consultant's prior work. At least one of these references should be from a real estate development or construction firm that used the Consultant to perform an accessibility analysis of a residential project.

DCA reserves the right to verify all information contained in the report, with an on site inspection of the property. DCA reserves the right, at its sole and absolute discretion, to decline any report if it is determined to be inadequate and does not address the minimum DCA requirements.

Minimum Requirements:

The Accessibility Review Report must contain, at a minimum, completion of the below checklist and a discussion of the accessibility laws and regulations applicable to the project along with a detailed discussion of how the laws and applicable regulations and standards have been satisfied. The certification at the end of the checklist must be signed by the Consultant. The certification provides that the accessibility review has been completed in accordance with DCA requirements and the information included is accurate. The statement also includes reliance to DCA for all information included in the report.

REQUIRED CHECKLIST:

Check the box of all applicable requirements. In addition, discuss the accessibility laws and regulations applicable to the project with the submission of Design Development Documents. Attach additional pages if necessary.

__ Fair Housing Act (Standards: Fair Housing Accessibility Guidelines (FHAG); Reference: Fair Housing Act Design Guidelines)

_____
_____
_____
_____
_____
_____

1. Accessible Building Entrance on an Accessible Route

__ The accessible route is a continuous, unobstructed path (no stairs) through the development that connects all buildings containing covered units and all public and common use facilities.

_____
_____
_____

__ The accessible route connects to parking lots and to at least one public street, public sidewalk, and to a public transportation stop, when provided.

_____
_____
_____

__ All slopes on the accessible route are no steeper than 8.33%.

_____
_____
_____

__ All slopes on the accessible route between 5% and 8.33% have handrails.

_____
_____
_____

__ Covered units have at least one entrance on an accessible route.

_____
_____
_____

__ There are sufficient numbers of curb rampscuts for a person using a wheelchair to reach every building in the development.

_____
_____
_____

__ Curb rampscuts slope and cross slope specifications.

_____
_____
_____

2. Accessible Common and Public Use Area

__ At least 2 percent of all parking spaces serving covered units are designated as accessible handicapped parking spaces.

_____
_____
_____

__ At least one parking space at each common and public use amenity is designated as handicapped accessible parking.

_____
_____
_____

__ All handicapped accessible parking spaces have adequate signage.

_____
_____
_____

__ All handicapped accessible parking spaces are at least 96" wide with a 60" wide access aisle that can be shared between two spaces.

_____
_____
_____

__ The accessible aisle is part of connects to a curb ramp and the accessible route.

_____
_____
_____

__ The rental or sales office is readily accessible and usable by persons with disabilities as required by both the Fair Housing Act and the Americans with Disabilities Act.

_____
_____
_____

__ A sufficient number of mailboxes, swimming pools, tennis courts, clubhouses, rest rooms, showers, laundry facilities, trash facilities, drinking fountains, public telephones, and other common and public use amenities offered by the development are readily accessible and usable by persons with disabilities.

_____
_____
_____

3. Usable Doors

__ All doors into and through covered units and common use facilities provide a clear opening of at least 32" nominal width.

_____
_____
_____

__ All doors leading into common use facilities have lever door handles operating hardware that does not require grasping and twisting.

_____
_____
_____

__ Thresholds at doors to common use facilities are no greater than ½”.

_____
_____
_____

__ All primary entrance doors to covered units have lever door handle operating hardware that does not require grasping and twisting.

_____
_____
_____

__ Thresholds at exterior primary entrance doors to covered units are no greater than ¾” and beveled.

_____
_____
_____

4. Accessible Route Into and Through the Covered Unit

__ All routes through all rooms in the covered units are no less than 36” wide.

_____
_____
_____

5. Accessible Environmental Controls

__ All light switches, electrical outlets, thermostats, and other environmental controls are no less than 15" and no greater than 48” from the floor.

_____
_____
_____

6. Reinforced Bathroom Walls for Grab Bars

__ Reinforcements are built into the bathroom walls surrounding toilets, showers, and bathtubs for the later installation of grab bars.

_____
_____
_____

7. Usable Kitchen and Bathrooms

Usable Kitchens

__ 30 x 48" clear floor space centered at each fixture and appliance

__ 40 of clear floor space between opposing elements (i.e. cabinets, appliances, etc.)

__ U-shaped kitchens with sink or cooktop at end have 60" diameter turning space or have sink or cooktop base with removable cabinets

_____
_____
_____

Usable Bathrooms

Type A Bathroom

__ 30 x 48" clear floor space outside the swing of the door

__ 30 x 48" clear floor space at lavatory (if centered for parallel approach cabinet may be fixed)

__ Toilet next to the tub allowing a perpendicular approach

__ Centerline of toilet is 18" from bathtub and 15" from lavatory

_____

_____

_____

Type B Bathroom

__ 30 x 48" of clear floor space outside swing of door

__ 30 x 48" of clear floor space centered in front of sink

__ 30 x 48" of clear floor space adjacent to the bathtub

__ If at least one Type B bathroom is included the other bathroom(s) is exempt from only the maneuvering space requirements

_____

_____

_____

__ ***Section 504 of the Rehabilitation Act of 1973 (Standard: Uniform Federal Accessibility Standards (UFAS))***

_____

_____

_____

_____

_____

_____

1. New Construction

__ A minimum of 5% or at least one unit (whichever is greater) of the total units in the project must be accessible to individuals with mobility impairments.

_____
_____
_____

__ A minimum of 2% or at least one unit (whichever is greater) of the total units in the project must be accessible to individuals with sensory impairments (hearing or vision).

_____
_____
_____

2. Substantial Rehabilitation

__ If alterations are undertaken to a project that has 15 or more units and the cost of the alteration is 75% or more of the replacement cost of the completed facility than the accessibility requirements for the projects are the same as for newly constructed projects.

_____
_____
_____

3. Other Alterations

__ When other alterations are undertaken, including, but not limited to modernization and rehabilitation which does not meet the Threshold of "substantial" rehab under the act, such alterations are required to be accessible to the maximum extent feasible, up to the point where at least 5% or the units in a project are accessible.

_____
_____
_____

__ If alterations of single elements or spaces of a dwelling unit, when considered

together, amount to an alteration of a dwelling unit, then the entire dwelling unit shall be made accessible.

_____
_____
_____

__ ***ADA Requirements (Standard: ADA Accessibility Guidelines for Buildings and Facilities (ADAAG))***

_____
_____
_____
_____
_____
_____

__ All areas of public accommodation including, but not limited to:

__ Rental offices

__ Parking lots

__ Accessible routes, walkways and paths

_____
_____
_____

__ ***DCA Accessibility Requirements (Standard: DCA Accessibility Manual)***

_____
_____
_____
_____
_____
_____

__ The Design Development Documents must also include:

__ 5% of all units (with a minimum of one) shall be equipped for the mobility disabled (DCA Requirement)

_____
_____
_____

__ 2% of all units (with a minimum of one) shall be equipped for the hearing and sight impaired (DCA Requirement)

_____
_____
_____

__All optional accessibility components certified to at Application as set forth in the Application Manual

_____
_____
_____

__In addition to the 5% of units required to be equipped for the mobility disabled, the applicant agrees that an additional 2% of the units (with a minimum of one) will be equipped for the mobility disabled. Each of these additional units must include the installation of a roll in shower.

_____
_____
_____

__All units designated and equipped as units for the disabled are equipped with front loading washers and dryers at no expense to the tenant.

_____
_____
_____

__The maximum length of travel from each first floor unit in every building to the closest parking space designated as a “Handicapped” space, does not exceed 200 feet.

_____
_____
_____

__ All units on all floors incorporate the following visitability modifications for the mobility disabled: All bathroom and interior doorways shall be a minimum 32" clear opening and each unit shall provide at least one accessible means of egress/ingress.

_____
_____
_____

E. ***Signature & Certification***:

The undersigned certifies to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the accessibility review report has been completed in accordance with DCA requirements and that the statements contained in this report are a true, correct and accurate description of the required and optional accessibility components that will be incorporated into the proposed project. The undersigned acknowledges that this report and certification will be relied upon by DCA/GFHA.

Signed: _____ Date: _____

Professional Accessibility Consultant

2005 SITE INFORMATION FORM D-1

Application Name: _____

Site Street Address: _____

City/County _____
(As indicated on the Location/Vicinity Map)

This certification form is required for all applications; Parts 1, 2 & 4 for non-competitive applications, Parts 1, 2, 3 & 4 for competitive applications.

1. SITE CHARACTERISTICS: (All applications)

i. Floodplain Areas: ☐**Y**/☐**N**
Percentage of site that is within a floodplain:

ii. Wetlands Areas: ☐**Y**/☐**N**
Percentage of site that is a wetlands:
Are any areas to be impacted and if so how much?

iii. Tree/Vegetation Protection Areas: ☐**Y**/☐**N**
(as applicable and indicated on the conceptual site development plan)

iv. Access to Site:

a. Paved Road Adjacent to Site: ☐**Y**/☐**N**

b. Width of Primary Entrance: ☐**Y**/☐**N**

2. ADJACENT DEVELOPMENT: (All applications)

Describe type of development:
i. One side:
Orientation:

ii. Second side:
Orientation:

iii. Third side:
Orientation:

iv. Fourth side:
Orientation:

v. Other sides:

(as applicable)

2005 SITE INFORMATION FORM D-1

Application Name: _____

Site Street Address: _____

City/County _____
(As indicated on the Location/Vicinity Map)

3. QUALITY GROWTH INITATIVES:
(Competitive applications only)

1. INFILL JUSTIFICATION:
i. How many sides are developed:
(Must constitute all sides with the exception of one side.)

ii. Describe type of development:
(If different from 2. above, attach additional sheets if required)

iii. Retail development? ☐**Y**/☐**N**

iii. Residential development? ☐**Y**/☐**N**

2. COMMUNITY TRANSPORTATION OPTIONS:
i. Adjacent rapid rail transit station ☐**Y**/☐**N**
Describe type:

Documentation must include name of transit authority and route schedules, plus a letter from the transit authority designating the site as a Transit Oriented Development.

ii. Regularly scheduled bus route with stop within ½ mile ☐**Y**/☐**N**
Describe type:

Documentation must include the name of the bus authority and route schedules, plus a letter noting that the proposed site is served by the bus routes.

iii. On-call bus route with stop within ½ mile ☐**Y**/☐**N**
Describe type:

Documentation must include the name of the bus authority and schedules or requirements for the service, plus a letter noting that the proposed site is served by the bus service.

2005 SITE INFORMATION FORM D-1

Application Name: _____

Site Street Address: _____

City/County _____
(As indicated on the Location/Vicinity Map)

3. QUALITY GROWTH INITATIVES:
(Competitive applications only)

2. COMMUNITY TRANSPORTATION OPTIONS: (continued)
iv. Community transportation roadway within ½ mile ☐**Y**/☐**N**
Describe type:

Documentation must include a community map locating the site in relation to the community transportation and photographs sowing the roadway, traffic conditions and any other information deemed appropriate. Property must be located in a rural county.

3. ADAPTIVE REUSE, HISTORIC PRESERVATION, BROWNFIELD/GREYFIELD REDEVELOPMENT:
i. Existing building on the site ☐**Y**/☐**N**
Describe type of building and former/current use

Describe general condition of building
(Physical Needs Assessment must be included in the application.)
Photographs must be attached

ii. Historic Designation ☐**Y**/☐**N**
(Note: Designation process must be completed. Describe attached documentation.)

iii. Historic Tax Credits ☐**Y**/☐**N**
Describe status of application and include appropriate documentation.

2005 SITE INFORMATION FORM D-1

Application Name:

Site Street Address:

City/County
(As indicated on the Location/Vicinity Map)

3. QUALITY GROWTH INITATIVES:
(Competitive applications only)

4. SITE LAYOUT:
i. Site layout separates parking from the street. ☐**Y**/☐**N**
Describe and indicate on the conceptual site development plan.

ii. Site layout includes decorative fencing at the entry (street side) of the site. ☐**Y**/☐**N**

Describe fence location and materials and indicate on the conceptual site development plan.

4. Signature & Certification: All applications

The undersigned certifies to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the statements contained in this certification are a true, correct and accurate description of the proposed development. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Applicant:_____ **Date:**_____

2005 SITE CERTIFICATION FORM D-2

Property Name: _____

Location: _____

This certification form is required for competitive applications only, and must be accompanied by the Site Information Form D-1.

1. DESIRABLE ACTIVITIES & ESTABLISHMENTS: (Competitive applications only)

All selected activities to be within the distances specified in the Qualified Allocation Plan. Select one activity/establishment as applicable in each category to a maximum of ten, from this list. This list is not all inclusive, attach a separate sheet for any additional activities beneficial to the resident population.

i. Food store: ☐ One (1) point
(Describe type, full service, convenience)
Address: distance:

ii. School: ☐ One (1) point
Address: distance:

iii. Day Care: ☐ One (1) point
(Specify type, child, elderly, special needs etc.)
Address: distance:

iv. Restaurant: ☐ One (1) point
(specify type)
Address: distance:

v. Retail: ☐ One (1) point
(specify type)
Address: distance:

vi. Commercial/Savings Bank: ☐ One (1) point
Address: distance:

vii. Hospital: ☐ One (1) point
Address: distance:

ix. Community Center: ☐ One (1) point
Address: distance:

x. Library: ☐ One (1) point
Address: distance:

xi. Church: ☐ One (1) point
Address: distance:

xii. Police Station: ☐ One (1) point
Address: distance:

xiii Fire Station: ☐ One (1) point
Address: distance:

xiv. Employment Center: ☐ One (1) point

(Specify type)
Address: distance:

2005 SITE CERTIFICATION FORM D-2

Property Name: _____

Location: _____

2. UNDESIRABLE ACTIVITIES & ESTABLISHMENTS: (Competitive applications only)

All identified activities/establishments to be within the distances specified in the Qualified Allocation Plan. Select each activity/establishment, as applicable and supply the information requested. The deduction is one point for each undesirable activity. Not all activities or establishments listed will result in a point deduction depending on the proximity to the property and the impact to the resident population. This list is not all inclusive, attach a separate sheet for any additional activities detrimental to the resident population.

If an undesirable activity or characteristic, within the neighborhood is to be demolished, removed or otherwise remediated before the subject application is placed in service, the applicant must submit documentation at the time of application from the owner of the site where the undesirable characteristic is located, to indicate the action to be undertaken along with a time frame for completion. DCA will determine in its sole and absolute discretion, whether or not the undesirable activity will impact the proposed development when completed.

i. Manufacturing Facility:
(Specify type) ☐ One (1) point
Address: distance:

ii. Junkyard, Dump, Landfill or Material Storage Areas:
(Specify type and materials) ☐ One (1) point

Address: distance:

iii. Facility listed on Federal or State Hazardous Site Inventories:
(Specify type) ☐ One (1) point
Address: distance:

iv. Abandoned buildings:
(Specify type and condition) ☐ One (1) point

Address: distance:

v. Inappropriate Property Use: (nuisance pollution):
(Specify type) ☐ One (1) point
Address: distance:

vi. Inappropriate Property Use (noise pollution):
(Specify type) ☐ One (1) point
Address: distance:

vii. Inappropriate Property Use (odor pollution):
(Specify type) ☐ One (1) point
Address: distance:

ix. Other:
(Specify type) ☐ One (1) point
Address: distance:

2005 SITE CERTIFICATION FORM D-2

Property Name: _____

Location: _____

3. Signature & Certification:

The undersigned certifies to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the statements contained in this certification are a true, correct and accurate description of the proposed development. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Applicant:_____ **Date:**_____

2005 FAMILY HOUSING AMENITIES CERTIFICATION FORM D-3

Property Name: _____

Location: _____

This certification form is required for all applications; Parts 1, 2 & 4 for non-competitive applications, Parts 1, 3 & 4 for competitive applications.

1. BASIC FAMILY HOUSING AMENITIES: (All applications)

These amenities are required for all family housing.

- Refrigerator and stove
- HVAC systems
- One recreation area equipped and suitable for the proposed tenant base
  Define recreation area: _____
- On-site laundry with one washer and one dryer per every 25 units. (If washers and dryers are installed and maintained in every unit at no additional cost to the tenants, an on-site laundry is not required.)
- Community spaces or a community building
- The site must have one sheltered exterior gathering area, such as a gazebo located in a central area or a large covered porch at the community building

2. OPTIONAL FAMILY AMENITIES: (Non- Competitive applications)

a. Physical improvements to the site:

Select amenities from the following physical improvements to the site. Selection must not include those amenities defined to satisfy the above threshold categories

i. Attractively fenced community gardens: ☐

ii. Equipped walking path with signs and benches: ☐

iii. Equipped picnic/barbeque area: ☐

iv. Equipped tot lot: ☐

v. Equipped play court: ☐

b. Recreational Amenities:

Select upgrades from the following recreation amenities. Selection must not include those amenities defined to satisfy the above threshold categories

i. Swimming pool: ☐

ii. Large Open Playing Field, at least 5,000 sq.ft.: ☐

iii. Large Covered Pavilion w/picnic/barbeque facilities for community or family reunion functions: ☐

iv. Equipped Exercise/Fitness Center: ☐

v. Equipped Computer Center: ☐

2005 FAMILY HOUSING AMENITIES CERTIFICATION D-3

Property Name: _____

Location: _____

2. OPTIONAL FAMILY HOUSING AMENITIES: (Non-competitive applications) (continued)

c. Unit Amenities:

Select upgrades from the following unit amenities

i. Complete built-in fire sprinkler system in every unit and the community building, including exterior audio and visual alarm system: ☐

ii. Microwave oven: ☐

iii. In-sink disposal: ☐

iv. Built-in dishwasher: ☐

v. Washer and dryer hookups in all units in addition to the required on-site laundry: ☐

3. OPTIONAL FAMILY AMENITIES: (Competitive applications)

Select amenities from the following categories to a maximum of fifteen (15) points. No points are available for those amenities defined to satisfy the above threshold categories

a. Physical improvements to the site: (To a maximum of three (3) points)

vi. Attractively fenced community gardens: ☐ (One (1) point)

vii. Equipped walking path with signs and benches: ☐ (One (1) point)

viii. Equipped picnic/barbeque area: ☐ One (1) point

ix. Equipped tot lot: ☐ One (1) point

x. Equipped play court: ☐ One (1) point)

b. Recreational Amenities:

vi. Swimming pool: ☐ Two (2) points

vii. Large Open Playing Field, at least 5,000 sq.ft.: ☐ Two (2) points

viii. Large Covered Pavilion w/picnic/barbeque facilities for community or family reunion functions: ☐ Two (2) points

ix. Equipped Exercise/Fitness Center: ☐ Four (4) points

x. Equipped Computer Center: ☐ Two (2) points

c. Other Recreational Amenities:

Specify and justify applicability. Two (2) points per amenity to a maximum of four (4) points. Attach documentation for the 'other' amenities to this certification form.

i Other: ☐ Two (2) points

ii Other: ☐ Two (2) points

2005 FAMILY HOUSING AMENITIES CERTIFICATION D-3

Property Name: _____

Location: _____

3. OPTIONAL FAMILY HOUSING AMENITIES: (Competitive applications) (continued)

d. Unit Amenities:

vi. Complete built-in fire sprinkler system in every unit and the community building, including exterior audio and visual alarm system: ☐ Two (2) points

vii. Microwave oven: ☐ One (1) point

viii. In-sink disposal: ☐ One (1) point

ix. Built-in dishwasher: ☐ One (1) point

x. Washer and dryer hookups in all units in addition to the required on-site laundry: ☐ Four (4) points

4. Signature & Certification: (All applications)

The undersigned certifies to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the statements contained in this certification are a true, correct and accurate description of the proposed development. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Signed: _____ **Date:** _____

Applicant

Signed: _____ **Date:** _____

Architect/Engineer (registration number)

2005 SPECIAL NEEDS HOUSING AMENITIES CERTIFICATION FORM D-4

Property Name: _____

Location: _____

This certification form is required for all applications, both competitive and non-competitive.

1. BASIC SPECIAL NEEDS HOUSING AMENITIES:

(These amenities are required for all special needs housing)

- Refrigerator and stove
- HVAC systems
- One recreation area equipped and suitable for the proposed tenant base
  Define recreation area: _____
- On-site laundry with one washer and one dryer per every 25 units. (If washers and dryers are installed and maintained in every unit at no additional cost to the tenants, an on-site laundry is not required.)
- Community spaces or a community building
- The site must have one sheltered exterior gathering area, such as a gazebo located in a central area or a large covered patio at the community building

- Other:
  Provide justification of additional amenity. Attach documentation to this certification form.

- Other:
  Provide justification of additional amenity. Attach documentation to this certification form.

- Other:
  Provide justification of additional amenity. Attach documentation to this certification form.

2. Signature & Certification:

The undersigned certifies to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the statements contained in this certification are a true, correct and accurate description of the proposed development. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Signed: _____ **Date:**_____

Applicant

Signed: _____ **Date:**_____

Architect/Engineer (registration number)

2005 ELDERLY HOUSING AMENITIES CERTIFICATION FORM D-5

Property Name: _____

Location: _____

This certification form is required for all applications; Parts 1, 2 & 4 for non-competitive applications, Parts 1, 3 & 4 for competitive applications.

1. BASIC ELDERLY HOUSING AMENITIES: (All applications)

These amenities are required for all elderly housing.

- Refrigerator and stove
- HVAC systems
- One recreation area equipped and suitable for the proposed tenant base
  Define recreation area: _____
- On-site laundry with one washer and one dryer per every 25 units. (If washers and dryers are installed and maintained in every unit at no additional cost to the tenants, an on-site laundry is not required.)
- Community spaces or a community building
- 100% of all units on the property must have an installed call system including a buzzer and light to the exterior.
- One story garden style units are to have sheltered exterior spaces such as porches or patios or sun rooms.
- In buildings not garden style, lobbies, corridors and hallways must have small gathering areas in several locations distributed on each floor.
- In buildings not one story garden style an elevator must be installed.
- The site must have one sheltered exterior gathering area, such as a gazebo located in a central area or a large covered patio/porch at the community building.

2. OPTIONAL ELDERLY AMENITIES: (Non-competitive applications)

a. Physical improvements to the site

Select upgrades from the following site improvement amenities. Selection must not include those amenities defined to satisfy the above threshold categories.

i. Attractively fenced community gardens: ☐

ii. Equipped walking path with signs and benches: ☐

iii. Equipped picnic/barbeque area: ☐

iv. Equipped play-court (as appropriate to the resident population: ☐

b. Other Recreational Amenities:

Select upgrades from the following recreational amenities. Selection must not include those amenities defined to satisfy the above threshold categories.

i. Swimming pool: ☐

ii. Equipped Exercise/Fitness Center: ☐

iii. Equipped Computer Center: ☐

iv. Other amenity ☐

2005 ELDERLY HOUSING AMENITIES CERTIFICATION FORM D-5

Property Name: _____

Location: _____

2. OPTIONAL ELDERLY HOUSING AMENITIES: (Continued)
(Non-competitive applications)

d. Unit Amenities:
Select upgrades from the following unit amenities.

i. Complete built-in fire sprinkler system in every unit and the community building, including exterior audio and visual alarm system: ☐

ii. Microwave oven: ☐

iii. In-sink disposal: ☐

iv. Built-in dishwasher: ☐

v. Washer and dryer hookups in all units in addition to the required on-site laundry: ☐

3. OPTIONAL ELDERLY AMENITIES: (Competitive applications)
Select amenities from the following categories to a maximum of fourteen (14) points. No points are available for those amenities defined to satisfy the above threshold categories.

a. Physical improvements to the site (To a maximum of three (3) points)

v. Attractively fenced community gardens: ☐ One (1) point

vi. Equipped walking path with signs and benches: ☐ One (1) point

vii. Equipped picnic/barbeque area: ☐ One (1) point

viii. Equipped play-court (as appropriate to the resident population: ☐ One (1) point

b. Other Recreational Amenities:

v. Swimming pool: ☐ Three (3) points

vi. Equipped Exercise/Fitness Center: ☐ Four (4) points

vii. Equipped Computer Center: ☐ Two (2) points

c. Other: Specify and justify applicability. Two (2) points per amenity to a maximum of four (4) points Attach documentation for the 'other' amenities to this certification form.

viii. Other: ☐ Two (2) points

ix. Other ☐ Two (2) points

2005 ELDERLY HOUSING AMENITIES CERTIFICATION FORM D-5

Property Name: _____

Location: _____

3. OPTIONAL ELDERLY HOUSING AMENITIES: (Continued)
(Competitive applications)

d. Unit Amenities:

vi. Complete built-in fire sprinkler system in every unit and the community building, including exterior audio and visual alarm system: ☐ Two (2) points

vii. Microwave oven: ☐ One (1) point

viii. In-sink disposal: ☐ One (1) point

ix. Built-in dishwasher: ☐ One (1) point

x. Washer and dryer hookups in all units in addition to the required on-site laundry: ☐ Four (4) points

4. Signature & Certification: (All applications)

The undersigned certifies to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the statements contained in this certification are a true, correct and accurate description of the proposed development. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Signed: _____ **Date:** _____

Applicant

Signed: _____ **Date:** _____

Architect/Engineer (registration number)

2005 HOUSING FOR OLDER PERSONS AMENITIES CERTIFICATION FORM D-6

Property Name: _____

Location: _____

This certification form is required for all applications; Parts 1, 2 & 4 for non-competitive applications, Parts 1, 3 & 4 for competitive applications.

1. BASIC HOUSING FOR OLDER PERSONS AMENITIES: (All applications)

- Refrigerator and stove
- HVAC systems
- One recreation area equipped and suitable for the proposed tenant base
  Define recreation area: _____
- On-site laundry with one washer and one dryer per every 25 units. (If washers and dryers are installed and maintained in every unit at no additional cost to the tenants, an on-site laundry is not required.)
- Community spaces or a community building
- One story garden style units are to have sheltered exterior spaces such as porches or patios or sun rooms.
- In buildings not garden style, lobbies, corridors and hallways must have small gathering areas in several locations distributed on each floor.
- The site must have one sheltered exterior gathering area, such as a gazebo located in a central area or a large covered patio at the community building.
- Two physical site improvements which could include the following; attractively fenced community gardens, equipped walking path with signs and benches, equipped play-court, as appropriate to the resident population, an equipped picnic/barbeque area or other improvement. (Please define improvements to be included to meet this requirement)

2. OPTIONAL OLDER PERSONS AMENITIES: (Non-competitive applications)

a. Recreational Amenities:

Select upgrades from the following recreational amenities. Selection must not include those amenities defined to satisfy the above threshold categories.

i. Swimming pool: ☐

ii. Equipped Exercise/Fitness Center: ☐

iii. Equipped Computer Center: ☐

iv. Other: ☐

b. Unit Amenities:

Select upgrades from the following unit amenities.

i. Complete built-in fire sprinkler system in every unit and the community building, including exterior audio and visual alarm system: ☐

ii. Installed elevator in buildings more than one story ☐

v. Microwave oven: ☐

2005 HOUSING FOR OLDER PERSONS AMENITIES CERTIFICATION FORM D-6

Property Name: _____

Location: _____

2. OPTIONAL OLDER PERSONS AMENITIES: (Continued)
Non-competitive applications

b. Unit Amenities: (continued)

vi. In-sink disposal: ☐

vii. Built-in dishwasher: ☐

viii. Washer and dryer hookups in all units in addition to the required on-site laundry: ☐

ix. 100% of all units on the property must have an installed call system including a buzzer and light to the exterior: ☐

3. OPTIONAL OLDER PERSONS AMENITIES: (Competitive applications)
Select amenities from the following categories to a maximum of fourteen (14) points. No points are available for those amenities defined to satisfy the above threshold categories.

a. Recreational Amenities:

i. Swimming pool: ☐ Two (2) points

ii. Equipped Exercise/Fitness Center: ☐ Four (4) points

iii. Equipped Computer Center: ☐ Two (2) points

b. Other:
Specify and justify applicability. Two (2) points per amenity to a maximum of four (4)points Attach documentation for the 'other' amenities to this certification form.

i. Other: ☐ Two (2) points

ii. Other: ☐ Two (2) points

c. Unit Amenities:

i. Complete built-in fire sprinkler system in every unit and the community building, including exterior audio and visual alarm system: ☐ Two (2) points

ii. Installed elevator in buildings more than one story ☐ Four (4) points

iii. Microwave oven: ☐ One (1) point

iii. In-sink disposal: ☐ One (1) point

iv. Built-in dishwasher: ☐ One (1) point

2005 HOUSING FOR OLDER PERSONS AMENITIES CERTIFICATION FORM D-6

Property Name: _____

Location: _____

2. OPTIONAL OLDER PERSONS AMENITIES: (Continued)
Competitive applications

c. Unit Amenities:

i. Washer and dryer hookups in all units in addition to the required on-site laundry:
☐ Four (4) points

ii. 100% of all units on the property must have an installed call system including a buzzer and light to the exterior: ☐ Two (2) points

4. Signature & Certification: (All applications)

The undersigned certifies to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the statements contained in this certification are a true, correct and accurate description of the proposed development. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Signed: _____ **Date:**_____

Applicant

Signed: _____ **Date:**_____

Architect/Engineer (registration number)

2005 ENERGY and INDOOR AIR QUALITY CERTIFICATION FORM D-7

Property Name: _____

Location: _____

This certification form is required for all applications; Parts 1, 2 & 4 for non-competitive applications, Parts 1, 3 & 4 for competitive applications.

1. BASIC ENERGY and INDOOR AIR QUALITY REQUIREMENTS ALL APPLICATIONS:

All properties must meet Georgia Energy Codes as a minimum including the requirements for equipment sizing according to ACCA Manual J heat loss and gain and proper duct sealing measures as required by the energy code. Basic design, appliances and equipment must also meet the requirements of the DCA architectural standards as contained in the 2005 Application Manual. The final construction documents must clearly indicate all components of the insulation envelope and all materials and equipment that meet these requirements.

2. OPTIONAL ENERGY and INDOOR AIR QUALITY COMPONENTS: (Non-competitive)

Select upgrades; if item (i) is selected no other selections are required.

i. Completed construction meets EPA's Energy Star program and the certification documentation is required to meet this point category. The certification must be submitted at either the LIHTC final certification or HOME Loan final construction draw, whichever comes first. (Failure to meet the certification could result in a point deduction in a subsequent application round, at DCA's sole and absolute discretion.) ☐

ii. The exterior envelope wall systems, including the rim(band) joist spaces, to be insulated with a spray applied insulation material such as cellulose or a foam product, (installed to manufacturer's specification to limit settling). R-value to meet Energy Codes. ☐

iii. Attic insulation to R-38: (All attic spaces must be insulated in new construction and rehabilitation proposals.) ☐

iv. ARI rated furnace (90% AFUE), or heat pump (HSPF 7.8 for both HP 1.5 ton units and HP 2.0 ton units): ☐

v. ARI rated SEER 12 cooling equipment with sensible heat ratio less than 0.75: ☐

vi. Locate HVAC ductwork in conditioned spaces. (A minimum of 90% of ducts in each unit must be so located to qualify for these points.) ☐

vii. The HVAC system to be designed to locate the fresh air intake before the return air infiltration. ☐

viii. Where combustion equipment is utilized, that equipment to be isolated in a sealed combustion closet. Ventilation to that closet to be from outside the building envelope. ☐

ix. The kitchen range hood ventilation to be vented to the exterior and equipped with a damper. ☐

x. Ceiling Fans in living rooms, sun rooms and all bedrooms: (Kitchens and dining rooms not applicable.) ☐

2005 ENERGY and INDOOR AIR QUALITY CERTIFICATION D-7

Property Name: _____

Location: _____

3. OPTIONAL ENERGY and INDOOR AIR QUALITY COMPONENTS:
(Competitive applications)
Select amenities from the following list to a maximum of Ten (10) points.

i. Completed construction meets EPA's Energy Star program and the certification documentation is required to meet this point category. The certification must be submitted at either the LIHTC final certification or HOME Loan final construction draw, whichever comes first. (Failure to meet the certification could result in a point deduction in a subsequent application round, at DCA's sole and absolute discretion.) ☐ Ten (10) points

ii. The exterior envelope wall systems, including the rim(band) joist spaces, to be insulated with a spray applied insulation material such as cellulose or a foam product, (installed to manufacturer's specification to limit settling). R-value to meet Energy Codes. ☐ Two (2) points

iii. Attic insulation to R-38: (All attic spaces must be insulated in new construction and rehabilitation proposals.) ☐ Two (2) points

iv. ARI rated furnace (90% AFUE), or heat pump (HSPF 7.8 for both HP 1.5 ton units and HP 2.0 ton units): ☐ Two (2) points

v. ARI rated SEER 12 cooling equipment with sensible heat ratio less than 0.75: ☐ Two (2) points

vi. Locate HVAC ductwork in conditioned spaces. (A minimum of 90% of ducts in each unit must be so located to qualify for these points.) ☐ Two (2) points

vii. The HVAC system to be designed to locate the fresh air intake before the return air infiltration. ☐ One (1) point

viii. Where combustion equipment is utilized, that equipment to be isolated in a sealed combustion closet. Ventilation to that closet to be from outside the building envelope. ☐ One (1) point

ix. The kitchen range hood ventilation to be vented to the exterior and equipped with a damper. ☐ One (1) point

x. Ceiling Fans in living rooms, sun rooms and all bedrooms: (Kitchens and dining rooms not applicable.) ☐ One (1) point

2005 ENERGY and INDOOR AIR QUALITY CERTIFICATION D-7

Property Name: _____

Location: _____

4. Signature & Certification: (All applications)

The undersigned certifies to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the statements contained in this certification are a true, correct and accurate description of the proposed development. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Signed: _____ **Date:**_____

Applicant

Signed: _____ **Date:**_____

Architect/Engineer (registration number)

2005 PROPERTY DESIGN CERTIFICATION FORM D-8

Property Name: _____

Location: _____

This certification form is required for all applications; Parts 1 & 3 for non-competitive applications, Parts 2 & 3 for competitive applications.

1. BUILDING DESIGN, EXTERIOR MATERIALS & SITE DESIGN:

Non-competitive applications

a. Exterior Wall Finishes and Attractive Details:

Select options from the following.

i. Exterior wall faces must have an excess of 40% brick or stone, on each of the total wall surfaces. This is applicable to all sides of the buildings including the front wall face, each side wall face and the rear wall face of the buildings. On all exterior walls the brick/stone must extend to all areas of grass, landscaping and other areas of soil or mulch. ☐

ii. The rehabilitation of buildings that are eligible for historic credits, and elect to maintain and/or recreate the existing exterior finish surfaces on all wall faces including the front wall face, rear wall face and both side wall faces: (Note: The use of vinyl siding is not eligible.) ☐

iii The rehabilitation of buildings that do not have existing brick or stone in excess of 40% (and are not eligible for historic credits), but that elect to replace and upgrade the existing exterior finish surfaces on all wall faces including the front wall face, rear wall face and both side wall faces: (Note: The use of vinyl siding is not eligible.) ☐

iv. The recreation of existing or previous historic, or other types of decorative elements on all sides of existing buildings: ☐

v. The addition of new shutters and decorative ventilation elements for both new and existing construction: ☐

vi. The addition of new or the recreation of existing, covered entries to all buildings and units for both new and existing construction: ☐

vii. The recreation of existing, or addition of new attractive roof profiles from all building views to include cupolas and other roof decoration or historic features to both new and existing construction: ☐

viii. The addition of new, or recreation of existing attractive stair and railing elements at stairs and porches/patios for both existing and new construction: ☐

b. Components and Materials are upgraded:

Select upgrades from the following.

i. Upgraded roofing shingles, or roofing materials: ☐
(See architectural guide for basic requirements)

2005 PROPERTY DESIGN CERTIFICATION FORM D-8

Property Name: _____

Location: _____

1. BUILDING DESIGN, EXTERIOR MATERIALS & SITE DESIGN: (continued)
Non-competitive applications

b. Components and Materials are upgraded: (continued)

ii. Upgraded windows and French doors (No sliding glass doors) ☐
(Windows to have thermal break frames & and glazing with an energy factor of <U.40 and a solar heat gain coefficient of <0.40)

iii. Stairs and railings of durable non-combustible materials. (Wood does not qualify unless building is eligible for historic credits and the work scope includes recreation of all existing components in this category) ☐

iv. Upgraded interior doors with lever hardware ☐
(Doors must have paneled facing with superior core construction)

v. Upgraded interior cabinetry ☐
(All wood construction. Exterior finishes may be wood or plastic laminate)

vi. Upgraded flooring materials, both carpet and other resilient flooring materials.
All flooring materials must be upgraded to qualify. The installation or restoration of wood flooring with a high impact sealed finish would qualify. See architectural guide for basic requirements ☐

c. Landscaping and Site Design:
Select upgrades from the following.

i. Front entry to be delineated with an attractive, permanent, illuminated entry sign. ☐

ii. Upgraded landscaping to include such elements as larger trees, landscaping berms and seasonal plantings at the entry and areas of community use: ☐

iii. Freestanding shelters (not included in the amenities point scoring), such as mail pickup areas and transportations stops: ☐

iv. Additional larger trees, benches (not included in amenities scoring) and other shade plantings at areas of community and recreational use: ☐

v. Preservation of existing trees and vegetation, and integration of these areas within the new landscaping layout. This must include existing major trees and areas of vegetation within the body of the property as well as that existing at the edges of the property to qualify for these points: ☐

vi. Where there are no existing trees or vegetation on the property that can be preserved, there must be substantial replanting of trees and integrated vegetation. The trees must be a minimum of five inch (5") diameter and at a ratio of one tree for every eight units. The trees must be integrated with other areas of planting throughout the property. (The ratio of trees may be one tree for every 16 units for an application where there are more than 20 units per acre) ☐

2005 PROPERTY DESIGN CERTIFICATION FORM D-8

Property Name: _____

Location: _____

2. BUILDING DESIGN, EXTERIOR MATERIALS & SITE DESIGN: (Competitive applications)
Select from the following categories to a maximum of twenty (20) points.

a. Exterior Wall Finishes:
Select only one choice from the following list for four (4) points:

i. Exterior wall faces must have an excess of 40% brick or stone, on each of the total wall surfaces. This is applicable to all sides of the buildings including the front wall face, each side wall face and the rear wall face of the buildings. On all exterior walls the brick/stone must extend to all areas of grass, landscaping and other areas of soil or mulch. ☐ Four (4) points

ii. The rehabilitation of buildings that are eligible for historic credits, and elect to maintain and/or recreate the existing exterior finish surfaces on all wall faces including the front wall face, rear wall face and both side wall faces: (Note: The use of vinyl siding is not eligible.) ☐ Four (4) points

iii The rehabilitation of buildings that do not have existing brick or stone in excess of 40% (and are not eligible for historic credits), but that elect to replace and upgrade the existing exterior finish surfaces on all wall faces including the front wall face, rear wall face and both side wall faces: (Note: The use of vinyl siding is not eligible.) ☐ Four (4) points

b. Attractive features which must be included on all sides and rear of all buildings:
Select from this list to a maximum of four (4) points.

i. The recreation of existing or previous historic, or other types of decorative elements on all sides of existing buildings: ☐ Two (2) points

ii. The addition of new shutters and decorative ventilation elements for both new and existing construction: ☐ Two (2) points

iii The addition of new or the recreation of existing, covered entries to all buildings and units for both new and existing construction: ☐ Two (2) points

iv. The recreation of existing, or addition of new attractive roof profiles from all building views to include cupolas and other roof decoration or historic features to both new and existing construction: ☐ Two (2) points

v. The addition of new, or recreation of existing attractive stair and railing elements at stairs and porches/patios for both existing and new construction: ☐ Two (2) points

c. Components and Materials are upgraded:
Select from the following list to a maximum of four (4) points.

i. Cementitious siding in place of vinyl siding ☐ Two (2) points
(The upgrade of vinyl siding is not eligible)

ii. Upgraded roofing shingles, or roofing materials: ☐ Two (2) points
(See architectural guide for basic requirements)

2005 PROPERTY DESIGN CERTIFICATION FORM D-8

Property Name: _____

Location: _____

2. BUILDING DESIGN, EXTERIOR MATERIALS & SITE DESIGN: (Competitive applications)

c. Components and Materials are upgraded: (continued)

ii. Upgraded windows and French doors (No sliding glass doors)
(Windows to have thermal break frames & and glazing with an energy factor of <U.40 and a solar heat gain coefficient of <0.40) ☐ Two (2) points

iii. Stairs and railings of durable non-combustible materials. (Wood does not qualify unless building is eligible for historic credits and the work scope includes recreation of all existing components in this category) ☐ One (1) point

iv. Upgraded interior doors with lever hardware ☐ Two (2) points
(Doors must have paneled facing with superior core construction)

v. Upgraded interior cabinetry ☐ One (1) point
(All wood construction. Exterior finishes may be wood or plastic laminate)

vi. Upgraded flooring materials, both carpet and other resilient flooring materials.
(All flooring materials must be upgraded to qualify. The installation or restoration of wood flooring with a high impact sealed finish would qualify. See architectural guide for basic requirements) ☐ One (1) point

d. Landscaping and Site Design:
Select from the following list to a maximum of eight (8) points.

i. Front entry to be delineated with an attractive, permanent, illuminated entry sign.
☐ Two (2) points

ii. Upgraded landscaping to include such elements as larger trees, landscaping berms and seasonal plantings at the entry and areas of community use:
☐ Two (2) points

ii. Freestanding shelters (not included in the amenities point scoring), such as mail pickup areas and transportations stops: ☐ Two (2) points

iii. Additional larger trees, benches (not included in amenities scoring) and other shade plantings at areas of community and recreational use: ☐ Two (2) points

iv. Preservation of existing trees and vegetation, and integration of these areas within the new landscaping layout. This must include existing major trees and areas of vegetation within the body of the property as well as that existing at the edges of the property to qualify for these points: OR:

Where there are no existing trees or vegetation on the property that can be preserved, there must be substantial replanting of trees and integrated vegetation. The trees must be a minimum of five inch (5") diameter and at a ratio of one tree for every eight units. The trees must be integrated with other areas of planting throughout the property. (The ratio of trees may be one tree for every 16 units for an application where there are more than 20 units per acre) ☐ (Two (2) points)

2005 PROPERTY DESIGN CERTIFICATION FORM D-8

Property Name: _____

Location: _____

2. BUILDING DESIGN, EXTERIOR MATERIALS & SITE DESIGN: (continued)
Competitive applications

d. Landscaping and Site Design:

v. Identify areas for low water landscaping. These areas must exhibit the types of vegetation that can be identified as suitable for "xeriscaping", or native plantings to encourage water conservation but still provide attractive landscaping:
☐ Two (2) points

3. Signature & Certification: (All applications)

The undersigned certifies to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the statements contained in this certification are a true, correct and accurate description of the proposed development. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Signed: _____ **Date:**_____

Applicant

Signed: _____ **Date:**_____

Architect/Engineer (registration number)

2005 ACCESSIBILITY CERTIFICATION FORM D-9

Name of Property: _____

Location: _____

This certification form is required for all applications; Parts 1, 2 & 4 for non-competitive applications, Parts 1, 3 & 4 for competitive applications.

1. BASIC ACCESSIBILITY REQUIREMENTS: (All applications)

The Qualified Allocation Plan, Appendix I (Threshold Requirements) and DCA Manual provide that all projects must be built in accordance with applicable Federal and State Accessibility Laws as well as DCA Accessibility requirements.

Federal and State accessibility requirements: Applicant must provide DCA with the list of which accessibility laws applicable to the project with the submission of Design Development Documents. The Design Development Documents must also include; 5% of all units (with a minimum of one) shall be equipped for the mobility disabled (DCA Requirement), 2% of all units (with a minimum of one) shall be equipped for the hearing and sight impaired (DCA Requirement), and all other DCA accessibility requirements as set forth in the Application Manual

2. OPTIONAL ACCESSIBILITY COMPONENTS: (Non-competitive applications)

Select upgrades from the following.

i. In addition to the 5% of units required to be equipped for the mobility disabled, the applicant agrees that an additional 2% of the units (with a minimum of one) will be equipped for the mobility disabled. Each of these additional units must include the installation of a roll in shower. ☐

ii. All units designated and equipped as units for the disabled are equipped with front loading washers and dryers at no expense to the tenant: ☐

iii. The maximum length of travel from each first floor unit in every building to the closest parking space designated as a “Handicapped” space, does not exceed 200 feet: ☐

iv. All units on all floors incorporate the following visitability modifications for the mobility disabled: All bathroom and interior doorways shall be a minimum 32” clear opening Each unit shall provide at least one accessible means of egress/ingress ☐

2005 ACCESSIBILITY CERTIFICATION FORM D-9

Name of Property: _____

Location: _____

3. OPTIONAL ACCESSIBILITY COMPONENTS: (Competitive Applications)

The following selected optional accessibility components will also be incorporated into the project design. Select from the following list to a maximum of six (6) points.

i. In addition to the 5% of units required to be equipped for the mobility disabled, the applicant agrees that an additional 2% of the units (with a minimum of one) will be equipped for the mobility disabled. Each of these additional units must include the installation of a roll in shower; ☐ Two (2) points)

ii. All units designated and equipped as units for the disabled are equipped with front loading washers and dryers at no expense to the tenant: ☐ Two (2) points)

iii. The maximum length of travel from each first floor unit in every building to the closest parking space designated as a "Handicapped" space, does not exceed 200 feet: ☐ One (1) point

iv. All units on all floors incorporate the following visitability modifications for the mobility disabled: All bathroom and interior doorways shall be a minimum 32" clear opening Each unit shall provide at least one accessible means of egress/ingress ☐ One (1) point

v. Applicant agrees that prior to the commencement of construction, the final plans and specifications will be reviewed by a professional accessibility consultant to determine that the all federal, state and DCA accessibility guidelines are accurately incorporated into the Project design. A copy of the report will be provided to DCA and to the Project Architect. ☐ Four (4) points

4. Signature & Certification: (All applications)

The undersigned certifies to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the statements contained in this certification are a true, correct and accurate description of the required accessibility and optional accessibility components which will be incorporated into the proposed project. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA in its review and approval of final plans and specifications and any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in DCA/GHFA administered programs.

Signed: _____ **Date:**_____

Applicant

Signed: _____ **Date:**_____

Architect/Engineer (registration number)

D. ARCHITECTURAL MANUAL

The architectural manual is organized as follows:

1. Architectural Standards

2. Physical Needs Assessment Guide
    a. Terms of Reference
    b. Site Systems and Conditions
    c. Architectural Systems and Conditions
    d. Dwelling Unit Systems and Conditions
    e. Mechanical and Electrical Systems and Conditions
    f. Systems and Conditions
    g. Evaluators Summary, Immediate Physical Needs
    h. Evaluators Summary, Physical Needs over the Term, Year 1-9
    i. Evaluators Summary, Physical Needs over the Term, Year 10-18
    j. Expected Useful Life Tables

3. Architectural Submittal Requirements

4. Architectural Certification Forms
    a. Form D-1 Site Information Form
    b. Form D-2 Site Certification Form
    c. Form D-3 Family Housing Amenities Certification
    d. Form D-4 Special Needs Housing Amenities Certification
    e. Form D-5 Elderly Housing Amenities Certification
    f. Form D-6 Housing for Older Persons Certification
    g. Form D-7 Energy Certification
    h. Form D-8 Property Design Certification
    i. Form D-9 Accessibility Certification

1. **ARCHITECTURAL STANDARDS**

In accordance with requirements established by the federal government at 24 CFR 92.251 for the proper operation of the HOME program, IRC Section 42 for the proper operation of the Low Income Housing Tax Credit (LIHTC) program, and the state 1989 General Assembly for the proper operation of the State Housing Trust Fund (HTF) for the Homeless, the Georgia Department of Community Affairs (DCA) has established these Architectural Standards. All projects receiving HOME funds, 9% and 4% LIHTC, Bonds and HTF, from DCA for the purpose of building new property and rehabilitating existing property must meet or exceed these architectural standards. Incorporation of these minimum standards into all work scopes which control the level of construction to be performed on all properties is required. These standards have incorporated all State and local building codes, State energy codes and the HUD Housing Quality Standards (HQS), and in many cases DCA requirements exceed the referenced State and Federal Requirements. Compliance with these architectural standards will result in properties that pass the local codes and HQS standards upon project completion (except for those HQS standards, which vary by occupant household size). The marketability of rental property and the appraisal requirements of all properties may result in a higher level of construction required in certain areas.

The Qualified Allocation Plan requires that all projects funded under the Plan meet all applicable Federal and State Accessibility standards as well as all DCA accessibility requirements. For further information on the accessibility laws and requirements that are applicable to projects funded under the Plan, refer to the DCA Accessibility Guide in the DCA Application Manual.

These architectural standards **do not** have the effect of replacing local codes or minimum property standards. All properties must meet or exceed applicable local codes and property standards. With the exception of offsite development costs, measures required to address local codes and property standards are eligible construction costs for properties receiving HOME, LIHTC & HTF funding,

These architectural standards are **applicable to new and rehabilitation construction**. New & rehabilitation construction is governed by all local and state building codes and requirements. New construction is defined as projects having construction costs exceeding 75% of the replacement cost of the completed property (as defined by Section 504 regulations).

Building Permits are required for all work to be funded under DCA programs. Proof of inspections and approvals by local officials including Certificates of Occupancy are required for final allocation of Low Income Housing Tax Credits (LIHTC). See Submittal Instructions for specific information and verify all requirements with LIHTC and HOME underwriters.

The American Institute of Architects has issued new forms to replace some of the existing contract forms. Please ensure all required documentation is on these new forms.

Final determination as to compliance with the architectural standards rests solely with DCA, the mortgage lender and the credit enhancement provider. The highest standards will prevail.

All construction work scopes must give consideration to the marketability of the property including the upgrading of the exterior appearance of the buildings, the interior of the units and the site conditions. DCA requires upgrades to the property that will improve the marketability and quality of life for the residents. DCA requires all applications both competitive and non-competitive to submit the Certification Forms for Amenities, Property Design, Energy and Accessibility and select upgrades as indicated on each Certification Form.

I. GENERAL STANDARDS FOR ALL PROPERTIES:

A. Drawings and Specifications:

The architectural drawings and specifications must be in compliance with the Livability Standards found in HUD's Minimum Property Standards 4910.1 (1984). These are the minimum standards. Where DCA or local standards are higher, the higher standards will prevail. All Federal, State and Local codes must be met, including all applicable Building and Fire Codes, applicable Federal and State Accessibility laws and requirements, Georgia Energy Code, and any other applicable requirements. In every case the most restrictive requirement shall prevail.

B. Contract Drawings:

The contract drawings should be complete, clear and consistent. This is to minimize construction problems, schedule delays, discrepancies in documentation and cost overruns, all of which affect the overall construction process. Refer to the Architectural Submittal Standards, for document format and submittal requirements.

C. Exterior Construction Materials:

All construction materials must be appropriate for lifecycle cost and ease of maintenance. The cost of materials may be greater 'up front', as compared to other alternatives at the time of construction, but the integrity of the property over the long run will be maintained. All materials are to be installed according to manufacturer specifications using acceptable methods and materials that will result in the issuance of a manufacturer's guarantee. All materials must bear the label of an industry accepted testing or certification agency. Preference must be given to materials that represent low maintenance and longevity over the life span of the property. Existing properties presented for rehabilitation must meet this requirement and reference to the Expected Useful Life Tables published in this Manual must be considered. All rehabilitation work scopes must be based on the Physical Needs Assessment recommendations and the EUL Tables for repair or replacement of components. DCA expects additional construction to be completed beyond the work scope that is recommended in the Physical Needs Assessment. The additional work scope must be in addition to the recommendations and must enhance the property, and not substitute components or systems. Any major ("big ticket") components with a Effective Remaining Life of less than 15 years and minor components with a Effective Remaining Life of less than five (5) years must be included in the work scope for immediate replacement. It is expected that the property as a whole will exceed the life of the DCA funding resource by five years. No capital replacements are to be expected within the first five years apart from regular maintenance and turn key operations that are part of the management and operation of the property.

Specific exterior construction material requirements are listed below.

1. Roofing: DCA requires a minimum warranty of 20 years for all pitched roofs, that must verified by the manufacturer. Note: flat roofs are not permitted in any construction. (For rehabilitation properties DCA may consider waiver applications based on the excessive cost to reconfigure an existing flat roof in good condition.) **Gutters and downspouts are mandatory for all construction and on all buildings including the rehabilitation of existing**

properties.

For a rehabilitation application where the work scope does not include the replacement of existing roofing, documentation must be provided to DCA to verify the quality and remaining warranty of the roofing. In all cases if the roofing does not meet DCA minimum requirements, more than 50% of the roof requires replacement or the roofing is more than 10 years old, it must be replaced under the proposed work scope. The replacement must include underlayment, decking and structure as is necessary.

2. Vinyl Siding: DCA requires commercial grade siding with a minimum thickness of .044 and with a 15 year warranty to be verified by the manufacturer.

For a rehabilitation application where the work scope does not include the replacement of existing vinyl siding, documentation must be provided to DCA to verify the quality and remaining warranty of the siding. In all cases if the vinyl siding does not meet DCA minimum requirements, or the siding is more than 5 years old, it must be replaced under the proposed work scope.

3. Manufactured Siding: Siding must be 7/16" nominal thickness or equivalent with a 20 year warranty, to be approved by DCA. Warranty must be verified by the manufacturer.

For a rehabilitation where the work scope does not include the replacement of existing manufactured siding, documentation must be proved to DCA to verify the quality and remaining warranty of the siding. In all cases if the manufactured siding does not meet DCA minimum requirements, or the siding is more than 10 years old, it must be replaced under the proposed work scope.

4. Wood Siding: Cedar or redwood in random lengths of 4'-0" or greater is acceptable. Any other wood siding product must be approved by DCA. All wood siding must have a protective finish.

For a rehabilitation where the work scope does not include the replacement of existing wood siding, documentation must be proved to DCA to verify the quality and remaining warranty of the siding. In all cases if the wood siding does not meet DCA minimum requirements, or the siding is more than 8 years old, it must be replaced under the proposed work scope.

5. Dryvit: The installation of dryvit, or similar products, must include protection of finish in high traffic areas, and must be approved by DCA.
   For all rehabilitation work scopes, Dryvit may not be repaired but must be replaced by an approved material.

6. Stucco: Hard stucco may be used in some instances, but must be approved by DCA.
   For all rehabilitation work scopes, hard stucco must be replaced if more than 25% of the existing material has failed. DCA must approve any repair or replacement of hard stucco.

7. Soffits & Fascias: Consideration should be given to prefinished, or low maintenance finishes to all fascias and soffits. **Gutters and downspouts are mandatory for all construction and on all buildings including the rehabilitation of existing buildings.**

8. Exterior Doors and Windows: Exterior doors must be 1 ¾" metal insulated or solid core wood, 20 minute rated door. Windows and glazed panels in doors must have insulated glass and meet Georgia Energy Standards. For rehabilitation work scopes all exterior doors and windows must meet the Georgia Energy Standards. In all cases if the exterior doors and windows do not meet Georgia Energy Standards, DCA minimum requirements, or the Effective Remaining Life is less than 15 years, they must be replaced under the proposed work scope.

9. Exterior Stairs: All exterior stairs are to be covered and protected from the elements as is feasible. See the Project Design Certification Form to select design upgrades.

10. Low VOC paints and other interior finishing components are required on all properties.

D. Amenities:

The selected amenities of the Property, (ie. washers, dryers, appliances, community spaces) must be completely reflected in the construction documents and budget, and must be suitable for the market being served. All appliances and amenities indicated in the

application package must be reflected in the final construction documentation, and be part of the completed Property. All applications must submit the Amenities Certification Form as is appropriate for the tenant base to be served. If an application is not subject to the competitive process, optional amenities and services must be selected as indicated on the Certification Form.

All community spaces must meet the requirements for accessibility as defined in the DCA Accessibility Guide. This is required for all rehabilitated properties as well as new construction as is indicated in the DCA Accessibility Guide contained in the DCA Application Manual.

E. Inspections:

The soils testing, construction methods, and materials inspections (including related written documentation and reports) must meet or exceed applicable industry standards. A testing lab must approve all soils under foundations, slabs and paving. Concrete must be tested to ensure it meets specifications **(Note: Soils testing is required for new construction only.)**

F. Consultant Reports:

For each HOME funded construction project there shall be a consultant to monitor construction and review pay requests. Such consultant will be engaged by DCA and/or the mortgage lender (when agreed on the same consultant may serve both lenders). The construction reports, in addition to reviewing construction draw requests, shall address methods of construction, percentage of completion, progress and budget analysis, and adherence to codes and acceptable building practices.

There will be periodic construction inspection of all HOME and LIHTC properties to ensure construction quality and completion dates are met.

II. SITE DEVELOPMENT STANDARDS

A. Environmental Conditions:

The environmental conditions surrounding the immediate area and the neighborhood must be carefully evaluated in order to determine the appropriate access to the property. Any negative adjoining situations should be mitigated with screening, building orientation, and other measures. Site design should take into account the views, prevailing wind patterns and solar orientation of the property location.

Refer to Environmental Phase I Site Assessment standards published in the DCA

Application Manual for the environmental documentation and review process.
All applications are required to submit a Phase I Environmental Site Assessment

B. Parking:

The number of parking spaces on a site shall meet all local zoning requirements. However, in cases where there are no local zoning requirements, DCA requires that there shall be no less than 1.5 spaces per unit. (DCA may consider a waiver for an existing site layout that cannot meet this requirement.) All access roads, parking areas and walking paths shall be either concrete or asphalt paving. DCA may approve a waiver for alternate paving materials that are appropriate for local conditions.

The relationship and distance of parking areas from building entrances is paramount to the safety and security of the property and tenants. The path traversed from parking to the building entrance should be as direct as possible and other safety measures such as apartment windows overlooking the parking areas should be considered.

All handicapped parking spaces must meet the requirements of the Federal and State Accessibility laws and requirements, whichever is most restrictive. Ramps and no-step access must be provided as applicable. (See the DCA Accessibility Guide for more information on the applicability of Federal and State accessibility requirements.)

C. Vehicle Circulation:

Vehicle circulation should allow for road patterns that are economically laid out. Roads should impact as little as possible on the buildings, and should use as little of the site as possible. All roadways shall be paved and have curbs as appropriate to the neighboring community.

D. Pedestrian Circulation:

Pedestrian circulation should incorporate paved walks to expected destinations. Access, which would require walking on the streets, grass or gravel/sand surfaces, is not acceptable. Security considerations, such as adjoining landscaping and site lighting, are to be taken into account in (re) designing pedestrian walkway layouts and landscaping.

E. Open Spaces:

The relationship between buildings should be oriented toward taking advantage of open landscaped spaces as much as possible. Open spaces should be located where they are overlooked by adjacent buildings to enhance the safety of the residents using the areas.

G. Landscaping:

Landscaping must be adequate and aesthetically appealing. The design and materials should convey a residential image and should carefully consider the requirements of future maintenance. Landscaping is an important marketing tool. Landscaping design should take appearance, maintenance and security considerations into account.

1. All shrubs must be a minimum size of 2 gals.
2. Trees at streetscape must be at least 2 ½" caliper. Canopy trees for general landscaping must be at least 2" caliper. (Flowering trees such as crape myrtles may be 1" caliper)

In some instances DCA may require additional landscaping to be included in the work scope to ensure adequacy and aesthetic appeal for the completed property.

H. Site Lighting:

One-foot candle as a minimum for site lighting, in parking lots and along pedestrian walks is generally an acceptable standard to follow. The site lighting should be designed so that a warm, attractive residential atmosphere is created. All parking and site lighting should be directed down to the areas to be lit and to diminish nuisance to adjacent residential units. There should be no dark spots particularly at building entrances and parking lots. Lighting must be directed to areas of community use, such as mail pick up areas, building entries etc. Each unit must have an exterior light at entry doors, controlled from inside the apartment unit, in addition to other building/site lighting.

I. Site Amenities:

Site amenities such as swimming pools, community buildings, tot-lots and other recreational facilities are important marketing features. The location of these features must be taken into account, with the amenities such as tot-lots being in close visual proximity to the buildings. However the areas that may create noise or disturbance may be located more remotely on the property. All community areas must meet the requirements of all applicable Federal and State Accessibility laws and DCA requirements (See DCA Accessibility Guide in the Application Manual for further guidance.), and any other local requirements. This shall include no-step access from adjacent walk or parking lot to amenity, and provision of a seating area as appropriate to the type of amenity. Protection from the elements as appropriate is an important design consideration and will enhance the appearance and use of these amenities.

All competitive and non competitive applications are required to submit the Amenities Certification Form as is appropriate for the tenant base to be served.

J. Trash Collection

All trash collection areas must be screened from the residential and community areas, and be located no closer than 40' from any building face. Access must be convenient to tenants and service vehicles, and all dumpsters must be placed on concrete slabs with approach concrete aprons of at least 10'-0" in depth. (See the DCA Accessibility Guide in the Application Manual for further guidance.)

K. Signage and Fixtures:

The design, location and materials for signage, free standing mailboxes, site lighting fixtures, benches etc, should be compatible with the overall site design and materials used. Illumination for the property entrance signage should be provided.

L. Site Grading and Drainage:

All portions of the site should drain properly away from all buildings and other site amenities, to eliminate standing water, ponding or any other undesirable drainage patterns. The site surface drainage should rely on existing drainage patterns as much as possible. Grading must meet requirements for pedestrian access, and handicapped access where applicable. All design for drainage must meet local requirements, and retention ponds on the site must be well maintained.

All drainage retention and detention areas (ponds), that hold water on the property, must be fenced to protect the residents. The fencing may be designed with a gate access for maintenance of the areas, but there should be a mechanism to secure the gate. Any large inlet or outlet drainage ways must also be screened or gated to prevent resident entry.

Gutters and downspouts are required on all buildings, with adequate grading to ensure positive drainage away from the buildings, pedestrian entrances and walkways (waterproofing under newly constructed slabs must be at least 6 mil polyethylene film). Basement and foundation walls must be designed to prevent free access to, or the entrance of, water, moisture, insects, or rodents into the basement or crawl space areas. Access and ventilation of basement and crawl spaces must be in accordance with all codes, and must be secured from the exterior as appropriate.

All rehabilitation work scopes must adequately address existing site conditions. All areas of washout, exposed dirt, dead trees, overgrown landscaping, broken or un-useable

amenities equipment, sidewalks etc. and any other undesirable conditions must be corrected.

M. Site Entry:

Entry image is the impression created on entering the site. The entry image should work to enhance a favorable impression of the development. Landscaping, lighting, signage, lighting, paving and open spaces all contribute to the entry image. See Project Design Certification Form to select building and site design upgrades.

N. Residential Image:

The residential image is composed of the facade treatments, the relationship of the buildings, the roads and pedestrian layouts, landscaping and all the other visual elements present on the site. The residential image should convey an informal, warm, humanly scaled design, using site treatments generally applied and accepted in residential design. The end product should create a favorable marketing atmosphere. See Project Design Certification Form to select building and site design upgrades.

O. Personal Safety and Security:

Any aspect of the site design that might affect personal safety and security must be closely examined and mitigated (e.g., dark, poorly lighted parking areas or long walkways, corners that have the potential for concealment of a person, or objects that might present a hazard to a resident. Steep grades, retention ponds, etc., must be fenced or otherwise guarded to prevent danger to the residents.

P. Underground Utilities:

The underground utilities should be efficiently laid out. The electrical distribution system should be underground where possible. Utilities should be given to the local authorities after construction to avoid future utility maintenance needs, which could include excavation and the room for equipment to accomplish the tasks**. <u>All projects must have access to and be connected to the existing public water and sewer systems</u>. (For further information refer to the Qualified Allocation Plan, Appendix I, Threshold Criteria)**

Work scope plans for rehabilitation projects must contain a budget line item to investigate and repair or replace all main utility lines on the property that do not have an Effective Remaining Life of more than 5 years, or have been in place for more than 30 years. If more than 50% of the lines of either or both systems are identified as failed, the entire pipelines of whichever or both systems must be replaced.

III. UNIT AND BUILDING DESIGN STANDARDS:

A. Individual Tenant Security:

Individual tenant security (e.g. security systems, and intercoms) is equally important as overall property security. Measures that will enhance security should, to the maximum extent possible, be incorporated into the architectural design. All entry doors to units shall be equipped with a viewer and bell or buzzer. (See the DCA Accessibility Guide in the Application Manual for further guidance.) All exterior doors and windows must be equipped with locks, to prevent access from the outside.

B. Room Configuration:

The overall configuration of the rooms should make functional sense. For example, the primary bathroom must be accessed from a common area such as a hall. (A waiver may be considered for an existing unit where the room layout that does not meet this requirement.)

The kitchen should be conveniently accessed from the entry and the coat closet should be located in close proximity to the entry door. Bathrooms must not open from areas of food preparation, or be used as a sole passageway to a habitable room, hall, basement or to the exterior. No habitable rooms are permitted in basement or cellar spaces unless egress is provided according to applicable fire codes.

No waivers will be allowed for the rehabilitation of existing units with room layouts that do not meet this requirement.

C. Circulation Patterns:

The circulation pattern should be efficient, with a minimum amount of space devoted to hallways. At the same time, circulation through the habitable rooms should be kept to a minimum, e.g., access to the primary bathroom only through a bedroom is not desirable.

D. Unit Sizes:

The minimum unit size permissible for funding under DCA programs for **all construction types**, is for a Single Room Occupancy (SRO) unit and shall not be less than 250 sq.ft. of floor space. All SRO's must include a cooking area and a bathroom within the unit.

A studio unit shall be no less than 375 sq.ft. and must include a cooking area or kitchen and a bathroom within the unit.

An efficiency unit shall be no less than 450 sq.ft. and must include a complete kitchen

and a bathroom.

A one-bedroom unit shall be no less than 600 sq.ft, a two-bedroom unit shall be no less than 800 sq.ft., a three-bedroom unit shall be no less than 1,000 sq.ft., and a four-bedroom unit shall be no less than 1,200 sq.ft..

DCA may consider a waiver to these minimum sizes for the rehabilitation of an existing property only. However, DCA reserves the right to withhold such waiver if the completed rehabilitation will not result in safe and decent housing that is equal to comparable housing in the marketplace

E. Room Sizes:

Rooms should be sized so they can contain, at a minimum, the required furniture functionally arranged. Room sizes can be larger so long as the budget does not exceed the per unit cost limitation.

DCA may consider a waiver to these minimum sizes for the rehabilitation of an existing property only. However, DCA reserves the right to withhold such waiver if the completed rehabilitation will not result in safe and decent housing that is equal to comparable housing in the marketplace.

1. Primary Space and Furniture Guidelines:

- Living rooms must have a minimum dimension of 11’-6" (min. 150 – 200 sq.ft.).
- Living/Dining combinations must have a minimum dimension of 11’-6” (min. 180 – 220 sq.ft.).
- Living rooms must have at least 2 furnishable walls and as a minimum, and comfortably contain:
  a. 1- couch, 6'-10" x 3'-0"
  b. 2- easy chairs, 2'-6" x 2'-6"
  c. 1- desk or table, 2'-0" x 3'-6"
  d. 1- television, 2'-8" x 2'-0"
- Dining Spaces should have at least 1 furnishable wall and as a minimum contain:
  a. 1- table with 2'-0" of frontage per person seated, based on 2 people per bedroom.
  b. The table is to be 2'-6" wide for 1 bedroom units, and 3'-0" wide for 2 or more bedroom units.
  c. The appropriate size of dining chairs, 1'-6" x 1'-6"

  Circulation space around furniture should allow for reasonable clearances
- Primary bedrooms must have a minimum dimension of 11’-0” (min. 130 – 160

sq.ft.).

- Primary Bedrooms must have at least 2 furnishable walls and as a minimum contain:
  a. 1- full sized bed, 5’-6" x 7’-10" (min)
  b. 2- night stands, 1’-6" sq.
  c. 1- dresser, 3’-6" x 2’-0"
- Secondary bedrooms must have a minimum dimension of 9’-6" (min. 120 – 140 sq,ft,).
- Secondary bedrooms should have at least 2 furnishable walls and adequately accommodate a full sized bed, or two twins, or a single twin bed in addition to nightstands and a dresser.
- In all cases the minimum room dimension shall <u>not</u> include any storage areas or closets.
- Flat ceilings must be a minimum of 7’-6” above finished floor.
- Sloped ceilings must not be less than 5’-0” for the purposes of computing floor areas. Ceilings less than 7’-6” high must not exceed 50% of the floor area of the room.
- Layouts should allow for functional furniture arrangements.

2. Storage and Kitchen Guidelines:
   - The following closets and storage spaces must be present:
     a. Entry closet, 3'-0" wide x 2’-0” deep
     b. Primary bedroom, 7'-0" wide x 2’-0” deep
     c. Secondary bedrooms, 4'-0" wide/bed x 2’-0” deep
     d. Linen closet, 2'-0" wide x 1'-6" deep
     e. Broom closet/Pantry 1'-6" x 1'-6" deep (min)
     f. Equipment, 16 sq.ft. or as appropriate for HVAC etc.
     g. Bathrooms must have built in medicine cabinets. (Do not place the medicine cabinets in party walls unless fire separation is continuous behind the unit.)
   - Wherever possible storage spaces should be larger than the minimum spaces shown above to accommodate livability and marketing considerations. All closets designed to contain clothes must be a minimum of 2'-0" deep. All closets and defined storage areas are in addition to the minimum room sizes and must not be included in the room area computations.
   - Kitchens must be at least 7’-6” wide.
   - Kitchens must have the following minimum clear countertop frontages, excluding sinks and appliances:

a. 1- Bedroom unit, 6’-9", with a minimum of 16-18 lf. of cabinets
b. 2- Bedroom unit, 7’-9", with a minimum of 18-20 lf. of cabinets.
c. 3- Bedroom unit, 8’-9", with a minimum of 20-22 lf. of cabinets.

- Cabinets must be provided above and below the counter. Cabinets shall be constructed with wood or wood/plastic veneer styles, doors & drawer fronts. Kitchen appliances must include both refrigerators and ranges. Appliance size must be appropriate to the unit size and number of tenants. All appliances must have an Energy Star rating.
  a. Refrigerators: one and two bedrooms 14cf minimum, three bedroom 16cf minimum.
  b. Water Heaters: Must be at least 40 gallons minimum in all unit sizes. Water heaters must be EF .62 or greater for gas, or .92 or greater for electric, with an option to use water heaters of >.59 (gas) or .89 (electric) with R-5 insulation jacket installed.

  Water heaters and washers in units must be equipped with a drip pan or floor drain as required by State and Local building codes. See the Energy Certification Form to select energy upgrades.

F. Floor Finishes:

The floor finishes should be suitable to the market in conjunction with maintenance considerations. Living rooms and bedrooms must be carpeted. If resilient flooring is used in the bathrooms, it should be sheet material rather than tile. All materials are to be installed according to manufacturer’s specifications using acceptable methods and materials that will result in the issuance of a manufacturer's guarantee. All materials must be low VOC rated. DCA will not accept existing units to be rehabilitated where there is vinyl flooring material throughout the unit. Carpeting or other appropriate upgraded materials must be included in the work scope, in rooms where such upgrades are suitable. See Property Design Certification Form to select upgrades.

Carpeting in the units must be at least cutpile 24oz or level loop 24oz. Carpeting in the community areas must be at least cutpile 30oz or level loop 24oz., 100% nylon with 5-year warranty. Sheet vinyl must be a minimum of 3/32” thick, and VCT must be at least .080 gauge thickness.

Padding must be installed under all carpeting for which it is intended and should be ½”, 15lb., rebond or equal as appropriate. DCA may approve alternate carpeting materials and

installation methods, in units intended for the elderly or disabled.

G. Windows, Light & Ventilation:

Window sizes and locations should be taken into consideration with furniture arrangements, privacy and views. Skylights must meet all applicable codes for light, ventilation and egress. All window locations, sizes and operable panels must meet the requirements of SBCCI (most recent revision) for light, ventilation and egress. Glazing must meet the requirements of the Georgia Energy Code (most recent revision). See Section I, General Standards for all Properties, subsection C, Exterior Construction Materials). All windows should have horizontal mini-blinds installed in white or other neutral color. All glass doors should have either horizontal mini-blinds or vertical slat blinds as appropriate.

Baths that do not have an operable exterior window (minimum size of 3 sq.ft. and minimum width of 20") must have a mechanical exhaust fan that is either ducted to the exterior or recirculating.. The exhaust fan must be of sufficient size to adequately exhaust all humidity in an efficient manner. Kitchens are to be equipped with range vent hoods, preferably vented to the exterior. All exhaust fans are to be installed in accordance with applicable codes, and cannot be exhausted into wall or attic spaces under any circumstances.

H. Building Exteriors, Design and Materials:

The design and materials of building exteriors should create a residential image. The design and use of the materials should fall within the range of locally held perceptions of quality residential developments. All materials chosen should be considered from a durability and long term maintenance standpoint. All materials must be installed according to manufacturers' specifications using acceptable methods and materials that will result in the issuance of a manufacturer's guarantee. (See Section I, General Design Considerations, subsection C, Exterior Materials.)

I. Electrical, Heating, Air Conditioning and Indoor Air Quality:

All properties must meet Georgia Energy Codes as a minimum including the requirements for equipment sizing according to ACCA Manual J heat loss and gain and proper duct sealing measures, insulation and infiltration controls included, but not limited to, sealing the sole and top plate, windows, plumbing, wiring and other penetrations into unconditioned spaces as required by Energy Code. (See section E/3, in these standards

above, for appliance and water heater energy ratings.)

The heating and air conditioning systems are mandatory, and should be suitable for the marketplace and climate. DCA requires self-contained heating and air conditioning systems for each apartment unit (a waiver of this requirement may be considered for the rehabilitation of an existing multi floor building where it can be demonstrated that the existing central system is the most efficient and economical system for conditioning the indoor spaces). Indoor air quality is of utmost importance, see #3 and #4 below. Refer to exhaust fan requirements under section G, Windows, Light & Ventilation, above.

The following minimum standards also apply:

1. gas furnace minimum efficiency of 82%, heat pump minimum HSPF 7.4, or per Georgia Energy Codes, whichever is greater;
2. air conditioning minimum 10 seer, or per Georgia Energy Codes whichever is greater;
3. ductwork joints to be taped and sealed to reduce air infiltration per Georgia Energy Codes, Manual J or equivalent (see note above);
4. ductwork to be insulated to a minimum of R-6 insulation when placed in unheated spaces;
5. minimum sized breaker for individual unit electrical system 100 amp, or per Code; and
6. all electrical switches, outlets, phone or television jacks and controls, such as thermostats to be installed no higher than 48” or no lower than 15” above the finished floor.

For the proposed rehabilitation of existing buildings, all existing electrical, heating and air conditioning systems are to be repaired or replaced to meet these standards, and upgraded as necessary to meet all applicable codes. **DCA may consider waivers for some of these requirements as noted above, but in no case will DCA waive Federal, State or Local building or accessibility laws or codes, State Energy Conservation Codes or Health and Safety Requirements.**

All competitive and non competitive applications must submit the Energy Certification Form to select energy component upgrades.

J. Acoustical Isolation:

Thermal and acoustical isolation should meet or exceed minimum standards of practice as defined in the State of Georgia Energy Code. Acoustical isolation is essential in

providing a comfortable living environment for tenants, and is one of the greatest sources of tenant complaints if ineffective. Increasing acoustical isolation above required minimums will increase tenant livability significantly.

DCA requires that the noise levels for all developments (regardless of funding source) must meet the HUD noise limitations of 65DNL exterior and 45DNL interior. In areas where there is an identified noise level above these limitations, documentation of the construction methods and site mitigation must accompany the application for funding.

The following minimum standards apply:

1. between units: one layer 5/8" 1 hr., GWB on each side (minimum or per local fire requirements if greater) w/two sets of staggered 2x4 studs (or metal stud equivalent), sound-insulated with blanket material to STC rating of 52. All wall edges must be caulked;
2. within unit: one layer ½" GWB on each side 2x4 studs (or metal stud equivalent); and
3. floor to floor: minimum STC rating 53, with a minimum of 1" lightweight concrete or ¾" gypcrete topping over wood sub floor (optional floor construction may be considered for the rehabilitation of existing residential units).

Rehabilitation work scopes must meet these requirements where-ever party & exterior wall structure, ceiling and floor construction is exposed during the course of construction.

K. Energy Efficiency and Thermal Insulation:

Thermal insulation must meet or exceed minimum standards of practice as defined in the State of Georgia Energy Code, the International Energy Conservation Codes (or equal). Energy efficiency considerations, materials and techniques should be taken into account in all aspects of the design and construction. Wherever energy sources and uses are involved, it is paramount that the property design encourages energy conservation. Please refer to section E/3 and section I for further information and requirements.

All plumbing in exterior walls must be insulated on the cold side of the wall to prevent freezing. Exterior walls must have a minimum of R-13, attics must have a minimum of R-30, and crawl/basement/other areas must have a minimum of R-19. For rehabilitation work scope, wall cavities that are exposed during the construction process must be insulated to meet these requirements.

All attic and crawl spaces in rehabilitated buildings must meet these minimum insulation requirements, whether or not other work is being completed in these areas.

L. Accessibility:

The Property must be designed to meet all applicable Federal and State laws and DCA requirements for accessibility by individuals with disabilities. This is mandatory and is to be incorporated in the basic layout and design of open spaces, building location and unit design. Refer to DCA Accessibility Guide in the Application Manual for additional information and guidance. Please note that DCA requirements may be more stringent than Federal or State Requirements.

DCA requires that there be 5% of the units (no less than one unit) be equipped for the physically disabled and an additional 2% of the units (no less than one unit) be equipped for the hearing and sight impaired.

All competitive and non competitive applications must submit the Accessibility Certification Form to select accessibility component upgrades.

M. Fire and Life Safety:

The property design shall meet or exceed all requirements to provide a safe environment for all tenants. Aspects of this design have been discussed in earlier sections, and affect the property from overall site layout to individual unit design. Strict adherence to the most recent adopted editions of the Life Safety and SBCCI codes is required. Smoke detectors must be hard-wired and located per code for all construction rehabilitation or new. (DCA will not waive this requirement for rehabilitation proposals.) Fire Alarms and sprinklers must meet fire department, State and local code requirements.

N. Rehabilitation Modifications/Additions:

1. All projects presented for rehabilitation must meet all threshold requirements as published in the Qualified Allocation Plan, including longevity, per unit cost limitations, financial feasibility and economic viability.

All buildings presented for rehabilitation must meet all current, applicable building, accessibility, fire and safety codes at the completion of the construction. This includes adherence to current electrical and mechanical codes etc. (DCA will not waive this requirement). Note that DCA requires building permits and local authority inspections for all rehabilitation proposals.

For all construction work scopes (including rehabilitation) consideration must given to the marketability of the property including the upgrading of the

exterior appearance of the buildings, the interior of the units and the site. DCA requires upgrades to the property that will improve the marketability and quality of life for the residents. DCA requires all competitive and non competitive applications to submit the Certification Forms for Amenities, Property Design, Energy and Accessibility and select upgrades in each category as indicated on the Certification Forms

2. All rehabilitation work scopes must be based on the Physical Needs Assessment recommendations and the EUL Tables for repair or replacement of components. All additional construction that is completed beyond the immediate needs work scope identified in the Physical Needs Assessment must be in addition to the recommendations of the Physical Needs Assessment and must not substitute any of the recommendations of the Physical Needs Assessment. Any major ("big ticket") components with a Effective Remaining Life of less than 15 years and minor components with a Effective Remaining Life of less than five (5) years must be included in the work scope for immediate replacement. It is expected that the property as a whole will exceed the life of the DCA funding resource by five years. No capital replacements are to be expected within the first five years apart from regular maintenance and turn key operations that are part of the management and operation of the property.

   Refer to the Expected Useful Life Table (EUL) which can be used to determine whether a component is in need of replacement. Ensure this Architectural Manual is read in its entirety for further information on the DCA replacement and longevity requirements of all materials and components for the completed rehabilitation on the property. See the Qualified Allocation Plan and the Physical Needs Assessment Guide for additional guidance

   - Roof Replacement: If 50% or more of the roof needs replacement, the entire roof must be replaced. The replacement should include roof structure, roof decking and underlayment as is necessary. (See Section I General Standards for all Properties, C/1 for additional information.)
   - Plumbing/Electrical Systems: If 75% of the system needs replacement, the entire system must be replaced. This includes all piping for the plumbing system and all wiring for the electrical system. (See Section I General Standards for all Properties, C/1 for additional information.)

- Site sewer pipelines and site water pipelines that have less than five (5) years Effective Remaining Life must be investigated as part of the immediate work scope and either repaired or replaced. If more than 50% of the pipelines of either or both systems are identified as leaking or failed, the entire pipelines of either or both systems identified must be replaced. (See Section I General Standards for all Properties, C/1 for additional information.)
- HVAC: If there is less than five (5) years Effective Remaining Life in the major heating and cooling components or the major components of these systems, do not meet applicable building codes, the entire system must be replaced. The duct system must be replaced as required to meet applicable codes and DCA required life expectancy. (See Section I General Standards for all Properties, C/1 for additional information.)

3. All rehabilitation work scopes must include costs for the abatement or containment of any hazardous substances that are identified on the site. All work must be in accordance with HUD, EPA and Georgia EPD requirements.

4. All rehabilitation work scopes must be based on the Physical Needs Assessment recommendations and the EUL Tables for repair or replacement of components. DCA will accept work outside the required and/or recommended work scope, as long as it is in addition to the recommendations and will enhance the property, and is not a substitute component.

5. All rehabilitation proposals must meet all applicable Federal and State accessibility laws and DCA requirements. <u>This includes DCA requirements for 5% of the units to be equipped for the physically disabled, with an additional 2% to be equipped for the hearing and sight impaired.</u> See DCA Accessibility Guide contained within the DCA Application Manual for further guidance.

2. Any modifications of these Architectural Standards for a rehabilitation work scope must be approved in writing by DCA in advance of the project start-up.

2. **PHYSICAL NEEDS ASSESSMENT GUIDE**

The Physical Needs Assessment is required for all rehabilitation and/or renovation applications being presented for potential funding from programs administered by the DCA Office of Affordable Housing.

All construction work scopes must give consideration to the marketability of the property including the upgrading of the exterior appearance of the buildings, the interior of the units and the site conditions. DCA requires upgrades to the property that will improve the marketability and quality of life for the residents. DCA requires all applications both competitive and non-competitive to submit the Certification Forms for Amenities, Property Design, Energy and Accessibility and select upgrades as indicated on each Certification Form.

The Physical Needs Assessment Report must include a work scope for all immediate needs identified on the property. The completed work scope must incorporate all immediate needs and all upgrades that will improve the property and meet the DCA requirements along with a detailed construction cost estimate. All rehabilitation work scopes must be based on the Physical Needs Assessment recommendations and the EUL Tables for repair or replacement of components. Additional work to be completed beyond the immediate work scope to improve the property must not substitute components or systems that are recommended in the Physical Needs Assessment. Any major ("big ticket") components with a Effective Remaining Life of less than 15 years and minor components with a Effective Remaining Life of less than five (5) years must be included in the work scope for immediate replacement. It is expected that the property as a whole will exceed the life of the DCA funding resource by five years. No capital replacements are to be expected within the first five years apart from regular maintenance and turn key operations that are part of the management and operation of the property.

All rehabilitation work scopes must meet the applicable Federal and State accessibility laws and DCA requirements. This includes DCA requirements for 5% of the units to be equipped for the physically disabled, with an additional 2% to be equipped for the hearing and sight impaired. See DCA Accessibility Guide contained within the DCA Application Manual for further guidance.

Refer to the Architectural Standards contained in this manual for further guidance to the DCA minimum construction quality standards .

The Physical Needs Assessment Report and immediate work scope must address all existing conditions on the site, and must contain an analysis of the site in relation to all applicable building codes The Report must state whether or not there are violations of the referenced building codes and if there are any conditions that might threaten the health and/or safety of current or future residents The complete final work scope and construction cost estimate must be compiled by the Applicant/Owner, the architect, engineer and the construction contractor. The work scope must contain the recommendations to correct any conditions identified in the Physical Needs Assessment Report, Building Code Investigation, applicable Federal and State Accessibility Standards and the Environmental Site Assessment, Phase I (and Phase II as applicable).

The Physical Needs Assessment investigation and Report must be undertaken and completed by a competent professional in the construction industry. **The report must include a resume of the education, background and experience of the individual or company** presenting this assessment. The Report must also include three letters of recommendation and endorsement attesting to the Consultant's prior work. At least one of these references should be from a real estate development or construction firm, that used the Consultant to support a real estate rehabilitation to completion.

The Physical Needs Assessment investigation, and immediate work scope must be completed by a third party and not by the applicant, sponsor or owner of the property. The Fannie Mae Physical Needs Assessment forms for guidance to the Property Evaluator are used by permission of ON-SITE INSIGHT of Needham Ma © 1991 ON-Site Insight, Inc. Use, reproduction and distribution of these materials may be made solely in connection with the Affordable Housing Programs as administered by the Georgia Department of Community Affairs. All other rights reserved.

The Report must include a statement that the investigation has been completed in accordance with DCA requirements and the information included is accurate and can be relied upon by DCA as a true evaluation of the existing conditions of the property. The statement must be signed by the Consultant completing the Report.

The inspection and Report must be no more than **90 days** old at the time the Application is submitted. Refer to Submittal Instructions, contained in this manual, for additional information.

DCA reserves the right to verify all information contained in the Report, with an on site inspection of the property, which will be conducted during the application process. DCA reserves the right at its sole and absolute discretion, to decline any property for rehabilitation, if it is determined the work scope and construction cost estimate is inadequate, does not address the issues of the Physical Needs Assessment, or the work scope will not result in safe and decent housing or will not result in a property with a longevity exceeding the life of the mortgage loan, or the compliance period of any DCA funding by at least five years.

In any event, the work scope must represent a minimum construction hard cost expenditure of **$20,000 per unit** and include the complete replacement of at least two (or more) major ("big ticket") systems or components with an Effective Remaining Life of 15 years or less, on the property, i.e. HVAC system, roofing system, windows & doors, exterior finishes, utility lines etc. All materials, components and systems replacement must be considered with reference to the Expected Useful Life Tables contained in this guide as well as the recommendations contained in the Physical Needs Assessment. All minor systems or components with a remaining useful life of less than 5 years must be replaced under the proposed immediate work scope included in the application. All issues of building code violations, accessibility, hazardous substances and health and safety must be included in the work scope and construction cost estimate included in the Report. Refer to Appendix I of the Qualified Allocation Plan, Project Feasibility and Viability Analysis for further guidance and the Architectural Standards.

Refer to the Architectural Standards for minimum unit/room sizes, materials and systems requirements and replacement of existing components. DCA may consider waiving minimum requirements for the rehabilitation of existing housing that will result in safe decent long-term housing in a situation where new construction is not more appropriate.

I.0 SPECIFIC GUIDANCE TO THE EVALUATION CONSULTANT

A. Purpose

The purpose of the Physical Needs Assessment is to identify and provide cost estimates for the following key items:

1. Immediate Physical Needs - repairs, replacements and significant maintenance problems that should be addressed immediately. (Particularly to correct any building code violations and environmental hazards, identified in the inspection and reporting process)
2. Physical Needs Over the Term - repairs, replacements and significant maintenance problems that will be needed over the next 30 years.

The assessment is based on the Consultant's judgment of the actual physical condition of the improvements and the expected useful life of those improvements. (Note: Refer to Architectural Standards and the Expected Useful Life Tables, for component replacement requirements with reference to Effective Remaining Life.) It is understood that the conclusions presented are based on the Consultant's professional judgment and that the actual performance of individual components after the date of the evaluation may vary.

This guide explains how to use the Fannie Mae Physical Needs Assessment forms. These forms are provided for guidance to the Property Evaluator and are used by permission of ON-SITE INSIGHT of Needham Ma © 1991 ON-Site Insight, Inc. Use, reproduction and distribution of these materials may be made solely in connection with the Affordable Housing Programs as administered by the Georgia Department of Community Affairs. All other rights reserved.

The forms are intended to help the Consultant conduct a comprehensive and accurate assessment, and to present the results of that assessment in a relatively standard format.. However, the forms should not constrain the Consultant from fully presenting his or her concerns and findings. The forms should be supplemented as may be necessary to fully and accurately assess and report on the physical needs of the property.

The Systems and Conditions forms may be computerized to serve the Consultants' needs so long as information is provided on the condition and Effective Remaining Life of all components and the Effective Remaining Life is compared to the standard Expected

Useful Life (EUL). The summary forms may also be extended or computerized, for use in association with the DCA affordable housing programs, so long as the basic format is maintained.

B. Terms of Reference Form

The Owner/Applicant completes this form for the Consultant. It serves as a reference point for the assessment and provides the Consultant with basic information about the property and the term of the loan. Specific guidance concerning some sections of the form are as presented below:

1. Sampling Expectation

   The Owner/Applicant's expectations about the number and/or percentage of dwelling units, buildings and specialized systems to evaluate may be stated. However, at a minimum, the Consultant must inspect all vacant and down units, plus at least 10% of the occupied units, in order to state **with confidence** the present and probable future condition of each system and every unit at the property. If a higher level of sampling is required, the Consultant should so advise the Owner/Applicant, and a higher number of units are to be inspected. The final work scope for the rehabilitation of existing housing must be presented in a unit by unit format.

   Considerations in determining an adequate sample size are age, number of buildings (especially if the property was developed in phases), total number of units, and variations in size, type and occupancy of units. Effective sampling is based on observation of a sufficient number of each significant category. Using the above criteria, categories could include:

   - **Buildings by age** of each building (e.g. inspect buildings in the eight (8) year old phase and in the eleven (11) year old phase),
   - **Buildings by type** (e.g. row house, walkup, elevator) and/or buildings by construction materials (e.g. inspect the garden/flat roof/brick buildings. and the garden/pitched roof/clapboard buildings.).
   - **Dwelling units** are separate categories from buildings. At a minimum, sampling is by unit size (0/1/2/3/4 bedrooms). The final work scope for the rehabilitation of existing housing must be presented in a unit by unit format, therefore a higher level of unit observation than the minimums represented in this guide should be undertaken.

There may be further categories if units are differently configured or have different occupant types (especially family or elderly). Systems that are not unit specific, such as boilers, compactors, elevators and roofs, will have a one hundred percent (100%) sample.

The overriding objective is to **inspect enough of each type and system to be able to state <u>with confidence</u> the present and probable future condition, and to present sufficient information for a unit by unit breakdown of the work scope.**

2. <u>Market Issues</u>

   In certain instances, market conditions may necessitate action on certain systems. Examples are early kitchen/bathroom replacement or replacement of flooring, vinyl and carpet, new entry paving, special plantings, and redecorated community areas. If the Owner/Applicant has identified such an action, the Consultant should include a cost estimate for such action and indicate what, if any, other costs would be eliminated by such action.

3. <u>Work In Progress</u>

   In some instances, work may be underway (which can be observed) or under contract. When known by the Owner/Applicant, this must be noted. For purposes of the report, such work should be assumed to be complete, unless observed to be unacceptable in quality or scope in which case percentage complete must be noted.

4. <u>Management-Reported Replacements</u>

   The property management should provide the Owner/Applicant with information about prior repairs or replacements that have been completed in recent years. The Owner/Applicant should provide this information to the Consultant to assist in the assessment of these components. The Consultant should include enough units, buildings, or systems in the sample to provide reasonable assurance that the reported repairs or replacements were made.

2.0 SYSTEMS AND CONDITIONS

It is the responsibility of the Consultant to assess the condition of **every major system and component** present at a property. All conditions requiring action during the life of the loan or other funding resource must be addressed regardless of whether the action anticipated is a **capital** or **operating** expense.

To assist the Consultant in reviewing all systems at a property, Systems and Conditions Forms are provided. Each form lists a group of systems typically related by trade and/or location. The forms are Site, Architectural, Mechanical and Electrical, and Dwelling Units. While the forms have several columns in which information may be recorded, **in many instances only the first three columns will be completed**. If the condition of a system is acceptable, the Effective Remaining Life exceeds the term of the mortgage by five (5) years, and no action is *expected or* required, no other columns need to be completed.

The report is not expected to identify minor, inexpensive repairs or other maintenance items that are clearly part of the property owner's current operating responsibility as long as these items appear to be maintained on a regular basis. Examples of such minor operating items are occasional window glazing replacement and/or caulking, minor plumbing repairs, and annual HVAC and appliance servicing, turn key operations such as painting and carpeting etc. However, the Consultant **must** comment on such items in the report if they do not appear to be routinely addressed or are in need of immediate repair. The Consultant **must** also report on any **violations of all applicable building codes** observed and documented during the inspection process.

The report is expected to address "big ticket" items, all deferred maintenance of any kind, and repairs or replacements that normally involve significant expense or outside contracting. This would apply to major components with Expected Useful Life in excess of 15 years, such as roofing, exterior siding and utility lines as examples. The Consultant must note any suspected environmental hazards seen in the course of the inspection. Confirmation of *such* suspected environment-related hazards, such as mold, lead-based paint *or asbestos containing materials*, will be addressed in a separate report prepared by an environmental engineer. **The immediate work scope must include the costs of any abatement or other environmentally related activities in the completed Report**

3.0 USING THE SYSTEMS AND CONDITIONS FORMS

A. Purpose

The forms can be used both to record actual observations at a specific location and for an overall summary. For example, the architectural form can be used for a specific building (or group of identical buildings) as well as for summarizing all information for buildings at a property. The same is true for the Dwelling Unit form. An unlabeled form is included which can be used as a second page for any of the Systems and Conditions Forms.

In some instances, the Consultant will note components that, while still functional, may reduce marketability of the property. For example, appliances in outmoded colors and designs may have such an impact on the marketability at some properties. The Consultant should note these items, discuss them with the Owner/Applicant, and provide separate estimates of the cost to replace such items if requested.

B. Items (EUL)

Each of the forms has a number of frequently occurring systems and components listed. This list represents only the most frequently observed and is not meant to be all-inclusive. **Every system present at the property must be observed and recorded**. Any system not listed on the form may be included in the spaces labeled "Other." Note that the assessment includes the systems and components in both residential and non-residential structures, thus, community buildings, management offices, pools, and other areas are included.

The Expected Useful Life (EUL) figure that appears in parentheses after the Item is taken from the Expected Useful Life Table *provided in this section*. This table provides standard useful lives of many components typically found in apartment complexes. In some instances the parentheses do not contain a number because of various types of similar components with differing useful lives. The Consultant should turn to the Expected Useful Life Table (EUL) and select and insert the appropriate Expected Useful Life (EUL) number.

Note: DCA recognizes that the Expected Useful Life Tables represent reasonable estimates of the expected life of the various components. If DCA receives substantial material to the effect that one or more of the estimates are inappropriate, DCA will make

adjustments. Until such changes are made, the Tables provide a useful and consistent standard for all Consultants to use. They avoid debate on what the appropriate expected life is and permit focus on the Consultant's judgment of the effective remaining life of the actual component in place, as discussed below.

C. Age

The Consultant should insert the actual age of the component or may insert "OR" for original. If the actual age is unknown, an estimate is acceptable. If there is a range in age (for example, components replaced over time), the Consultant may note the range (i.e., 5-7 years) or may use several lines for the same system, putting a different age of that system on each line.

D. Condition

This space is provided to indicate the condition of the component, generally excellent, good, fair, or poor, or a similar and consistent qualitative evaluation.

E. Effective Remaining Life

This space is provided for the Consultant to indicate the remaining life of the component as is. For standard components with standard maintenance, the Expected Useful Life Table provided by DCA could be used to determine Effective Remaining Life by deducting the Age from Expected Useful Life (EUL). However, this should not be done automatically. A component with unusually good original quality or exceptional maintenance could have a longer life. On the other hand, if the component has been poorly maintained or was of below standard original quality, the useful life could be shorter than expected. **The Consultant should apply his or her professional judgment in making a determination of the** Effective Remaining Life.

If the Effective Remaining Life is longer than the term of the loan or compliance period, plus five (5) years, no deferred maintenance exists, and no action needs to be taken during the life of the loan, and no other columns need to be filled out. The only exception may be "Diff?" (Difference), as discussed below. This should be noted when the Consultant's estimate of the Effective Remaining Life varies by more than two years from the standard estimate. If the Effective Remaining Life is less than five (5) years (or in the case of a major "big ticket" component the Effective Remaining Life is less than 15 years), the item must be included in the current work scope for immediate replacement.

F. "Diff?" (Difference)

The age of the component should be deducted from the Expected Useful Life (EUL) in parentheses and the answer compared to the Effective Remaining Life estimated by the Consultant. Where there is a difference of over two years, the Consultant should insert a footnote number in the "Diff?" column and provide, in an attached list of footnotes, a brief statement of why, in his or her judgment, the Effective Remaining Life of the component varies from the standard estimate. This approach provides consistency among Consultants while making best use of the Consultant's professional judgment.

G. Action

If any action is required -- immediately, over the life of the loan, or within three years thereafter -- the action should be recorded as **repair, replace or maintain**. Repair is used when only a part of an item requires action, such as the hydraulics and/or controls of a compactor. Replace is used when the entire item is to be replaced, Maintain is used where special, non-routine maintenance is required, such as the resurfacing of a swimming pool. In cases where repair or maintenance may be needed now, and replacement or further maintenance may be needed later, separate lines may be used to identify the separate actions and timing.

H. Now?

If the item involves a threat to the immediate health and safety of the residents, clearly affects curb appeal, will result in more serious problems if not corrected, or should otherwise be addressed as part of an immediate repair, maintenance or replacement program, this space should be checked. Replacements that may be needed in year one through year five, must be checked, *and must be included in the immediate work scope of the current application.*

I. DM (Deferred Maintenance)

The "DM" space is marked in any instances where current management practice is clearly inadequate and the Owner/Applicant's attention should be called to the item, even if no major expenditure or significant labor may be required.

J. Quantity

For items requiring action, the Consultant should note the quantity of the system, with the applicable unit of measure entered (each, unit, square feet, square yards, linear feet, lump sum, etc.).

K. Field Notes

This space, as well as attachments, may be used to record the type of component (16 cf, frost free, Hotpoint), the problem (valves leaking) or other information (consider replacement for marketing purposes, replace 30% per year, work in progress, etc.) that the Consultant will need to complete the Evaluator's Summary.

L. Sample Form

The following example from the Dwelling Unit systems and Conditions form illustrates how this form is properly used. The example presumes an eleven (11) story building containing one- and two-bedroom units. There are 100 units. The age of the building is 10 years. The term of the proposed loan is 10 years.

1. Countertop/sinks are 10 years old. (The entry could also be "OR"). Condition is excellent, with an Effective Remaining Life of 10 years. This is significantly different from the anticipated Effective Remaining Life of 0 (an EUL of 10 years minus an Age 10 years). Therefore, there is a footnote entry "0" in the Diff? (Difference) column. The footnote will indicate that this item is made of an exceptionally durable material (Corian), along with a top quality stainless steel sink. No capital need would be reported if the Consultant's estimate of an Effective Remaining Life of 10 years+ is beyond the term +5.

2. Refrigerators are also original, reported as 16 cf frost free Hotpoints. Replacement is expected around the Effective Remaining Life, noted as 20% annually and beginning in the 5th year of the loan when the refrigerators are 15 years old. In this case all refrigerators must be replaced as part of the current work scope.

3. Disposals range from new to original (Age = 0-10) 20 % per year replacements will be needed starting in year 1. The Consultant notes that disposals appear to be replaced as part of the development's normal maintenance operations. In this case all disposals must be replaced as part of the current work scope.

4. Bath fixtures are original, and in good condition. No replacement is expected to be required during the term +5 years. The note indicates that they are

"dated looking", which may prompt a market consideration for replacement or refinishing as is appropriate.

5. Ceiling is a special entry. The "04" stack of units has experienced water damage to ceiling from a major plumbing leak. This is noted for repair NOW. As this apparently occurs in all 10 units in this stack and therefore is likely to have more than a modest cost, this action would be reported on the Immediate Physical Needs summary form.

4.0 EVALUATOR'S SUMMARY FORMS

Two separate forms are used to summarize the Consultant's conclusions from the Systems and Conditions Forms. One summarizes Immediate Physical Needs and the other summarizes the Physical Needs Over 30 years.

A. Evaluator's Summary: Immediate Physical Needs

All of the items for which Now? is checked are transferred to this form. This form provides for the listing of Items, Quantity, Unit Cost and Total Cost of each. The Item and Quantity are transferred directly from the Systems and Conditions Form.

1. Unit cost:
   This is the cost per unit (sf, ea, lf, etc.) in current dollars to implement the required action. The source of the cost estimate should be listed in a separate attachment. The sources may include a third-party estimation service (e.g., R. S. Means: **Repair and Remodeling Cost Data**), actual bid or contract prices for the property, estimates from contractors or vendors, the Consultant's own cost files, or published supplier sources.
2. Total Cost:
   This is the result of multiplying the quantity times the unit cost. It is expressed in current year dollars.
3. DM (Deferred Maintenance):
   If the item evidences deferred maintenance, this column is checked.
4. Comments:
   The comments column, should clearly provide information on the location and the nature of problem being addressed. The information should be adequate for the owner to begin to implement the action for each item.

B. Evaluator's Summary: Physical Needs Over The Term

Those items not listed on the Immediate Physical Needs form, but for which action is anticipated during the term of the loan plus five years, are listed on this form. The Item and Quantity are transferred directly from the Systems and Conditions Form. The Unit Cost is calculated in the same manner as on the Immediate Physical Needs Form. Provide any necessary information on the location of action items and the problem being addressed for each item.

1. Cost by Year:

   The result of multiplying the quantity times the unit cost, in current dollars, is inserted in the column for the year in which the action is expected to take place. Generally, the Effective Remaining Life estimate provided by the Consultant on the Systems and Conditions will indicate the action year. For example, if the Consultant has indicated that the Effective Remaining Life of the parking lot paving is 4 years, the cost, in current dollars, is included in the immediate work scope

2. Total Uninflated:

   After inserting all of the appropriate action items, the Consultant should total the items for each year.

3. Total Inflated:

   The Consultant should multiply the Total Uninflated time the factor provided to produce the Total Inflated.

4. Total Inflated All Pages:

   The Consultant should include the Total Inflated Dollars for that page and all prior pages.

5. Cumulative Total All Pages:

   The Consultant should insert the Total Inflated Dollars of that year and all prior years.

C. Special Repair and Replacement Requirements

While performing a property inspection, the Consultant must be aware that certain building materials and construction practices may cause properties to experience (or to develop in a short time period) problems that can be corrected only with major repairs or replacements. If any of the following requirements are not met or if the Consultant determines that the following conditions (or others) are present, **the Consultant must contact the Owner/Applicant immediately to discuss the timing as well as the cost of the repairs or replacements**. Please refer to the Architectural Standards for further materials and replacement requirements which are noted throughout.

The Consultant should ensure that any of these conditions are thoroughly addressed in the Physical Needs Assessment. *These items should also be part of the immediate work scope contained in the application.*

1. Building Code Violations:
   Any code violation identified must be clearly and adequately addressed. Code violations must be categorized according to health and safety of any existing tenants, and must be the first items listed and remediated. This includes handrails, smoke detectors, compliance with current electrical and mechanical codes and state energy and accessibility code items.

2. Minimum Electrical Capacity:
   Each apartment unit must have sufficient electrical capacity (amperage) to handle the number of electrical circuits and their use within an apartment. Therefore, the Consultant must determine, based on referencing the National Electric Code as well as local building codes, to determine the minimum electrical service needed. In any event, that service must not be less than 60 amperes.

3. Electrical Circuit Overload Protection:
   All apartment unit circuits, as well as electrical circuits elsewhere in an apartment complex, must have circuit breakers as opposed to fuses as circuit overload protection.

4. Aluminum Wiring:
   In all cases where aluminum wiring runs from the panel to the outlets of a

unit, the Consultant's inspection should ascertain that the aluminum wiring connections (outlets, switches, appliances, etc.) are made to receptacles rated to accept aluminum wiring or that corrective repairs can be done immediately by the Owner/Applicant.

5. All components of the project, that have less than five (5) years Effective Remaining Life, must be replaced as part of the immediate construction work scope. Refer to the Expected Useful Life Table (EUL) which can be used to determine whether a component is in need of replacement. See the Qualified Allocation Plan and the Architectural Standards for life expectancy requirements for the completed property.
   - Roof Replacement: If 50% or more of the roof needs replacement, the entire roof must be replaced. The replacement should include roof structure, roof decking and underlayment as is necessary.
   - Plumbing/Electrical Systems: If 65% of the system needs replacement, the entire system must be replaced. This would include all piping for the plumbing system and all wiring for the electrical system.
   - Site sewer pipelines and site water pipelines that have less than five (5) years Effective Remaining Life or have been in place for more than 30 years must be investigated as part of the immediate work scope and either repaired or replaced. If more than 50% of the pipelines of either or both systems are identified as leaking or failed, the entire pipelines of whichever or both systems identified must be replaced.
   - HVAC: If there is less than five (5) years Effective Remaining Life in the major heating and cooling components or the major components do not meet applicable building codes, the entire system must be replaced. The duct system must be replaced as required to meet applicable codes.

6. <u>Fire Retardant Treated Plywood:</u>
   While performing the roof inspection, the Consultant should investigate whether there is any indication that fire-retardant treated plywood was used in the construction of the roof (primarily roof sheathing). This inspection should focus on sections of the roof that are subjected to the greatest amount of heat (e.g., areas that are not shaded or that are poorly ventilated) and, if possible, inspect the attic for signs of deteriorating fire-retardant treated plywood or plywood that is stamped with a fire rating.

Certain types of fire-retardant treated plywood rapidly deteriorate when exposed to excessive heat and humidity or may cause nails or other metal fasteners to corrode. Common signs of this condition include a darkening of the wood and the presence of a powder-like substance, warping of the roof and the curling of the shingles. Fire-retardant treated plywood is most likely to be in properties with pitched, shingled roofs that were constructed after 1981.

E. Narrative Conclusion and Attachments

A complete narrative summary of the property and its components is required. The Consultant should include a concise summary of the conclusions reached concerning the overall condition of the property, its future prospects, and the quality of the current maintenance program.

Any Building Code violations, or items affecting the health and safety of existing residents should be clearly flagged *and included in the immediate work scope and construction cost estimate.*

The summary should include a discussion of the sampling approach described above, and any market issues which the Consultant believes may be appropriate to address or noted by the Owner/Applicant. The narrative, the forms used and the attachments (footnotes explaining differences, information regarding sources of costs, and, if necessary, information needed to identify the location and type of problem addressed in the Evaluator's Summary: Physical Needs Over the Term) should be supplied to the Owner/Applicant and included in all applications for funding from DCA.

D. Construction Work Scope and Cost Estimate:

The immediate work scope based on the Physical Needs Assessment must be included in the Report with a construction cost estimate. This information must be prepared by the Consultant completing investigation and the Report. The immediate work scope must include all recommendations relating to the condition of the existing property.

The Applicant/Owner in association with the Architect/Engineer and Construction Company, must prepare a complete work scope and construction cost estimate for the property. This complete work scope must include the immediate work scope from the Report, a unit by unit breakdown of construction in the residential units and all upgrades to improve the property as indicated on the DCA Certification Forms.

PHYSICAL NEEDS ASSESSMENT

TERMS OF REFERENCE

Project: _____

Address(es): _____

Contact: _____ Telephone: _____

Family: _____

Title: _____ Elderly: _____

Age of Property		Elevator	Garden	Staked Flats	Town House	Other	Total
	# buildings by type						

Term of Loan		0 BR	1 BR	2 BR	3 BR	4 BR	5+ BR	Total
	# units							

SITE CONFIGURATION

SAMPLING EXPECTATION

MARKET ISSUES

	Item	Timing
Absolute:		
Possible:		

WORK IN PROGRESS

Item	Quantity	$s	% Complete	Comments

MANAGEMENT REPORTED REPLACEMENTS

Item	Quantity	$s	Date replaced	Comments

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Date _____ Page

SITE SYSTEMS AND CONDITIONS

Project: _____

Address(es): _____

ITEMS (EUL)		AGE	CONDITION	EFFECTIVE REMAINING LIFE	DIFF.	ACTION	NOW	DM	QUANTITY	FI
Roadway Parking	**(25)**									
Pedestrian Paving	**(15)**									
Site Lighting	**(25)**									
Water Lines	**(40)**									
Sanitary Lines	**(40)**									
Sanitary Treatment	**(40)**									
Landscaping	**(50+)**									
Fence	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									

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Date _____ Page

ARCHITECTURAL SYSTEMS AND CONDITIONS

Project: _____

Address(es): _____

ITEMS (EUL)		AGE	CONDITION	EFFECTIVE REMAINING LIFE	DIFF.	ACTION	NOW	DM	QUANTITY	FI
Slab	**(50+)**									
Stairs	**( )**									
Doors	**( )**									
Foundation	**(50+)**									
Exterior Walls	**( )**									
Exterior Walls	**( )**									
Windows - Frame	**(30)**									
Unit Balconies	**( )**									
Decks	**(20)**									
Roof Covering	**( )**									
Roof Drainage	**( )**									
Common Area Floors	**( )**									
Common Area Floors	**( )**									
Bldg. Mounted Lighting	**( )**									
Local HVAC	**( )**									
Kitchen Cabinets & Sink (common area)	**( )**									
Kitchen Appliances (common area)	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									

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Date _____ Page

DWELLING UNIT SYSTEMS AND CONDITIONS

Project: _____

Address(es): _____

ITEMS (EUL)		AGE	CONDITION	EFFECTIVE REMAINING LIFE	DIFF.	ACTION	NOW	DM	QUANTITY	FI
Entry Door	( )									
Floors	( )									
Floors	( )									
Kitchen Cabinets	( )									
Countertop & Sink	( )									
Range & Hood	( )									
Refrigerator	(15)									
Disposal	( )									
Dishwasher	( )									
Bath Fixtures	(20)									
Radiation	( )									
Air Conditioning	( )									
Buzzer & Intercom (in unit portion)	( )									
Unit Wiring	(50+)									
Smoke/Fire Detection	(10)									
Other	( )									
Other	( )									
Other	( )									
Other	( )									
Other	( )									
Other	( )									
Other	( )									
Other	( )									
Other	( )									
Other	( )									

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Date _____ Page

MECHANICAL AND ELECTRICAL SYSTEMS AND CONDITIONS

Project: _____

Address(es): _____

ITEMS (EUL)		AGE	CONDITION	EFFECTIVE REMAINING LIFE	DIFF.	ACTION	NOW	DM	QUANTITY	FI
Boiler	**( )**									
Boiler Peripherals	**( )**									
Boiler Rm Piping & Insulation	**( )**									
Heating Water Pumps	**( )**									
Domestic Hot Water	**( )**									
Domestic Hot Water Pumps	**( )**									
Hot Air Furnace, central	**( )**									
Heating Risers & Dist.	**(50+)**									
Central Air Conditioning	**( )**									
HVAC	**(15)**									
Hot & Cold Water Dist.	**(50)**									
Sanitary Waste & Vent	**(50+)**									
Building Power Wiring	**(50+)**									
Switchgear	**(50+)**									
Emergency Generator	**(35)**									
Smoke & Fire Detection	**(15)**									
Buzzer & Intercom System	**(15)**									
Elevators	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									
Other	**( )**									

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Date _____ Page

SYSTEMS AND CONDITIONS

Project: _____

Address(s): _____

ITEMS (EUL)	AGE	CONDITION	EFFECTIVE REMAINING LIFE	DIFF.	ACTION	NOW	DM	QUANTITY	FI
Other ( )									
Other ( )									
Other ( )									
Other ( )									
Other ( )									
Other ( )									
Other ( )									
Other ( )									
Other ( )									
Other ( )									
Other ( )									
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Other ( )									
Other ( )									
Other ( )									
Other ( )									
Other ( )									
Other ( )									

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PHYSICAL NEEDS ASSESSMENT

Date ___________ Page

EVALUATOR'S SUMMARY
Immediate Physical Needs

Project: ____________________

Address(es): ____________________

 # OF UNITS: __________ **# OF BUILDINGS:** __________

ITEM	QUANTITY	UNIT COST	TOTAL COST	DM	COMMENTS
		TOTAL			

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PHYSICAL NEEDS ASSESSMENT

Date __________ | Page

EVALUATOR'S SUMMARY

PHYSICAL NEEDS OVER THE TERM

MORTGAGE TERM: ____________
FAMILY: ____________
ELDERLY: ____________

Project: ____

Address(es): ____

# of Units: ________ # of Buildings: ________ AGE: _________

ITEM	QUANTITY	UNIT	COST BY YEAR					
		COST	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 16
TOTAL, UNINFLATED			100.00%	105.00%	110.25%	115.76%	121.55%	127.63%
Inflation Factor @ 5%								
TOTAL INFLATED								
TOTAL INFLATED-ALL PAGES								
CUMULATIVE TOTAL-ALL PAGES								

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PHYSICAL NEEDS ASSESSMENT

Date __________ Page

EVALUATOR'S SUMMARY

PHYSICAL NEEDS OVER THE TERM

MORTGAGE TERM: __________
FAMILY: __________
ELDERLY: __________

Project: __________

Address(es): __________

# of Units: ________ # of Buildings: ________ AGE: ________

ITEM	QUANTITY	UNIT	COST BY YEAR					
		COST	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15
TOTAL, UNINFLATED			155.13%	162.89%	171.03%	179.59%	188.58%	197.89%
Inflation Factor @ 5%								
TOTAL INFLATED								
TOTAL INFLATED-ALL PAGES								
CUMULATIVE TOTAL-ALL PAGES								

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EXPECTED USEFUL LIFE TABLE

SITE SYSTEMS 50+ = "long-lived" systems		FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Basketball Courts		15	25	
Built Improvements (playgrounds/site furniture)		20	20	
Catch Basin		40	40	
Cold Water and Sewer Lines		40	40	
Compactors		15	15	
DHW/Supply/Return		30	30	
Dumpsters		10	10	
Dumpster Enclosures		10	10	Fence only
Earthwork		50+	50+	
Electrical Distribution Center		40	40	
Emergency Generator		15	15	
Fencing				
	Chain Link	40	40	
	Wrought iron	50+	50+	
	Stockade	12	12	
	Post & Rail	25	25	
Gas Lines		40	40	
Heating Supply/Return		40	40	
Incinerators		50+	50+	
Irrigation Syatems		30	30	
Lift Station		50	50	
Mail Facilities		10	10	
Landscaping		50+	50+	
Parking				
	Asphalt	25	25	Resurface
	Gravel	15	15	Pave with asphalt or concrete
Pedestrian Paving				
	Bituminous	15	15	Resurface
	Concrete	30	30	Replace
Retaining Walls				
	Concrete	20	20	Fill cracks/repoint
	Masonry	15	15	Fill cracks/repoint
	Wood	15	15	Replace
	Stone	15	15	Fill cracks/repoint
Roadways				
	Asphalt (sealing)	5	5	Seal
	Asphalt	25	25	Resurface
	Gravel	15	15	Pave with asphalt or concrete
Sanitary Treatment		40	40	
Site Electrical Main		40	40	
Site Gas Main		40	40	
Site Lighting		25	25	
Site Power Distribution		40	40	

EXPECTED USEFUL LIFE TABLE

SITE SYSTEMS 50+ = "long-lived" systems		FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Site Sanitary Lines		40	40	
Site Sewer Main		40	40	
Site Water Main		40	40	
Storm Drain Lines		40	40	
Swimming Pool				
	Deck	15	15	Resurface
	Mech'l Equipment	10	10	
Tennis Courts		15	15	Resurface
Transformer		30	30	
Water Tower		50+	50+	

BUILDING ARCHITECTURE 50+ = "long-lived" systems		FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Appurtenant Structures				
	Porches	50	50	Paint @ 5 years
	Wood Decks	20	20	Paint @ 5 years
	Storage Sheds	30	30	Paint @ 5 years
	Greenhouses	50	50	
	Carports	40	40	
	Garages	50+	50+	
Basement Stairs		50+	50+	
Building Mtd. Exterior Lighting		10	10	
Building Mtd. HID Lighting		10	20	
Bulkheads		10	20	
Canopies				
	Wood/Metal	40	40	Replace
	Concrete	20	20	Re-roof
Ceilings, exterior or open		5	5	Paint
Chimney		25	25	Paint
Common Area Doors		50+	50+	
Common Area Floors				
	Ceramic/Tile/ Terrazzo	50+	50+	Replace
	Wood (Strip/Parquet)	30	30	Replace/sand & finish
	Resilient Floor (tile/sheet)	15	15	Replace
	Carpet	7	7	Replace
	Concrete	50+	50+	
Common Area Railings		20	20	
Common Area Ceilings				
	Concrete	50+	50+	Paint 5-8 years
	Acoustic Tile/DW/Plaster	10	10	Replace
Common Area Countertop/sink		20	20	

EXPECTED USEFUL LIFE TABLE

BUILDING ARCHITECTURE 50+ = "long-lived" systems		FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Common Area Dishwasher		15	15	
Common Area Disposal		5	5	
Common Area Walls		15	25	Paint 5-8yrs
Exterior Common Doors				
	Aluminum & Glass	30	30	Door Only
	Solid Core (wood or metal)	25	25	Door Only
	Automatic	15	30	Door & Mechanism
Exterior Stairs				
	Wood	10	20	Replace
	Filled metal pan	30	30	Replace
	Concrete	50+	50+	Replace
Exterior Unit Doors		10	15	Replace
Exterior Walls				
	Cementitious (mfgr) siding	20	20	Prep & Paint
	Brick or block	40	40	Repoint
	Stone veneer (brownstone)	20	20	Waterproof & Caulk
	Glass Block	15	15	Recaulk
	Granite block	40	40	Repoint
	Metal/glass curtainwall	10	10	Recaulk
	Precast Concrete panel	30	30	Recaulk
	Vinyl siding	10	15	Replace
	Wood siding/shingles	10	15	Prep & Paint/Stain
	Plywood/stucco	5	10	Prep & Paint/Stain
Fire escapes		40	40	Resecure
Foundations		50+	50+	
Hatches/Skylights				
	Access hatch	30	30	
	Smoke hatch/skylight	50+	50+	
Insulation/Wall		50+	50+	
Interior Lighting		15	25	
Interior Railings		15	20	
Kitchen Cabinets	(wood construction)	15	20	
Local HVAC				
	Electric fan coil	20	20	
	Electric heat/AC	15	15	
	Gas furnace/split DX AC	20	20	
	Heat pump w/suppl.electric	15	15	
	Heat pump water source	20	20	
	Hydronic fan coil	30	30	
	Hydronic heat/electric AC	20	20	
Mail Facilities		10	30	
Parapet Wall		50+	50+	
Penthouse		25	25	New Door & Pointing

EXPECTED USEFUL LIFE TABLE

BUILDING ARCHITECTURE 50+ = "long-lived" systems	FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Public Bathroom Accessories	7	7	
Public Bathroom Fixtures	15	15	
Radiation			
Hydronic (basebd or freestand)	50	50	
Electric Baseboard	25	25	
Electric Panel	20	20	
Roof Railings	10	10	Repaint
Refrigerator, common area	10	15	
Residential Galss Doors			
Sliding	10	15	
French	20	30	
Roof Covering			
Wood shingles	20	20	
Asphalt shingles	20	20	
Built up (BUR)	20	20	(Subject to Waiver)
Membrane	20	20	(Subject to Waiver)
Preformed metal	40	40	
Shingles (slate, tile, clay etc)	30	30	
Roof Drainage Exterior (gutter & fascia)	10	25	Replace
Roof Drainage Interior (drain covers)	30	30	Replace
Roof Structure	50+	50+	
Slab	50+	50+	
Service Doors	25	25	
Soffits			
Wood	5	5	Repair/Repaint
Aluminum or vinyl	10	15	Replace
Stair Structure	50+	50+	
Storm/Screen Doors	7	15	
Storm/Screen Windows	10	20	
Waterproofing Foundation	50+	50+	
Window Security	15	25	
Windows (frames & glazing)	20	30	
Wood Floor Framing	20	20	
Bath Accessories	10	15	
Bath Fixtures (sink, toilet, tub)	15	20	
Closet Doors	10	20	
Countertop & Sink	10	20	
Dishwasher	10	15	
Disposal	5	8	
Electric Fixtures	10	20	
Hallway Door	15	30	Door only
Heat Detectors	20	20	

EXPECTED USEFUL LIFE TABLE

DWELLING UNITS 50+ = "long-lived" systems		FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Interior Doors		15	30	Door only
Interior Stairs		30	30	
Kitchen Cabinets	(wood construction)	20	25	
Living Area Ceilings				
	Concrete	50+	50+	Replace (Paint 5-8yr)
	Acoustic Tile/DW/Plaster	10	20	
Living Area Floors				
	Ceramic/Tile/Terrazzo	20	30	Replace
	Wood (strip/parquet)	15	20	Replace part/refinish
	Resilient Flooring	10	15	Replace
	Carpet	7	10	Replace
	Concrete	50+	50+	Replace
Living Area Walls		20	30	Replace (Paint 5-8yr)
Local HVAC				
	Electric fan coil	20	20	
	Electric heat/AC	15	15	
	Evap. condensor (swamp coole	20	20	
	Gas furnace, split DX AC	20	20	
	Heat pump w/suppl. electric	15	15	
	Heat pump, water source	20	20	
	Hydronic fan coil	30	30	
	Hydronic heat/electric AC	20	20	
Range		15	20	
Rangehood		10	15	
Refrigerator		10	15	
Smoke/Fire Detectors		5	10	
Unit Air Conditioning		10	15	
Unit Electric Panel		50+	50+	
Unit Level Boiler		25	25	
Unit Buzzer/Intercom		20	30	
Unit Level DHW		10	10	
Unit Level Hot Air Furnace		25	25	
Unit Radiation				
	Hydronic or steam (baseboard or freestanding)	30	30	
	Electric Baseboard	25	25	
Unit Vent/Exhaust		15	15	
Unit Wiring		30	30	
Vanities	(wood construction)	10	20	
Window covering		3 (20yr)	3 (20yr)	Material/user specific

EXPECTED USEFUL LIFE TABLE

MECHANICAL/ELECTRICAL 50+ = "long-lived" systems	FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Central Unit Exhaust, roof mtd	15	15	
Chilled Water Distribution	50+	50+	
Chilling Plant	15	25	
Compactor	15	15	
Cooling Tower	25	25	
Electrical Switchgear	50+	50+	
Electrical Wiring	30	30	
Elevator, Controller, dispatcher	15	20	
Elevator, Cab	15	20	Rebuild interior
Elevator, Machinery	30	30	
Elevator, Shaftway Doors	20	30	Replace gibs & rollers
Elevator, Shaftways			
Hoist rails, cables, travelling	25	25	
Hydraulic piston & levelling	25	25	Resleeve piston
Emergency Alarm System			
Call Station	10	15	
Emergency Generator	35	35	
Emergency Lights	8	10	Battery operated
Evaporative Cooler	15	15	
Fire Pumps	20	20	Pump motor
Fire Suppression	50+	50+	Piping
Gas Distribution	50+	50+	Piping
Heat Sensors	15	15	
Heating Risers & Distribution	50+	50+	
Heating Water Controller	15	15	
Hot & Cold Water Distribution	50	50	
HVAC			
Cooling only	15	15	
Heat only	15	15	
Heating & Cooling	10	15	
Master TV System	10	10	
Outdoor Temperature Sensor	5	10	
Sanitary Waste & Vent System	50+	50+	
Sewage Ejectors	50	50	
Buzzer/Intercom, central panel	10	15	
Smoke & Fire Detection System, central panel	15	15	
Sump Pump			
Residential	7	7	Replace
Commercial	15	15	Replace motor
Water Softening & Filtration	15	15	
Water Tower	50+	50+	
Boiler Room Equipment			
Blowdown & Water Treatment	25	25	
Boiler Room Pipe Insulation	w/boiler	w/boiler	

EXPECTED USEFUL LIFE TABLE

MECHANICAL/ELECTRICAL 50+ = "long-lived" systems		FAMILY CONSTR.	ELDERLY CONSTR.	ACTION = REPLACE UNLESS NOTED
Boiler Room Piping		w/boiler	w/boiler	
Boiler Room Valves		15	15	Repack valves
Boiler Temperature Controls		w/boiler	w/boiler	
Boilers	Oil-fired, sectional	22	22	
	Gas/dual fuel, sectional	25	25	
	Oil/gas/dual fired, low MBH	30	30	
	Oil/gas/dual fired, high MBH	40	40	
	Gas fired atmospheric	25	25	
	Electric	20	20	
Building Heating Water Temperature Controls				
	Residential	12	12	
	Commercial	15	15	
Combustion Air	Duct w/fixed louvers	30	30	Replace
	Motor louver & duct	25	25	Replace motor
	Make-up air	25	25	Replace fan/preheater
Compressors		15	15	
Condensate & Feedwater				
	Feedwater only (hydronic)	10	10	
	Condensate & feedwater (stear	w/boiler	w/boiler	
DHW Circulating Pumps		by size	by size	
DHW Generation				
	Tank only, dedicated fuel	10	10	
	Exchanger in storage tank	15	15	
	Exchanger in boiler	15	15	
	External tankless	15	15	
	Instantaneous	10	10	
DHW Storage Tanks	Small (up to 150gals)	12	12	Replace
	Large (over 150gals)	7	7	Point Tank Lining
Domestic Cold Water Pumps		15	15	
Fire Supression		50+	50+	
Flue Exhaust		w/boiler	w/boiler	
Free Standing Chimney		50+	50+	
Fuel Oil Storage		25	25	
Fuel Transfer System		25	25	
Heat Exchanger		35	35	
Heating Water Circulating Pumps		by size	by size	
Line Dryers		15	15	
Motorized Valves		12	12	
Outdoor Temp Sensor		10	10	
Pneumatic lines & Controls		30	30	
Purchased Steam Supply Station		50+	50+	
Solar Hot Water		20	20	Replace collectr panels

3. ARCHITECTURAL SUBMITTAL INSTRUCTIONS

These guidelines are established as an aid to the applicant and the development team, detailing the necessary submissions, cost controls, scheduling, approvals and procedures to be used during development of the application. Disciplined adherence to these requirements, together with periodic consultation with DCA staff, is essential to ensure that scheduling deadlines are met and that a high quality project will result. All submittals are required to be on the most current standard forms issued by the American Institute of Architects (AIA).

I. SUMMARY OF SUBMITTAL REQUIREMENTS:

STEP 1: DUE WITH ALL COMPETITIVE & NON COMPETIVE APPLICATIONS FOR ALL DCA RESOURCES:

1. Location/vicinity map of the property within the community.
2. Conceptual Site Development Plan of the property. (See further explanation in section II of this document)
3. Site Information Form, Site Certification Form, Amenities Certification Forms (as applicable for the tenant base), Energy Certification Form, Property Design Certification Form and Accessibility Certification Form. These forms must be submitted with any documentation necessary to support the certification.
4. Environmental Site Assessment. (See environmental guide)
5. Physical Needs Assessment for all existing improvements on the property. (See Section 4 & 5 – Physical Needs Assessment Guide and Terms of Reference & Expected Useful Life Tables.)
6. Color photographs of the property and adjacent surrounding properties and structures, with location map. Aerial photographs are desirable and should be submitted whenever they are available. (Black and white photographs are not acceptable)
7. **NOTE:** For 4% LIHTC financed (non-competitive) properties only, additional architectural documents must be submitted **at the time of application,** in the form of either Design Development (Step 2) documents or Final Construction (Step 3) documents.

STEP 2: DUE WITHIN 90 DAYS OF NOTIFICATION OF FUNDING AWARD:

HOME and 9% competitive LIHTC funding sources – Two (2) sets of the following documents are required.

1. Design Development Documents

STEP 3: DUE BEFORE LOAN CLOSING:

HOME or other DCA Loan funding – Two (2) sets of the following are required.

1. Final Permit/Construction Documents

STEP 4: DUE BEFORE FINAL ALLOCATION OF RESOURCE:

4% financed and 9% competitive LIHTC –

1. Certificates of Occupancy
2. Substantial Construction Change Orders that would affect the final project profile. (Note: Any substantial project changes must be accompanied by documentation indicating DCA approval of such changes)
3. Final Permit/Construction Documents

II. STEP 1: ALL APPLICATION DOCUMENTATION:

All DCA funding Sources –

1. Location/Vicinity map of the property within the community. This map should indicate adjacent land uses, existing roads and/or streets and significant facilities such as schools, hospitals, retail, public transportation and recreation areas.
2. Conceptual Site Development Plan:

   (This plan is not intended to be a final site development plan, there is no requirement for an ALTA survey at this time.)

   The conceptual site development plan shall include the following information:

   - Easements existing on the property are to be indicated on the plan. (Information to be compiled from public records and other appropriate sources.)
   - Wetlands and floodplains are to be located with areas of disturbance indicated and calculated. (This information must be supported by the wetlands map and wetlands delineation report and floodplain map submitted in the Environmental Site Assessment Report. See Environmental Review Guide for DCA limitations on the development of wetlands and floodplains.)
   - Utilities (water, sanitary and storm sewers, electricity, gas and telephone) must be located and contact information included in the notes.
   - Use of all adjacent properties indicated both graphically and in written form.
   - All zoning setbacks and any other zoning restrictions for the subject property

to be graphically indicated. (See application instructions for the Tab location of the written zoning definitions and support documentation.)

- An indication of all structures, slabs, tanks and any other improvements existing on the property.
- An indication of any other features physical or otherwise that would affect the development of the subject property.
- The location of the proposed entrance access to the property and a layout of all buildings, roads and parking areas, amenities etc. must be indicated and;
- An indication of all areas of tree and vegetation preservation to support the Property Design Certification Form E.

3. Site Information Form , Site Certification Form, Amenities Certification Forms (as applicable for the tenant base), Energy Certification Form, Property Design Certification Form and Accessibility Certification Form. These forms must be submitted with any support documentation necessary to support the certification. The Certification Forms are required for all competitive and non competitive applications.
4. Environmental Site Assessment. (See Environmental Manual
5. Physical Needs Assessment for all existing improvements on the property. (See Physical Needs Assessment Guide, contained within this manual)
6. Color photographs of the property and adjacent surrounding properties and structures, with location map. Aerial photographs are desirable and should be submitted whenever they are available. (Black and white photographs are not acceptable)
7. <u>For 4% LIHTC Bond financed properties, additional architectural documents must be submitted in the form of either Design Development (Step 2) documents or Final Construction (Step 3) documents.</u>

Submission Required

Submit the number of copies as requested in the Application Instructions to DCA.

<u>III. STEP 2 - SUBMISSION WITHIN 90 DAYS OF NOTIFICATION OF</u> FUNDING AWARD: HOME and 9% competitive LIHTC funding sources –

Two (2) sets of the following documents.

GENERAL REQUIREMENTS:

A. Submissions

Each submission at Step 2 and Step 3, should include the following basic information:

i. The proposed number of buildings and dwelling units
ii. The apartment type distribution
iii. All other relevant requirements, as indicated in the Plan.

B. Drawings - Size and Scale

All drawings submitted to DCA must be in a format to ensure they are legible and represent a complete set of construction documents.

Suggested scales for the drawings are:

i. Site Plans: 1" = 20' (or as appropriate)
ii. Building plans, elevations, and sections: 1/8" = 1'
iii. Unit plans and other areas requiring more detail: 1/4"= 1'
iv. Details should be at a scale to adequately illustrate the requirements for construction.

C. Specifications

Construction specifications shall be prepared in accordance with Construction Specifications Institute (CSI) format. Either the "alpha-numeric" or "five-digit" identification systems will be acceptable.

D. Code Conformance

DCA requires conformance with all applicable codes, and the most restrictive code shall govern. Approval by the various state and local authorities (building, environment, plumbing, etc.) must be obtained and submitted to DCA. This requirement is applicable to rehabilitation projects as well as new construction.

E. Developer/Sponsor Approval - DCA Acceptance

All required documents and any revisions or applications thereto shall be subject to written approval of the Developer/Sponsor and DCA. Significant variations from approved documents shall be communicated to the Developer/Sponsor and DCA as soon as the extent and cost impact are known. Such variations shall not be incorporated without approval.

Approval or acceptance by DCA does not constitute a waiver of the Architect's or Engineer's responsibility for all required documents, nor does it constitute approval as measured by A/E standards. The approval herein is limited to DCA's agreement that the documents comply with DCA's program objectives.

At the time of submissions, the applicant must provide evidence that the proposed plans are in compliance with all applicable Federal, State and local building and accessibility laws, codes, ordinances, and regulations and provide a valid Architect's Certificate of License.

Design Development Documents include the following:

A. Contracts:

- Owner/Architect Agreement (HOME only)
- Owner/Contractor Agreement (HOME only)
- Contractor Qualification Statement (HOME only)
- Boundary Survey

B. Soils Boring Report: Include a complete log of subsurface conditions, location of plan of all borings made and including engineer recommendations for foundation and paving design and allowable soil bearings. (For all new construction.) Submission not required for 4% Bond financed projects and 9% LIHTC funded projects

C. Design Development Drawings:

This submission shall consist of a correlated set of documents that incorporate the development and refinement of the proposed and approved certified application to completely satisfy the scope and intent of the development. All design concepts, systems and materials must be sufficiently defined and graphically presented such that a detailed cost estimate can be made, and accurate construction bids may be obtained. All unusual items must be substantially developed to eliminate unknowns.

D. Submissions Required

Submit two copies of each required item to DCA.

1. Cover Sheet: The cover sheet shall include:

   All information as requested in the general requirements sections plus:

   a. Signature lines for Sponsor/Developer, Architect, G/C as to the authenticity of final plans; and
   b. Completed code review with all applicable codes listed for compliance including but not limited, to building, energy, and zoning; and
   c. Tabulation of units, square footage and all amenities that were certified in the application and are included in the final design; and
   d. Certification of adherence to all applicable Federal, State and DCA accessibility laws and requirements; and
   e. Certification by the architect that the documents meet all certifications included in the original application.

2. Site Plan(s):

   (The site plans are mandatory for all construction both new and rehabilitation) The site plan(s) should further define the building and road layout included in the application to an exact scale. Specific relationship of unit arrangement, relationship of structure to site, site grading, circulation, lighting, paving, screening, setbacks, parking, play areas, and recreation areas, should be communicated in this phase. Show new and existing contours, controlling grades, all surface features, adjacent drainage flow, inlet elevations, elevations of buildings and the relationship of buildings to existing or proposed roads. This drawing must be essentially complete so that accurate quantities and associated cost estimates can be obtained. It should include but not be limited to the following:

   a. Structures: location, shape, size, arrangements and groupings;
   b. Circulation: location and materials of vehicular and pedestrian routes, indicate access for the disabled, & locate units equipped for the disabled;
   c. Recreation: location and type of facilities (these amenities must support the original application); The accessible route through the property for handicapped accessibility must be clearly indicated.
   d. Parking: location, material, number of spaces, and parking ratio. Indicate parking spaces designated for the disabled;
   e. Grading: resolution of special and typical site drainage, general grading character, proposed and existing contours, including landscaping berms;
   f. Planting: the tree save areas must now be clearly indicated with details

for preservation of the individual trees and vegetation that supports the points allocated in the application;

g. Lighting: site lighting locations, character of such lighting and building lighting should be clearly defined;

h. Contract limit line, retaining walls (existing/required), fencing, detention/retention basins, etc., to illustrate extent of improvements intended for entire site; **Note: All retention/detention ponds must be fenced where there is a safety hazard to residents**; and

i. Existing and proposed contours at one foot intervals, including existing off-site contours adjacent to development to facilitate evaluation of off-site impact to the project.

j. Engineered site development plans are required as they are available at this time, but sufficient information must be submitted to indicate complete site development.

3. Site Utility Plan(s): indicate all utility systems on one drawing if the final drawing presents a clear representation. The scale shall be the same as the site plan to identify mutual relationships. The drawings must show the building(s), road, walks, etc. Show essentially complete development of the intended site utility systems, including inverts and sizes with, profiles and details. If substantial variations from schematic layout occur, local authority approval must be obtained. The site utility plan shall show:

   a. sanitary disposal system;
   b. storm water disposal system;
   c. domestic water supply system;
   d. electrical service;
   e. site lighting; and
   f. gas supply.

4. Landscape Plan(s): Show general treatment to be provided (i.e., grass area, planting area, sprinklers etc.). Indication of all existing vegetation and trees to be protected during construction. Accurate locations of all trees and other vegetation in specific areas to support the allocation of all landscaping points. Indicate direction of rainwater runoff from building downspouts. Sprinkler systems must be indicated where they are intended to be installed. This document must substantiate all certifications for the allocation of points in the

application.

5. Composite Floor Plans: - Scale not less than 1/8" = 1'-0"
   a. Show dimensions and functional arrangement of all areas including corridors and utility spaces, properly related to exterior accesses, vehicular parking, service areas, etc.
   b. These plans must include to all community buildings and facilities, and non-residential spaces.
   c. Overall dimensions must be indicated with a general layout of units with referencing to individual plans.
   d. Indicate accessible route of travel on first floor plans.

6. Composite Roof Plan: - Scale not less than 1/8" - 1'-0"
   a. This document is not required if all essential information is contained on the site plan or other drawing.
   b. Indicate roof ridges, valleys, intersections and roof overhangs and including roof slope and building outline.
   c. Indicate all mechanical equipment, vents, roof drains, gutters and downspouts, and any other roof mounted items.

7. Unit Floor Plans: - Scale not less than 1/4" = 1'-0"
   a. Separate floor plans of each unit type, including end units and identify with a number or letter with references to composite plan.
   b. All dimensions must be indicated including outdoor patios, terraces, porches or balconies, and all indoor wall locations and openings.
   c. Windows and exterior and interior door locations indicating swing must be indicated and must key to schedule.
   d. Indicate all permanently installed features and equipment, including kitchen appliances, cabinets, shelving, plumbing fixtures and mechanical equipment.
   e. Indicate units equipped for access for the disabled, and the modifications included for mobility, hearing and sight disabilities.

8. Elevations: - scale not less than 1/8" = 1'-0"
   a. Indicate design of all exterior views including courts and offsets.

b. Indicate the extent of all major exterior materials (the exterior materials must support the application for all points allocated in the design categories).

c. Indicate the existing and proposed grades at buildings.

d. Indicate floor lines and elevations.

e. Indicate gutters and downspouts, and show direction of rainwater runoff (**Note: gutters and downspouts are mandatory on all buildings, new and existing**)

f. Indicate windows, doors, openings, vents, louvers, utility meters and equipment.

g. Outline, depth below grade and stepping of building footings as applicable.

9. Building Sections: - Scale not less than 1/8" = 1'-0"

a. Show floor height, expansion joints, horizontal ceiling joints, vertical control joints, fenestration, suspended ceilings (if any), partitions and adaptations to finish grade.

b. Show materials, thickness, method of attachment and relation of fenestration to supporting columns or walls.

c. This section must be referenced to larger scale details.

10. Detail Sections: - Scale not less than 1/2" = 1'-0"

a. Indicate each common wall type, fire wall, typical exterior wall, bearing and non-bearing, complete from footing to roof deck.

b. Indicate size and spacing of all framing members, opening heights, sill and header conditions, roof overhangs, gutters and downspouts.

c. Indicate all interior and exterior finishes including roof and wall insulation. (Details must be included to support any points allocated for the structure to exceed Georgia Energy Codes.)

11. Construction Details:

(The details are optional at the design development stage, but must be submitted with the Step 3 documents as appropriate.)

a. Indicate interior Elevations (scale not less than 1/4" = 1'-0")

b. Indicate all built-in cabinets in kitchen and baths, any fireplace surrounds, built in shelving, and other fixtures.

c. Indicate stair details (scale not less than 1/2" = 1'-0")

d. Include plans, elevations and sections as required to indicate rise and run, dimension headroom, handrails, balusters and guardrails.

e. Indicate any special conditions as necessary to completely detail foundations, sills, walls, windows and doors, overhangs, roofs and projections.

f. Detail features for accessibility modifications to units and buildings as applicable.

g. Details to indicate that the structure exceeds Georgia Energy Codes, if points have been allocated.

12. Schedules:

(The schedules are optional at the design development stage, but must be submitted with the Step 3 documents as appropriate.)

a. Complete information on door and windows including size, type and frame details

b. Include interior treatments and finishes, including floors, base, wall ceiling and trim for all spaces.

13. Composite Foundations Plan– scale not less than 1/8"=1'-0":

a. Indicate foundation wall dimensions, offsets, heights.

b. Indicate location, sizes and connections of foundation drainage systems.

c. Indicate footing locations, sizes, and depths.

d. Indicate locations and sizes of pads, piers, and openings.

e. Indicate slab construction and thickness.

g. Indicate locations, sizes, spacing, and directions of reinforcing.

h. Include notes on drawing stating allowable soil pressure and required concrete and steel strengths, and other pertinent design information as appropriate.

14. Structural Framing Plans

a. Include plans and details for each floor level and roof construction if not adequately presented on foundation and unit floor plans.

b. Indicate the size and spacing of floor, wall, ceiling and roof framing.

c. Indicate the size and spacing of columns, piers and posts.

d. Indicate the size, type and construction of beams, headers, and lintels.

15. Structural Details:

(Details are optional at the design development stage, but must be included in the Step 3 documents as appropriate.)

Include details sufficient to allow completion of construction (scale not less than 1/2" = 1'-0").

16. Heating, Ventilation and Air Conditioning Drawings:

a. Include plans showing all floors and all utility rooms. Indicate location of all HVAC equipment, all major piping, and all duct runs in utility rooms (as applicable) and all floors. All major ducts must be sized. All unusual arrangements must be shown.

b. Include a plan showing the typical floor and/or apartment units indicating supply, exhaust and transfer duct systems, and the location of terminal heating units.

c. Include on architectural roof plan locations of roof-mounted equipment such as exhaust fans, cooling tower, etc. (as applicable).

d. Include at least a partially completed series of equipment schedules (as applicable) indicating all HVAC equipment by symbol designation, name and estimated size or capacity in BTU, GPM, gallons, etc. (**Note: heating and air conditioning is mandatory on all projects, both new and existing**).

e. Indicate all components and construction type that will support any points allocated for the equipment and structure to exceed the Georgia Energy Codes.

17. Plumbing Drawings:

a. Include plans showing all floors and all utility rooms. (as applicable). Pipe sizes should be included and the location of piping is necessary for coordination purposes. Indicate connections to the site utility piping and any non-standard piping arrangements.

b. Include plan and riser diagrams showing the typical floor and/or apartment units, specifically to show fixtures, sanitary and hot and cold water riser locations. Indicate fire standpipes and gas piping diagrams as applicable.

c. Provide a reasonably completed series of equipment schedules indicating

all plumbing equipment by symbol designations, name and estimated size or capacity, i.e., GPM, gallons, etc.

(Note: Private water wells or sewer systems are not allowed on any projects both new and existing)

18. Electrical Drawings:
    a. Include plans showing all floors and utility rooms as applicable. Indicate locations of all equipment associated with the electrical trade as defined in the specifications. Show intended location of all services and distribution wire, cable and duct runs. Sizes should be indicated. Indicate connection to the site system. Also indicate all unusual configurations.
    b. Include a plan showing the typical floor and/or apartment units indicating the electric power panel locations (show typical wiring, lighting, smoke detectors, thermostats, telephones, cable television, power outlet locations and all other components that are required to meet building and safety codes, for each apartment unit).
    f. Provide an electrical schedule indicating all lighting fixtures including site lighting and all other information required to meet building and safety codes.
    g. As applicable include all equipment and/or structure that indicates that the structure exceeds the Georgia Energy Codes.
    d. Provide the electric distribution and riser schematics as applicable to show the concept. (Sizes should be shown and all major electric equipment should be shown, i.e., generator, switch board, meter, riser to elevator, etc. as applicable.)
    e. Indicate the estimated size of the service equipment (switch board), main disconnect (i.e., 200 amperes).

E. Specifications:

Submit specifications in detail, including all divisions and sections of the work to be completed under the immediate work scope. The specification must indicate all materials that have been certified at exceeding DCA requirements where points were allocation in the application process.

F. Cost Estimate

A cost estimate must be prepared by the Contractor based upon a quantity take-off of

the design development documents, and must be sufficiently detailed so as to permit evaluation. The breakdown must be detailed by trade and follow the specification format. The Contractor must be willing to provide DCA with any additional information requested to verify construction estimating procedures to the satisfaction of the agency. The finalized cost estimate will follow industry standard procedures for development cost control.

G. Construction Schedule:

Submit an estimated construction schedule in bar graph form to indicate construction period, scheduling of trades and total construction period. This graph should indicate time in monthly increments, and the construction should be broken into trades. This schedule should be prepared by the contractor and approved by developer/sponsor prior to submission to DCA.

H. Renovation/Rehabilitation Requirements:

Contracts and other documentation as indicated above. The drawings package should accurately indicate all work to be completed on the property. Complete drawings and specifications are required for all rehabilitation proposals. The package should be similar to the requirements for new construction and must include detailed documentation of the structure to be rehabilitated, structurally modified and/or any new additions. DCA may consider a modification of the documentation package but the applicant must apply for a waiver of this requirement to DCA prior to application submittal.

The work scope must be written to augment the required drawings to indicate all work to be performed on a **unit by unit** basis. The written work scope must be enumerated on the per unit basis and must accurately indicate all work to be undertaken in every unit, every building interior and exterior and in every part of the property that is to be included in the completed project. Percentage estimates are insufficient for the purposes of the definition of either the work scope or the construction cost estimate.

All costs are to be verified and certification is to be provided that all building and safety codes, all abatement and all accessibility requirements have been incorporated in the construction documents and the final work scope.

Note:

a. Building Permits are required for all rehabilitation/renovation projects. In a jurisdiction where there is no permitting procedure, a letter from the governing jurisdiction must be submitted to show the review process has been followed and the construction proposals meet all applicable state and local building and planning codes.

b. Projects that have construction costs that exceed 75% or more of the replacement cost of the completed property are considered new construction by DCA. See Physical Needs Assessment Guide and Architectural Guide for more information.

IV. STEP 3 - DUE BEFORE LOAN CLOSING:
HOME and other DCA Loan Funding

GENERAL REQUIREMENTS:

A. Submissions

Each submission at Step 2 and Step 3, should include the following basic information:

ii. The proposed number of buildings and dwelling units

ii. The apartment type distribution

iii. All other relevant requirements, as indicated in the Plan.

B. Drawings - Size and Scale

All drawings submitted to DCA must be in a format to ensure they are legible and represent a complete set of construction documents.

Suggested scales for the drawings are:

i. Site Plans: 1" = 20’ (or as appropriate)

ii. Building plans, elevations, and sections: 1/8" = 1’

v. Unit plans and other areas requiring more detail: 1/4"= 1’

vi. Details should be at a scale to adequately illustrate the requirements .

C. Specifications

Final development specifications shall be prepared in accordance with Construction

Specifications Institute (CSI) format. Either the "alpha-numeric" or "five-digit" identification systems will be acceptable.

D. Code Conformance

DCA requires conformance with all applicable codes, and the most restrictive code shall govern. Approval by the various state and local authorities (building, environment, plumbing, etc.) must be obtained and submitted to DCA. This requirement is applicable to rehabilitation projects as well as new construction.

E. Developer/Sponsor Approval - DCA Acceptance

All required documents and any revisions or applications thereto shall be subject to written approval of the Developer/Sponsor and DCA. Significant variations from approved documents shall be communicated to the Developer/Sponsor and DCA as soon as the extent and cost impact are known. Such variations shall not be incorporated without approval.

Approval or acceptance by DCA does not constitute a waiver of the Architect's or Engineer's responsibility for all required documents, nor does it constitute approval as measured by A/E standards. The approval herein is limited to DCA's agreement that the documents comply with DCA's program objectives.

At the time of submissions, the applicant must provide evidence that the proposed plans are in compliance with all applicable Federal, State and local building and accessibility laws, codes, ordinances, and regulations and provide a valid Architect's Certificate of License.

Final Permit/Construction Documents

This submission of Contract Documents shall be consistent with the approved construction cost estimate, drawings and specifications established in the previous submissions. The documents submitted must be complete construction documents, setting forth in detail and describing thoroughly all of the work to be done during construction of the development. These requirements apply to both new construction and rehabilitation of existing properties.

Submission Required

Submit **two** copies of each required item to DCA

1. Drawings: The construction documents must include those which may be necessary to make this submission 100% complete. Any information not completed in previous documents, such as HVAC, plumbing and electrical panel schedules, shall be provided for this submission. These documents should be stamped for construction by the Local Building Authority. These documents must incorporate any revisions and requirements indicated in DCA architectural reviews.

2. Specifications: The final development specifications shall be tightly bound. Each page shall contain Development Number, page number, and division or subject identification.
   The following shall be included:
   a) Cover, with pertinent development data;
   b) Signature sheet;
   c) Index;
   d) General Conditions & Special Conditions (if applicable);
   e) Federal wage requirement, Davis Bacon, etc.; and
   f) Technical Specifications.

3. Utility Approvals. This submission must include specific written local and governmental approvals regarding all utilities and services and should include Building Permits for the development. Technical closing shall not occur without submission of all required approvals.

Following DCA acceptance of the complete set of Contract Documents, a formal Construction Loan Closing shall be held. In the event that the final documents are not one hundred (100%) complete, the required changes, additions and clarifying sketches shall be assembled into an Addendum, which shall become a part of the closing documents. The Addendum must be acceptable to DCA prior to actual closing, or shall be made part of the requirements for first draw from the construction loan. All Closing Requirements must be verified with DCA underwriters on an individual project basis.

Approvals

Submit local authority approval of site and site utility plan, if such approvals are

required. Submit local authority approval of all fire prevention procedures ie; installation of fire sprinklers, alarm systems, emergency lighting etc.

V. STEP 4: FINAL COMMITMENT OF RESOURCE: 4% LIHTC Bond financed projects and 9% LIHTC -

Submit one copy of each required item to DCA

1. Certificates of Occupancy: Prior to issuance of Final Allocation for Low Income Housing Tax Credits (LIHTC), Certificates of Occupancy must be submitted. In a jurisdiction where Certificates of Occupancy are not issued, a letter from the Local Authority indicating the property meets all State and Local building and fire codes.
2. Construction Change Orders: A copy of all Change Orders that materially affected the final property development. (Note: Any substantial project changes must be accompanied by documentation indicating DCA approval of such changes)
3. Final Construction Drawings and Specifications: These drawings should accurately reflect the profile of the project as is has been constructed.

DCA reserves the right to inspect all properties prior to issuance of Final Allocation of 4% and 9% Low Income Housing Tax Credits (LIHTC). Any outstanding items of non-compliance with building codes, accessibility codes and DCA requirements must be corrected prior to issuance of Final Allocation for the Low Income Housing Tax Credits.

E. ENVIRONMENTAL MANUAL

This manual contains the following:

- **Environmental Site Assessment Standards and Reporting Requirements**
- **Environmental Forms**
    1. **E-1 Applicant/Engineer Environmental Certification**
    2. **E-2 Owner Environmental Questionnaire and Disclosure Statement**
    3. **E-3 Property Log and Information Checklist**
    4. **E-4 Project HOME Environmental Documentation**

Environmental Site Assessments Standards and Reporting Requirements

The Georgia Department of Community Affairs ("DCA") requires site-specific environmental assessment for all development proposals being considered for funding with 9% Tax Credits, 4% Tax Credits and/or HOME Loans. At a minimum, DCA requires a Phase I Environmental Site Assessment ("Phase I"), in accordance with, but not limited to, standards developed by the American Society for Testing and Materials ("ASTM") and set forth in the current ASTM Designation: E 1527, "Standard Practice for Environmental Site Assessments, Phase I Site Assessment Process." In addition, for projects requesting HOME funds, the Environmental Consultant must complete the Environmental Documentation (Form E - 4) for HOME funding. This form can be found in the Forms Section at the end of these standards.

I. Overview of Phase I and Phase II Requirements

Although ASTM standards are only guidelines, DCA **REQUIRES** the consultant to follow ASTM standards in conducting Phase I Environmental Site Assessments. In addition, DCA has additional requirements which exceed the ASTM requirements. Some of these requirements are referred to in Section 12 of the ASTM practice guide as "non-

scope considerations." DCA's additional requirements include, but are not limited to, asbestos, mold, lead-based paint, lead in drinking water, radon, PCBs, floodplains and wetlands (hereinafter referred to as "non-scope issues"). When DCA requirements are more stringent than the ASTM standards, DCA requirements take precedence.

The Phase I serves as a screening process designed to identify environmental concerns, recognized environmental conditions (as that term is defined in the ASTM Standards) and non-scope issues which may potentially impact the subject property, while the Phase II Environmental Site Investigation ("Phase II") is intended to further address any issues raised by the Phase I. While the Phase I review is generally a screening process, DCA requires certain testing during a Phase I which exceed the ASTM requirements.

The Phase I must be conducted in a manner consistent with "all appropriate inquiry into previous ownership and use of the property consistent with good commercial or customary practice."[1] Applicants must use diligence when evaluating the property and surrounding areas that may impact the property and should make "appropriate inquiry" to learn their true condition. Applicants must become familiar with local health, safety, and environmental laws governing the property. Developers/Owners should disclose their knowledge of actual or suspected environmental concerns in accordance with ASTM standards and are strongly encouraged to contact DCA if unusual or questionable conditions exist before they submit their formal application to DCA.

II. Environmental Assessment Requirements

a. Phase I Requirements

1. The Phase I Report **must** be in the format specified in section V: Required Format for Phase I Report, included in these standards. Phase I Reports which deviate from this format will not be accepted. Note that the Applicant in the competitive round may have points deducted the points score if the proper format is not followed.

[1] 42 U.S.C. § 9601 (35)(B)(2001).

2. The Phase I must substantially comply with the terms and provisions of the "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process," ASTM Standard E 1527-00 or any updated version promulgated by ASTM (the "ASTM Standards"). The applicant should submit two complete duplicate originals of the Phase I Report.
3. The Phase I, including the records review, site reconnaissance, interviews, and reporting, must be performed under the supervision of, and signed by, an Environmental Consultant. DCA defines an Environmental Consultant as a Professional Engineer ("P.E.") or a Professional Geologist ("P.G.") who is licensed to practice engineering or geology, respectively, in the State of Georgia. The P.E. or P.G. must be an employee or principal of the environmental consulting firm retained to complete the environmental assessment. The Environmental Consultant must have at least five (5) years of experience conducting and/or reviewing environmental assessments. The Phase I must contain resume(s) which describe the qualifications of all personnel involved with the Phase I environmental site assessment in Section 2.3 of the Phase I Report. DCA requires the Environmental Consultant employed by the consulting firm to review and sign both the Phase I and Phase II reports and any amendments thereto as well as the DCA Environmental Certification Form (Form E - 1). The Environmental Consultant cannot be affiliated with the developer/owner, or a buyer or seller of the property, or a firm engaged in any business that might present a conflict of interest or give the appearance of a conflict of interest.
4. The Phase I Report must include, in Appendix A, a "Site Map" that shows (a) an area large enough to display the relative location of the site in its orientation to adjacent properties and facilities, (b) environmental concerns where applicable, and (c) direction (established or presumed) of groundwater flow.
5. The Phase I Report must include a comprehensive historical review of the subject property. To meet this requirement, the Phase I must clearly document a chain of title and a historical records review which, when reviewed in their entirety, clearly show a history of previous uses of the property back to 1940 or the property's obvious first developed use, whichever is earlier. In addition, the Environmental Consultant must comment on the results of this review, and give a professional opinion as to any

potential environmental risks and/or recognized environmental conditions associated with the findings.

6. The Phase I Report must be fewer than six months old at the time of Formal Application submittal. The date of the Phase I Report shall be clearly placed on the cover page of the Phase I Report. The date of the site reconnaissance shall be specified in Section 5.0 of the Phase I Report. The Phase I Report must be prepared within a reasonable time following the site reconnaissance, not to exceed thirty (30) days, unless waived by DCA at its sole discretion.
7. If an updated Phase I report is necessary because the original Phase I report is more than six months old at the time of Application submission, then the updated Phase I must detail the new reconnaissance with updated photos, update all regulatory reviews including federal and state lists, include all original materials and updates, and provide a professional opinion addressing all conditions (changed and unchanged) to the site.
8. The environmental consultant must address previous environmental site assessments (Phase I and/or Phase II) that were performed for the subject property in Section 5.2.5 of the Phase I Report, and include the available previous Reports in Appendix I of the Phase I Report.
9. The Phase I Report must (a) include explanations regarding all supporting data and test results and (b) reflect all of the environmental consultant's investigations and findings and contain an executive summary setting forth clearly written conclusions and recommendations. The Phase I Report must also contain a statement that the current ASTM standard was used in completing the Phase I and must state the version number.
10. Any deviations from DCA Environmental Site Assessment Standards, or ASTM Standards, or any limitations of the Phase I environmental site assessment must be described in Section 2.4 of the Phase I Report.
11. All references (e.g., reports, maps, telephone interviews) used to complete the Phase I Report must be listed in Section 8.0 of the Report. Copies of all applicable maps must be included in the Phase I Report in Appendix A.

12. The Environmental Consultant must field-verify the distance to any facilities identified in any of the standard environmental record sources (as set forth in Section 7.2 of ASTM E 1527-00) during the performance of the Phase I environmental site assessment, and Consultant must document such verification in Sections 5.3 and 5.4 of the Report.
13. If a Phase I Report recommends a Phase II Environmental Site Investigation, the Applicant is **strongly** encouraged to submit the Phase I Report, a **draft of the proposed** Phase II scope of work and the Site Map (discussed above) before Application submission but no later than March 15, 2005. This proposed Phase II scope of work must: (1) identifying the recognized environmental conditions, suspected environmental concerns, and/or non-scope issues; (2) specifying the locations of any proposed monitoring wells and/or soil borings; (3) specifying the number of samples and depth of samples; and (4) specifying the test methods and analytical methodology to DCA before performing the Phase II work. <u>If the Applicant does not submit a draft of the proposed Phase II scope of work and the Site Map to DCA, or if the Phase II work has already been completed, DCA may, at it sole discretion, require additional testing and analysis prior to completing the threshold review of the application</u>. The proposed Phase II scope of work should be submitted to the attention of the OAH Staff Architect. DCA will review the proposed scope of work and issue its concurrence, or include additional work scope items that will satisfy the threshold requirements. All Phase II work must be completed and included in the Phase I Site Assessment Report.
14. The environmental consultant opinion must be included in the Phase I Report, as discussed in Section E below.

b. Non-Scope Issues

The Phase I Report must also address and discuss the following issues:

1. Wetlands

(a) The environmental consultant must determine if any portion of the subject property is or may be considered wetlands based upon (1) a review of the U.S. Fish and Wildlife Service National Wetlands Inventory ("NWI") maps; (2) the

site reconnaissance; and (3) any other available relevant resources (including, but not limited to, the USGS topographic map for the subject property). The presence of wetland areas or any potential wetland areas on the property must be clearly shown on the Site Map, and the environmental consultant must provide a wetlands delineation to verify the existence of wetlands and determine the extent. A copy of the NWI map and USGS topographic map along with the delineation report for the subject property must be included in Appendix A of the Phase I Report.

(b) In no event will any project be accepted for any DCA funding or approved for tax credits (including HOME funds) that will disturb more than one-tenth of an acre of wetlands on the subject property (or on any adjacent property where disturbing wetlands is necessary to gain access to the subject property).

(c) For HOME funded projects, if any portion is within the wetlands or proposed construction and landscaping activities disturb the wetland, then the Environmental Documentation for HOME Funding (Form E - 4) must be provided to DCA at Application Submission, including evidence that the Wetland Management eight-step process has been followed as set forth in 24 CFR 55.20 (Executive Order 11990). Documentation from the environmental consultant regarding direct and indirect impacts associated with constructing the project on or near a wetland, proposed mitigation and/or alternatives must also be included.

(a) State Waters

The environmental consultant must identify any State Waters located on the subject property and the extent of any applicable buffer areas around any such State Waters. State Waters are defined as any and all rivers, streams, creeks, branches, lakes, reservoirs, ponds, drainage systems, springs, wells, and other bodies of surface or subsurface water, natural or artificial, lying within or forming a part of the boundaries of the state, which are not entirely confined and retained completely upon the property of a single individual, partnership, or corporation. The applicant must also determine if any local government with jurisdiction over the subject property has enacted an ordinance requiring an additional buffer area more extensive than that

required by state law. The location and extent of any State Waters, along with any required buffers thereto must be shown on the Site Map. In no event will any project be accepted for any DCA funding or approved for tax credits (including HOME funds) that contemplates any land-disturbing activity in any required buffer area without an appropriate variance or exemption. The Environmental Consultant must identify and discuss these issues in Section 3.2.2 of the Phase I Report.

2. Water Leaks/Mold

Consultant must identify any visible water leaks or mold in or on any on-site structures or improvements that will not be demolished or replaced. Consultant must examine (1) ventilation systems in structures that will not be demolished, and (2) areas behind walls, under floors, or above ceilings when such areas are readily accessible and complete any other investigation or testing as may be required by either EPA or HUD mold guidelines.. Consultant must state whether any such areas were readily accessible during the site reconnaissance, and discuss all findings of the visual inspection in Section 5.1.17 of the Phase I Report. Upon reviewing 5.1.17 of the Phase I Report, DCA may require further investigation and/or testing at its sole discretion.

3. Floodplains/Floodways

(a) The environmental consultant must review the Federal Emergency Management Agency ("FEMA") National Flood Insurance Maps to determine if any part of the subject property is considered to be located in a 100-yr floodplain/floodway. The presence of floodplain/floodway areas on the property must be clearly defined and supported by the appropriate FEMA map(s). A copy of the FEMA map(s) for the subject property must be included in Appendix A of the Phase I Report for all project applications, whether or not there is a 100-yr floodplain/floodway identified on the subject property. In all circumstances, the Applicant must document any mitigation required by applicable laws for impacts to existing floodplains or floodways planned for development.

(b) In no event will any project be accepted for funding that will place buildings in a 100 year floodplain/floodway unless the following requirements are met:

(1) Tax Credit Rehabilitation Projects: Any property within the 100 year floodplain/floodway where the existing buildings are located in the 100-yr floodplain/floodway,may be eligible for funding if the following documentation is provided at the time of Application submission.

- The Environment Consultant must document all areas of floodplain/floodway with a FEMA map for the areas in which the site islocated. The proposed site for redevelopment must be located on the map.
- The Environmental Consultant must provide evidence that the elevation of the lowest existing floor is 6" above the FEMA designated floodplain/floodway elevation. This documentation should be in the form of a land survey or other appropriate documentation indicating the location of existing buildings, elevation of existing FEMA floodplain/floodway and the elevation of lowest floor level in existing buildings.

(2) Other Projects: No tax credit new construction project or HOME funded new construction or rehabilitation project will be approved if the buildings are placed in a 100 yr FEMA designated floodplain or floodway unless the property will be reclassified out of the 100 year floodplain/floodway for those areas where buildings will be placed prior to completion. The Environmental Consultant must document the reclassification by providing a copy of:

- An approval letter from the city or county in which the floodplain/floodway is located for the proposed reclassification of the property.
- An appropriate Conditional Letter of Reclassification from FEMA at the time of Application Submission, along with a written commitment by the Applicant to provide the materials listed in © below to DCA upon completion of the project (but no later than the completion of the cost certification process);
- A Final Letter of Reclassification from FEMA, along with materials used to obtain the same (including, but not limited to, an elevation certificate prepared and certified by an authorized individual, and signed by a local government official where required). The Final Letter must be provided prior to cost certification process or conversion whichever is first to occur. In all

circumstances, the Engineer must document any mitigation required by applicable law for impacts to existing flood plains or floodways planned for development.

(3) HOME Projects: In addition to the requirements listed for (2) Other Projects above, the following must also be met:

- The Environmental Documentation for Projects Applying for HOME Funds (Form E - 4), must be provided to DCA at the time of Application submission.
- Where construction and landscaping activities occupy or modify the floodplain/floodway, Documentation for HOME Funding must include evidence that the eight-step Floodplain Management process has been followed as mandated by 24 CFR 55.20 (Executive Order 11988).
- Documentation from the environmental consultant regarding direct and indirect impacts associated with constructing the project on or near a floodplain/floodway, proposed mitigation and/or alternatives.

- HOME-funded projects may require flood insurance. Such insurance must be in the form as required by the US Department of Housing and Urban Development.

4. Public and Historic Records Review

In addition to those standard environmental record sources which must be reviewed pursuant to ASTM E 1527, the environmental consultant must review the following: (1) FINDS List; (2) TRI List; and (3) "Non-HSI" List (a.k.a. State HSRA Notification Files within 1 Mile). The environmental consultant must use the most current version of each database available. The Non-HSI List must be no older than three (3) months.

5. Radon Gas

If the development to be funded or approved for tax credits or HOME funding, involves the renovation or use of an existing structure, a radon test must be performed to determine radon gas levels. A radon test must be performed unless an EPA approved short-term radon test has been performed in the lowest public areas of the building(s) within the last six months which demonstrated radon levels at or below 4 pci/l or 0.02 WL. A copy of the Radon Report should be attached to the Phase I

Report. If the development to be funded involves new construction, the building(s) must be constructed in accordance with current EPA requirements for radon resistant construction techniques, including, but not limited to, *Radon Resistant Construction Techniques for New Residential Construction: Technical Guidance,* February 1991, EPA 625-291-032 (available from NSCEP by calling (800) 490-9198) and *Model Standards and Techniques for Control of Radon in New Residential Buildings,* March 1994, EPA 402-R-94-009 (available at http://www.epa.govemment/iaq/radon/pubs/newconst.html). Testing at the completion of construction will be required. Applicants must also discuss the designation of the property as depicted on the 1993 EPA Map of Radon Zones and include the Radon map in the Report.

6. Asbestos

DCA requires that an asbestos survey should be performed on all buildings scheduled for demolition or renovation regardless of when they were constructed. Georgia Law requires that the Environmental Consultant presume that asbestos is present in structures constructed prior to 1980. Therefore if, any structure or improvement was constructed before 1980, and there is suspect or presumed asbestos-containing-materials ("ACM") as defined by OSHA regulations, then representative sampling is required to confirm the presence and extent of any such ACM. However, such sampling is not necessary if a comprehensive asbestos survey has been performed on or after January 1, 1986 by a Georgia licensed asbestos professional and has been reviewed by the environmental consultant. The environmental consultant must note the condition of the materials originally suspected to contain asbestos. All asbestos related assessments, testing and remedial action programs must be in compliance with state and federal law and current EPA guidelines, including, but not limited to, *Guidance for Controlling Asbestos Containing Materials in Buildings,* June 1985, EPA 560/5-85-024 (a.k.a. the "Purple Book") (available from the TSCA Hotline (202) 554-0551 or NTIS (703) 487-4650). All O&M plans must be in conformance with current EPA guidelines, including, but not limited to, *Managing Asbestos in Place: A Building Owner's Guide to Operations and Maintenance Programs for Asbestos Containing Materials,* July 1990, EPA 20T-2003 (a.k.a. the "Green Book")

(available from the TSCA Hotline (202) 554-0551 or NTIS (703) 487-4650). The demolition or renovation of any improvement must be completed in accordance with all applicable laws and regulations. DCA requires friable ACM to be remediated by removal or encapsulation. In addition, an Operations and Maintenance ("O&M") Plan will be required for any encapsulated friable ACM or any non-friable ACM that will remain in any improvement. Refer to the DCA O&M Guidance Plan, in the Operation Requirements Section of the DCA Application Manual for more information about the requirements for an O&M Plan.

7. Lead-Based Paint

The following lead-based paint assessment activities are required when any current or former structure located on the subject property was constructed before 1972:

(a) Where such structures are present on the subject property and are not planned for demolition, lead paint sampling is required of both the interior and exterior of the building using EPA and/or HUD approved testing methods and procedures. Such sampling is not required if the structure has a valid certificate of compliance under applicable lead-based paint laws. If any lead-based paint is detected, then Phase II soil sampling for total lead is required.

(b) Where such structures are present on the subject property and are planned for demolition, Phase II soil sampling for total lead is required unless (1) no lead paint is discovered upon sampling both the interior and exterior of the building (using EPA and/or HUD approved testing methods and procedures) or (2) the structure has a valid certificate of compliance under applicable lead-based paint laws. This additional testing may be a condition of funding if demolition does not occur by the time of Application. DCA reserves the right to require additional remediation if the additional Phase II testing determines that unacceptable levels of lead are present in the soil after demolition.

(c) Where such structures have been demolished, Phase II soil sampling for total lead is required, unless waived by DCA at its sole discretion.

Prior to conducting any Phase II soil sampling, applicants are strongly encouraged to submit a proposed Phase II scope of work in accordance with Section II(a)13 above.

If the Applicant does not submit a proposed Phase II scope of work and the Site Map to DCA for DCA's prior review, or if the Phase II soil sampling has already been completed, DCA may, at it sole discretion, require additional testing and analysis prior to completing the threshold review of the application.

Any lead-based paint in excess of applicable standards must be remediated in accordance with applicable laws and regulations. An O&M Plan is required for any lead-based paint remaining in place. In addition, any lead-based paint inspections and abatement must be completed in accordance with the Georgia Rules for Lead-Based Paint Abatement, Certification and Accreditation. Refer to the O&M Guidance PLan in the Operations Section of the DCA Application Manual for more information on O&M Plan requirements.

8. Lead in Drinking Water

Where a local utility currently provides or may provide drinking water to the property, the Environmental Consultant must review and provide in the Phase I Report the most current information documenting the local utility's compliance or non-compliance with current EPA standards for lead in drinking water. The Environmental Consultant must also conduct a visual assessment of the plumbing system(s) in any buildings that will not be demolished to determine the risk of lead in drinking water from lead solder in pipes. If the Environmental Consultant's review and/or visual assessment suggest a risk of lead in drinking water at the property, testing must be performed at the tap in accordance with the EPA publication *Lead in Drinking Water in Schools and Non-Residential Buildings*, EPA 812-B-94-002, April 1994. If the buildings are more than 25 years old the systems must be tested for lead in drinking water according to the guidelines referenced above. If lead is detected in the drinking water, remediation is required accordance with applicable laws and regulations.

9. PCBs

If there are any transformers or other electrical equipment observed on or adjacent to the property that could contain polychlorinated biphenyls ("PCBs"), documentation must be submitted to indicate the condition of this electrical equipment. Ownership

of and responsibility for the electrical equipment must be determined along with a statement as to whether or not the equipment contains PCBs.

10. Photographs

The developer/owner must take photographs to document the state of the property and include the photographs in Appendix B of the Phase I Report. The photographs should be taken both inside structures and around the grounds (including adjacent sites). The photos should be clearly dated and labeled with a site description of the view presented.

11. Other Hazards and Considerations

Other hazards or considerations could include the presence of urea formaldehyde in existing structures, existing septic tanks or wells on the property, or the absence of the availability of a municipal water or sewer system to the property. Any such items should be discussed in the Phase I Report. Note: Municipal water and sewer service must be available as required by the Appendix I Threshold Criteria.

c. Required Documentation:

The following documents must be included in the Phase I Report:

1. The Applicant/Engineer Environmental Certification (Form E-1) must be completed and signed. This form can be found within the Forms Section at the end of the environmental site assessment standards.
2. The completed Owner Environmental Questionnaire & Disclosure Statement (Form E-2). This application document must be completed and signed by the owner of the property. The Owner Environmental Questionnaire & Disclosure Statement must then be forwarded to the environmental consultant to be reviewed and attached to the Phase I Report (the form can be found within the Forms Section at the end of the environmental site assessment standards). This form must be completed by the owner of record of the proposed development site, and must be signed and notarized in the spaces provided no earlier than 90 days prior to Application Submission.
3. The completed Phase I Documentation: Property Log and Information Checklist (Form E-3). This application document must be attached to the Phase I Report. This

document must be prepared by the environmental consultant and all entries must be fully documented and explained in the Phase I Report.

4. The completed HOME Documentation (Form E-4) for all projects requesting HOME funding. (the form can be found within the forms section at the end of the environmental site assessment standards).
5. Proof of insurance in specified amounts listing GHFA as an additional insured on the general commercial liability policy and giving the proper cancellation period.
6. Comprehensive historical review per DCA standards.
7. The environmental consulting firm which performed the Phase I (and Phase II, if required) must submit, as part of its Phase I Report, three letters of reference attesting to the firm's prior work. At least one of the references should be from a real estate firm or law firm that used the environmental consulting firm to support a real property transaction.

d. Phase II Requirements

The purpose of the Phase II is typically to determine the presence or absence of recognized environmental condition(s), suspected environmental concern(s), or non-scope issue(s), or to quantify the extent of an actual or suspected release. Consequently, the Phase II need only extend to those investigations that are necessary to resolve the recognized environmental conditions, suspected environmental concerns, or non-scope issues, or to quantify the extent of the release. Accordingly, the Phase II may require additional information gathering and/or physical sampling, if appropriate. If the Phase I Report documents a recognized environmental condition, suspected environmental concern or non-scope issue, a Phase II Environmental Site Investigation is required in all but the most exceptional circumstances and must be completed as part of the Application submission. If clear and convincing evidence exists that a property is not impacted by a potential recognized environmental condition, suspected environmental concern, or non-scope issue, then DCA at its sole discretion may waive the requirement for a Phase II for that issue.

The Phase II must include thorough documentation of the methods utilized to conduct sampling and research. Good management practices and regulatory standards must be followed at all times, especially where physical sampling and laboratory analysis is

involved. Groundwater sampling activities must comply with current Georgia Environmental Protection Division standards and policies.

1. If a Phase I Report recommends a Phase II Environmental Site Investigation, the completed Phase II report must be submitted with the Phase I report at the time of application submission. However, the Applicant is **strongly** encouraged to submit the Phase I Report, a proposed Phase II scope of work and the Site Map (discussed above) before Application Submission and no later than March 15, 2005. This proposed Phase II must: (1) identify the recognized environmental conditions, suspected environmental concerns, and/or non-scope issues; (2) specifying the locations of any proposed monitoring wells and/or soil borings; (3) specifying the number of samples and depth of samples; and (4) specifying the test methods and analytical methodology to DCA for DCA's prior review before performing the Phase II work. If the Applicant does not submit a proposed Phase II scope of work and the Site Map to DCA for DCA's prior review, or if the Phase II work has already been completed, DCA may, at it sole discretion, require additional testing and analysis prior to completing the threshold review of the application. Phase II scope of work should be submitted to the attention of the OAH Staff Architect.
2. The Phase II Report must include the Site Map showing the location and depth of all soil borings/samples and groundwater monitoring wells.
3. The Phase II Report must summarize in a table and/or figure format, all soil (including sample depth) and/or groundwater analytical data from the current environmental site assessment and any previous environmental site assessments. This summary must include all applicable state and federal notification and/or cleanup standards.
4. Any Phase II environmental site assessment must be performed under the supervision of, and signed by, an Environmental Consultantl. If the Environmental Consultant supervising and signing the Phase II Report is not the same as in the Phase I Report, the qualifications of such personnel should be described in the Phase II Report.
5. The Environmental Consultant must utilize a photo-ionization detector ("PID") to analyze the likely presence of volatile organic compounds in any soil borings or

samples taken during the performance of any Phase II, and the environmental consultant must discuss the results of the analysis in the Phase II Report.

6. The Phase II Report must include an estimate of costs for any necessary environmental remediation and must be certified by the Environmental Consultant. This cost estimate must be included in the development cost estimates.
7. The Phase II Report must be clearly dated and not less than six months old at the time of formal application submittal and must reflect all of the Environmental Consultant's investigations and findings, and clear recommendations. Appropriate documentation (e.g., records review data or research, photographs, interview notes, any analytical results, etc.) that supports the findings and opinions in the Phase II Report must be included. Thorough explanations regarding all analytical data, test results, conclusions, along with interpretations and recommendations and professional opinion must be included in the Phase II Report.
8. The Environmental Consultant must require any laboratory submitting analytical results relating to a project to provide the following stipulation in the report:

   I stipulate that **[name of laboratory]** is accredited by **[name of accrediting agency]** and has been assigned **[accreditation number]**. The accreditation relates to **[media - e.g., air, drinking water, hazardous waste]**. The effective date of accreditation is **[date]** and expires on **[date]**. I further certify that the sample(s) for which this data is being submitted has been handled pursuant to the appropriate chain of custody.

   (b) Signed by: _____

   Date: _____

9. For any groundwater testing of metals, turbidity measurements must be performed in the field. If a turbidity is greater than 5 Nephelometric Turbidity Units ("NTUs"), both filtered and non-filtered analysis should be run.
10. The Phase II Report must contain a copy of the soil boring logs showing the depth of groundwater.

11. The Phase II Report must contain the professional opinion of the Environmental Consultant as discussed Section 11(e) below.
12. The Phase II Report must be certified with the Environmental Certification (Form 1), as required for the Phase I Report.

e. Professional Opinion

1. Primary Requirements: In any Phase I Report, the Environmental Consultant must provide a professional opinion as to (a) the existence or non-existence of any recognized environmental conditions, suspected environmental concerns, and/or non-scope issues; (b) whether the property has known contamination or is at risk for contamination from any recognized environmental conditions, suspected environmental concerns and/or non-scope issues; and (c) whether further environmental assessment activities are necessary. In any Phase II Report, the Environmental Consultant must provide a professional opinion as to (a) whether the property is contaminated and (b) whether the contamination is from an on-site or off-site recognized environmental condition, suspected environmental concern, and/or non-scope issue.
2. Additional Requirements: In any Phase I or Phase II where onsite or offsite contamination is known or has been determined, the Environmental Consultant must provide a professional opinion as to: (a) whether any regulatory reporting or cleanup obligations are triggered; (b) whether any onsite or offsite contamination at or in close proximity to the subject property poses a hazard to human health and safety or the environment; (c) whether the subject property is likely to be listed on the Georgia Hazardous Site Inventory ("HSI") or otherwise become part of an HSI site based on any documented soil and/or groundwater contamination; and (d) whether the project would exacerbate any existing contamination, upon reviewing the site plans.
3. Restrictions/Limitations: The Phase I and/or Phase II Report(s) providing the Environmental Consultant's professional opinion must not contain: (a)

any language eliminating or disclaiming the liability of the Environmental Consultant or their firm, or (b) any language eliminating or modifying the Environmental Consultant's duties, obligations, or statement of work. The report must not state that it is exclusively for the use of the party who hired the Environmental Consultant or that there is no accountability, obligation or liability to any third party.

f. Insurance Requirements

The environmental consultant must carry insurance which provides full coverage for all work performed. The Environmental Consultant must maintain insurance policies covering all of the following types of insurance in the greater of either the following amounts of coverage or the amounts of coverage that the environmental consultant typically carries:

a. Commercial General Liability insurance, total combined single limits of $1,000,000.00 per occurrence and $2,000,000.00 in the aggregate;

b. Professional Errors and Omissions Insurance <u>including pollution liability</u> with limits of $1,000,000.00 each claim and $1,000,000.00 in the aggregate with coverage extended to include third party liability for death, bodily injury, diminution of value of property and property damage. Pollution liability coverage must be clearly delineated on the insurance certificate.

The Georgia Housing and Finance Authority (GHFA) must be named as an additional insured on the commercial general liability insurance. In addition, GHFA must also be listed as a certificate holder on all policies. The insurance should be documented on an Acord 25 certificate. Such insurance, including any deductible or self-insured retention, shall by its terms be primary with respect to any insurance carried by the Applicant or any parent, subsidiary, or affiliated entities. For such policies written on a claims-made basis, the environmental consultant must maintain such coverage for a period of at least two (2) years following the completion of the final Phase I and/or Phase II Reports. The environmental consultant must promptly notify DCA/GHFA of any changes made to the insurance policies required by this Section. Upon written request of DCA/GHFA, the Environmental Consultant must promptly deliver copies of policies evidencing the

insurance coverages required by this Section (f) to DCA/GHFA. All required insurance shall be underwritten by an insurance carrier acceptable to DCA/GHFA and with an AM Best rating of not less than A-. Such insurance policies are to provide that the insurer must give DCA/GHFA at least thirty (30) days prior written notice of cancellation/termination/material change, and to provide that no action by the insured shall invalidate or diminish the insurance or bond(s) provided to DCA/GHFA. Proof of insurance must be included in Appendix K to the Phase I report.

III. DCA Evaluation and Conclusions

DCA conducts an independent review of the environmental materials submitted with an application. Any environmental concerns or issues identified (e.g., soil or groundwater contamination) in the Phase I or Phase II review must be addressed in accordance with these Standards. In addition, DCA will routinely conduct an independent review of publicly available information regarding the environmental condition of a property. DCA may require additional assessment of a property, including but not limited to, file review and Phase II sampling. Environmental issues with the potential to impact the subject property which are not satisfactorily identified by the Environmental Consultant and are later identified by DCA can be grounds for failing the threshold review. Issues that cannot be resolved, or which present or may present a risk to the health or safety of persons or to the environment, and/or that present an unacceptable degree of lender and/or owner liability will be grounds for site rejection. Such decisions will be made at DCA's sole discretion. Increasingly, applicable law requires environmental remediation and repair work to be performed and documented according to strict regulatory standards. If proper documentation does not exist to substantiate remedial work performed prior to the commencement of the Phase I, then limited confirmatory testing or a Phase II may be required.

Upon review of the completed Phase I and/or Phase II reports, DCA, at its sole discretion, may impose additional assessments and/or environmental actions as a requirement for, or condition of, a funding commitment or tax credit allocation. Properties with recognized environmental conditions, potential environmental concerns, or non-scope issues that are not satisfactorily addressed by Phase II testing are unlikely to pass the threshold review

or be approved for funding or tax credits. DCA reserves the right to refuse to fund or to withdraw funding from a project in which environmental hazards are discovered subsequent to DCA's completion of its threshold review. However, at DCA's discretion, applicants may be given the opportunity to develop an Operations and Maintenance Plan ("O&M Plan") with respect to certain known, suspected, or potential environmental hazards which are discovered during the Phase I and/or Phase II reviews. This option may be exercised when HUD and/or EPA regulations allow the environmental hazard to remain at the site.

IV. Operations and Maintenance Plans

Some properties may have conditions that are currently acceptable but must be maintained or confirmed throughout the compliance or affordability period or the life of the loan whichever is greater with an ongoing O&M Plan. Examples may include the presence of ACM, lead-based paint, or underground storage tanks. The following documentation will be necessary for properties that require ongoing operations and maintenance:

1. A written O&M Plan must be submitted to DCA by the developer/owner no later than at the completion of any remedial actions required. An Environmental Consultant must prepare and certify that the provisions, if carried out with diligence, are sufficient to maintain the property in accordance with the DCA O & M Guidance Plan, sound business practices, and any other applicable regulatory standards. DCA will review the O & M Plan and determine if it meets the standards set forth in the DCA O & M Guidance Plan. The developer/owner must execute a written agreement with DCA which recognizes the developer/owner's obligation to carry out the O & M Plan including, if applicable, preparing documentation necessary to demonstrate compliance. At its discretion, DCA may require additional O & M Plan provisions.
2. The developer/owner must send to DCA written certification on an annual basis which certifies the property is being maintained in accordance with any applicable O & M Plans, environmental laws and regulations. The developer/owner must make an on-site inspection and inquiry before making the certification. The scope of the certification should include both the buildings and grounds, and cover the activities of

the developer/owner, tenants, sub-lessees, their agents and any other third parties. These certifications must specifically address the ongoing effectiveness and adequacy of all current remedial and maintenance actions. Such certifications must be included as part of the annual Physical Inspection Report submitted to DCA.

3. In addition, an inspection and confirmation must be made immediately following the occurrence of events which might reasonably be expected to impact the environmental condition of the property or the efficacy of prescribed remedial or maintenance actions. Such events would include, but are not limited to fire, flood, building construction or rehabilitation, spills or leaks of hazardous wastes or substances, unusual or intense use of property facilities, and/or significant changes in custodial or management personnel.
4. If the developer/owner is unable to confirm that the property is being maintained in accordance with any applicable O & M Plans, environmental laws, and regulations, the developer/owner must take any and all remedial and maintenance actions necessary to correct these conditions. The developer/owner must promptly confirm in writing to DCA the environmental status of the property immediately following implementation of any remedial actions.
5. The developer/owner must report to DCA and the appropriate local, state, or federal authority all known violations of applicable environmental statutes and state laws on the property. In addition, the developer/owner must take all necessary actions to ensure that all violations are promptly corrected and that the property is brought back to and maintained in full compliance with appropriate environmental statutes and good management practices.

V. Required Format for Phase I Report

1.0 EXECUTIVE SUMMARY

- 1.1 Location
- 1.2 Environmental Concerns and Conclusions
- 1.2.1 On-Site
- 1.2.2 Off-Site
- 1.3 Recommendations
- 1.3.1 On-Site
- 1.3.2 Off-Site

2.0 INTRODUCTION

- 2.1 Background
- 2.2 Procedures
- 2.3 Qualifications of Personnel
- 2.4 Limitations
- 2.5 Signature of Qualified PE or PG as to Report

3.0 SITE SETTING

- 3.1 General Description
- 3.2 Hydrogeology
  - 3.2.1 Geologic Setting
  - 3.2.2 Surface Drainage/Surface Waters
  - 3.2.3 Flood plains/Floodways
  - 3.2.4 Groundwater
- 3.3 Wetlands
- 3.4 Flood Plain

4.0 REGULATORY INFORMATION

- 4.1 Agency Data Review
- 4.2 Agency Contacts

5.0 SITE INFORMATION AND USE

- 5.1 Current Site Use
  - 5.1.1 Storage Tanks
  - 5.1.2 Hazardous and Petroleum Products Containers/Drums

5.1.3 Heating and Cooling

5.1.4 Solid Waste

5.1.5 Sewage Disposal/Septic Tanks

5.1.6 Hydraulic Equipment

5.1.7 Contracted Maintenance Services

5.1.8 Electrical Transformers/PCBs

5.1.9 Water Supply and Wells

5.1.10 Drains and Sumps

5.1.11 Pits, Ponds, Lagoons

5.1.12 Surface Waters/State Waters

5.1.13 Stressed Vegetation

5.1.14 Odors

5.1.15 Utilities

5.1.16 Chemical Use

5.1.17 Water Leaks/Mold

5.1.18 Asbestos

5.1.19 Lead-Based Paint

5.1.20 Radon

5.1.21 Lead in Drinking Water

5.1.22 PCBs

5.2 Past Site Use

5.2.1 Deed Research

5.2.2 Aerial Photographs and Topographic Maps

5.2.3 Sanborn Fire Insurance Maps

5.2.4 City Directories

5.2.5 Previous Environmental Studies

5.2.6 Interviews and Contacts

5.3 Current Surrounding Land Use

5.3.1 North

5.3.2 East

5.3.3 South

5.3.4 West

5.4 Past Surrounding Land Use

5.4.1 North

5.4.2 East

5.4.3 South

5.4.4 West

6.0 ENVIRONMENTAL CONCERNS

6.1 On-Site

6.2 Off-Site

7.0 CONCLUSIONS & RECOMMENDATIONS

7.1 On-Site

7.2 Off-Site

8.0 LETTERS OF REFERENCE

9.0 OWNER ENVIRONMENTAL QUESTIONNAIRE & DISCLOSURE STATEMENT (FORM E-2)

10.0 PHASE I DOCUMENTATION: PROPERTY LOG AND INFORMATION CHECKLIST (FORM E-3)

APPENDIX A – MAPS/FIGURES

APPENDIX B – PHOTOGRAPHS
APPENDIX C – REGULATORY SEARCH INFORMATION
APPENDIX D – RECORD OF COMMUNICATIONS
APPENDIX E – ENVIRONMENTAL CERTIFICATION (FORM E-1)
APPENDIX F – COMPREHENSIVE HISTORICAL REVIEW
APPENDIX G - PHASE II REPORT
APPENDIX H - HOME ENVIRONMENTAL DOCUMENTATION (FORM E-4)
APPENDIX I – PREVIOUS ENVIRONMENTAL REPORTS
APPENDIX J – QUALIFICATIONS OF PERSONNEL
APPENDIX K – PROOF OF INSURANCE

VI. Common Errors or Omissions

This checklist reflects items commonly omitted or problematic with the Phase I Environmental Site Assessments. Since this checklist is not intended to be a comprehensive checklist of all items required for a DCA approved Phase I Environmental Site Assessment, please read the Environmental Guide thoroughly before submitting a Phase I report to DCA.

Common Errors or Omissions Include:

- Report Date (missing, outdated)
- Signature of the Environmental Consultant certifying that he/she has reviewed the Report
- Environmental Consultant's resume, qualifications, letters of reference
- Environmental Certification Form (Form E-1)
- Proof of insurance in specified amounts on appropriate certification forms; GHFA listed on the certificate as a certificate holder and as an additional insured for the commercial general liability policy
- Owner Environmental Questionnaire and Disclosure Statement (Form E-2)
- Phase I Environmental Review Documentation (Form E-3)
- HOME Documentation for all projects applying for HOME funds. (Form E- 4)
- Professional Opinion and Recommendations on all matters observed on the subject site and or surrounding sites.
- Use of Disclaimer language
- Comprehensive historical review per DCA standards
- Interviews - names, titles
- Property inspection, date, observations
- Geological investigation
- Floodplain investigation
- Wetlands investigation
- Location map indicating groundwater flow

- Photographs must be dated and photography summary must include observations and environmental impact.
- Map locating all sites identified in Regulatory Review

FINDS	Federal CERCLIS/CERCLIS NFRAP
RCRA TSD	RCRA Generators
NPL	ERNS
TRI	UST
State LUST	HSRA (a.k.a. non-HSI)
HSI	Spills List
SWS	RCRA CORRACTS

- Discussion of each property identified in database and rationale for determining whether or not it is a recognized environmental condition
- Radon site classification for new construction; Radon testing in buildings for rehabilitation
- Survey of mold conditions in buildings for rehabilitation
- Asbestos sampling/survey
- Lead Based Paint sampling
- Lead in Drinking Water documentation

VII. Glossary of Terms and Acronyms

HSRA	Georgia Hazardous Site Response Act [O.C.G.A. Section 12-8-90 et seq.]
HSI	Hazardous Site Inventory
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980 [42 U.S.C. Section 9601 et seq.], as amended by the Superfund Amendment and Reauthorization Act of 1986
CERCLIS	Comprehensive Environmental Response, Compensation and Liability Information System
CERCLIS NFRAP	CERCLIS—no further remedial action planned
EPCRA	Emergency Planning and Community Right to Know Act of 1986 [43 U.S.C. Section 11001 et seq.]
EPD	Georgia Department of Natural Resources, Environmental Protection Division
ERNS	Emergency Response Notification System [40 CFR Parts 300, 370, and 372]
FINDS	Facility Index System [40 CFR Section 6901 et seq.]
LUST	Leaking Underground Storage Tank Act
NPL	National Priorities List [42 U.S.C. Section 9605]
RCRA	Solid Waste Disposal Act as Amended by Resource Conservation and Recovery Act [42 U.S.C. Section 6901 et seq.]
RCRA CORRACTS	RCRA corrective action database
RCRIS	Resource Conservation and Recovery Information System
SARA	Superfund Amendments and Reauthorization Act of 1986
TRI	Toxics Release Inventory

APPLICANT/ENGINEER ENVIRONMENTAL CERTIFICATION

Project Name: _____

Project Location: _____

The undersigned being first duly sworn on oath do certify to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the statements contained in this certification are true and correct. The undersigned also acknowledge that deviations from the requirements contained in the certification could result in scoring deductions.

1. The Phase I Report for the above referenced project has been prepared in the DCA required format.

2. The Phase I report and/or update was performed under the supervision of a Professional Engineer (PE) or a Professional Geologist (P.G.) (hereinafter referred to as an Environmental Consultant) who has five years experience in conducting and/or reviewing assessments.

3. The Environmental Consultant is not affiliated with the Owner/developer or a buyer or seller of the project.

4. The Phase I report and/or update was prepared subsequent to November 15, 2004 and within 30 days of the site reconnaissance.

5. The Georgia Housing and Finance Authority (GHFA) has the right to rely upon the Phase I and/or Phase II report prepared for the property.

6. The Phase I Report was prepared in accordance with current ASTM and DCA standards.

7. The Environmental Consultant employed by the consulting firm has reviewed and signed both the Phase I and Phase II (if applicable) and any amendments and updates thereto.

8. The Environmental Consultant has included a comprehensive historical review of the subject property back to 1940 or the property's first developed use, whichever is earlier.

9. The Phase I includes the professional opinion of the Environmental Consultant as to any potential environmental risks and/or recognized environmental conditions associated with the comprehensive historical review.

10. The Environmental Consultant has the following insurance:

    Commercial General Liability Insurance, total combined single limits of $1,000,000.00 per occurrence and $2,000,000.00 in the aggregate;

    Professional Errors and Omissions Insurance including pollution liability with limits of $1,000,000.00 each claim and $1,000,000.00 in the aggregate with coverage extended to include third party liability for death, bodily injury, diminution of value of property and property damage;

11. The Georgia Housing and Finance Authority (GHFA) has been named as an additional insured and certificate holder on the Accord 25 form for the commercial liability insurance policy.

12. The Owner Environmental Questionnaire & Disclosure Statement has been completed by the current Owner of the property and included in the Phase I report.

13. The completed Phase I Documentation: DCA Property Log and Information Checklist has been completed by the Environmental Consultant and included in the Phase I.

_____
Applicant Signature

Date: _____

_____
Environmental Consultant Signature

Date:_____

OWNER ENVIRONMENTAL QUESTIONNAIRE
& DISCLOSURE STATEMENT

The checklist **MUST** be completed and signed by the current property owner, notarized in the spaces indicated and submitted with the application. The Owner must supply and attach evidence of ownership of the property, i.e., a deed. In preparing this document, the property owner must make a good faith effort to correctly answer all questions in this checklist. Care should be taken to check the answers against whatever records are in the owner's possession. If any of the following questions are answered in the affirmative, or if answers are unknown and/or qualified, the environmental consultant must determine whether further inquiry is warranted. The property owner must fully document the reason for any affirmative answer, and provide the environmental consultant with all appropriate supporting information.

Purchaser: _____

(Phone) _____

Owner/seller: _____

(Phone) _____

Subject property: _____

(Phone) _____

QUESTIONNAIRE - PART A:

1. Land use: Is the property, or any adjacent property, used for commercial, industrial or manufacturing purposes including, but not limited to. dry cleaners and gas stations? Adjacent properties include those that border the site and include properties across the street from the site.

   __Yes __No __Don't Know Please describe:

   Provide the name and describe the type of business operating at the property:

   Name and type of business operating at the adjacent property to the **north:**

   south:

   east:

   west:

2. Has the property or any adjacent property been used in the past for commercial, industrial or manufacturing purposes including, but not limited to, dry cleaners and gasoline stations?

__Yes __No __Don't Know Please describe:

Owner: Date(s)

Current Use of property:

Previous use of property:

Previous use of property to **north:**

south:

east:

west:

3. Are there any pesticides, automotive or industrial batteries, paints or other chemicals stored on the property or at the facility?

__Yes __No __Don't Know (If yes, please describe)

4. Are there currently any plastics or metal industrial drums (ranging from 5 to 55-gallons) located on the property or at the facility, or were there in the past?

__Yes __No __Don't Know (If yes, please describe)

5. How and where were items identified in Questions #3 & #4 disposed of (and if you do not know all the specifics, provide names and present employers of people who might be able to provide additional information)?

6. Has fill dirt ever been brought onto the site?

__Yes __No __Don't Know (If yes, please describe)

7. Have any substances identified as hazardous, unidentified waste materials, tires, automotive or industrial batteries or any other waste materials, including construction debris, been dumped above grade, buried and/or burned on the site (where and what disposal took place)?

__Yes __No __Don't Know (If yes, please describe)

8. Is there any obviously stained soil, or other evidence of past waste disposal on the property (where)?

__Yes __No __Don't Know (If yes, please describe)

9. a) Are there any above or underground storage tanks located on the property now (Identify location)?

__Yes __No __Don't Know (If yes, please describe)

b) Are the existing storage tanks empty, out of service, or closed? (If 'yes' provide information on when, give the name of the contractor used, and provide a copy of any report generated).

__Yes __No __Don't Know (If yes, please describe)

c) Have any tanks been removed? (If 'yes' provide information on when, give the name of the contractor used, and provide a copy of any report generated).

__Yes __No __Don't Know (If yes, please describe)

10. Provide names and addresses and telephone numbers of any prospective buyers in the past that may have conducted an environmental assessment of the subject property. Provide the name, address and telephone number of **your** Lender on this property. Attach any past environmental reports you have, or provide information on how to locate a copy of the report(s) if you do not have them.

11. Does the property discharge waste water (other than storm water) directly to a ditch or stream on or adjacent to the property?

__Yes __No __Don't Know (If yes, please describe)

12. Is the property located near or in an area where conventional fuels (e.g., petroleum products) hazardous gases, (e.g. propane) or chemicals (e.g. benzene or hexane) of a flammable nature are stored?

__Yes __No __Don't Know (If yes, please describe)

13. Have there been any health complaints related to the indoor or outdoor air at the property or any building located on the property?

__Yes __No __Don't Know (If yes, please describe)

14. Does the owner of the property or operator of the facility have any knowledge of environmental liens or governmental notification (including information requests) relating to violations or potential violations of environmental laws with respect to the property or any facility located on the property?

__Yes __No __Don't Know (If yes, please describe)

15. Has the owner of the property or operator of the facility been informed of the presence of hazardous substances or environmental violations with respect to the property or any facility located on the property?

__Yes __No __Don't Know (If yes, please describe)

16. Are you aware of any environmental assessment of the property that indicated the presence of hazardous substances or petroleum products on, in, at, or under the site?

__Yes __No __Don't Know (If yes, please describe)

17. Are you aware of any environmental assessment of the subject property that has recommended further assessment or testing of the property?

__Yes __No __Don't Know (If yes, please describe)

18. Are there any past, current, or pending lawsuits or administrative proceedings for alleged damages related to environmental issues or problems involving the property or any owner or tenant of the property?

__Yes __No __Don't Know (If yes, please describe)

19. Have pesticides, herbicides or other agricultural chemicals ever been stored, mixed on or applied to the property?

__Yes __No __Don't Know (If yes, please describe)

QUESTIONNAIRE - PART B:

1. Are there any structures on the site more than fifty (50) years old, or located in a designated historic district? If yes, please describe & submit photographs of all interior rooms and exterior facades. Include a copy of the proposed rehabilitation work scope and a location map.

   __Yes __No __Don't Know

2. Is the site located in a 100-year floodplain?

   Copy the portion of floodplain map indicating the site location. Attach a copy of the Flood Plain Map and include panel number on the copy.

   __Yes __No __Don't Know (If yes, please describe below.)

3. Does the site have the potential to affect or be affected by?

		Yes	No
a.	Coastal Areas Protection and Management	___	___
b.	Runway Clear Zones & Accident Potential Zones	___	___
c.	Endangered Species	___	___
d.	Farmland Protection	___	___
e.	Compatibility with Local Codes, Plans and Zoning	___	___
f.	Wetlands Designated land	___	___
g.	Thermal & Explosive Hazards	___	___
h.	Toxic Chemicals & Radioactive Materials	___	___
i.	Solid Waste Management	___	___
j.	Local Zoning Plans Compatibility	___	___

(If yes, please describe.)

4. Is the site within 1000 feet of a major road/highway/freeway?

__Yes* __No * (If yes, the following information must be completed. Much of it can be obtained through the City/County Highway or Transportation Department)

- What is the name of the major road/highway/freeway? _____
- List the distance of any stop sign (not a traffic signal) that is less than 600 feet from the site _____
- What is the average speed of travel on this major road/highway/freeway? _____
- List the average number of automobiles for both directions during a 24-hour day _____
- List the average number of trucks for both directions during a 24-hour day _____

5. Is the site within 3000 feet of a railroad?

__Yes* __No * (If yes, the following information must be completed. Much of it can be obtained by contacting the Supervisor of Customer Relations and/or the Engineering Department for the railway)

- What is the name of the railway operating on this line? _____
- List the average number of trains for both directions during a 24-hour day _____
- List the average number of diesel locomotives per train _____
- List the average number of railway cars per train _____
- List the average train speed _____
- Is the track welded or bolted? _____
- Is the site near a grade crossing that requires prolonged use of the train's horn? __Yes __No
- If yes, how far from the grade crossing are the whistle posts located? _____

6. Is the site within 15 miles of a military airport?

__Yes* __No * (If yes, please attach a copy of the airport's current noise contour information. This information is available for almost all military airports and can be obtained by contacting the Military Agency in Charge of Airport Operations. If noise contours are not available, please obtain the following information)

- List the average number of nighttime jet operations (10 p.m.-7 a.m.)

  _____

- List the average number of daytime jet operations (7 a.m. – 10 p.m.)

  _____

- List the flight paths of the major runways

  _____

7. Is the site within 5 miles of a private/commercial airport or airfield?

__Yes* __No * (If yes, please attach a copy of the airport's current noise contour information. This information is available for almost all private/commercial airports and can be obtained by contacting the FAA Control Tower or Airport Operations. If noise contours are not available, please obtain the following information)

- List the average number of nighttime jet operations (10 p.m. - 7 a.m.)

  _____

- List the average number of daytime jet operations (7 a.m. – 10 p.m.)

  _____

- List the flight paths of the major runways

  _____

CERTIFICATION

This questionnaire above was completed by:

Owner/Developer/owner Name: _____

Relationship to Site: _____

Address: _____

_____

E-mail Address: _____

Phone Number: _____

Date: _____

I certify to the best of my knowledge and belief that the above statements and facts submitted are true, accurate and complete.

Signed, seated and delivered this ___day

of _____, 2005, in the

Presence of: By:

_____ _____

Witness Property Owner

_____ _____

Notary Public Name

My commission Expires on: _____

_____ Title

(Notarial Seal)

PROPERTY LOG AND INFORMATION CHECKLIST

This form **MUST** be completed by the Qualified Environmental Professional who performed the Phase I and/or Phase II. All entries must be fully documented and explained in the environmental reports. This form, together with all supporting documentation relating to the Phase I, must be submitted to DCA before any application can be accepted for processing.

PROPERTY LOG

Property Address:

Developer's Name and Address:

Developer's e-mail Address:
Developer's Telephone Number:

Qualified Environmental Professional's' Name:

Qualified Environmental Professional's' Telephone Number and e-mail address:

Environmental Consulting Firm's Name and Address:

Date Phase I Environmental Site Assessment Completed:

Summary of Phase I Results:

INFORMATION CHECKLIST

Check [√] any information sources used to perform the Phase I Review.

1. Overall Property Description

   __ Building Specifications

   __ Zoning or Land Use Maps

   __ Aerial Photos (e.g., Sanborn)

   __ List of Commercial Tenants On-Site

   __ Title History

   __ Site Survey

   __ Verification of Public Water and Sewer

   __ Interviews with Local Fire, Health, Land Use or Environmental Officials

   __ Interviews with Builder, and/or Property Manager

   __ Review of records of local, state and federal regulatory agencies

   __ Review of adjacent properties

   __ Other (Specify)

2. Asbestos

   __ Dated Building Construction Or Rehabilitation Specifications

   __ Engineer's/Consultant's Asbestos Report

   __ Other (Specify)

3. Polychlorinated Biphenyls

   __ Utility Transformer Records

   __ Site Survey of Transformers

   __ Site Soil and Groundwater PCB Test Results

   __ Other (Specify)

4. Radon

__ Water Utility Records

__ Gas Utility Records

__ On-Site Radon Test Results

__ Other (Specify)

5. Underground Storage Tanks

__ Oil, Motor Fuel and Waste Oil Systems Reports, EPD, LUST & ERNS Records

__ CERCLIS/RCRIS Results of Neighborhood search (within radius of one mile)

__ Site Soil and Groundwater Tests

__ Site Tank Survey

__ Other (Specify)

6. Waste Sites

__ CERCLIS/RCRIS Results of neighborhoods search (within radius of one mile)

__ State EPD site lists for neighborhoods (within radius of one mile)

__ Federal Facilities Docket

__ Site Soil and Groundwater Test Results

__ Other (Specify)

7. Lead Based Paint

__ Lead Paint Survey

__ Certification/Compliance Records

__ Site Soil Test Results

__ Other (Specify)

8. Additional Hazards

__ Urea Formaldehyde Foam Insulation Survey

__ Interior Air Test Results

__ Lead in Drinking Water Test Results

__ Mold Inspection Results

__ Other (Specify)

Checklist completed by: _____.

Name (Type or Print): _____.

Date: _____.

HOME ENVIORNMENTAL DOCUMENTATION

PROJECT APPLYING FOR HOME ENVIRONMENTAL DOCUMENTATION

Instructions: For all projects applying for HOME funds, the following questionnaire must be completed and included as part of the Phase I Report at Application Submission. The Owner Environmental Questionnaire and Disclosure Statement should be used in completing the questionnaire.

Project Name: _____
Project Location: _____

Noise

Yes	No	
( )	( )	Is the project within 1000 feet of a major road/highway/freeway?
( )	( )	Is the project within 3000 feet of a railroad?
( )	( )	Is the project within 15 miles of a military airfield?
( )	( )	Is the project within 5 miles of a civil airport?
( )	( )	Is noise a problem on the site and/or is expected to be in the future?

If any of the above are checked "yes", please provide the following at Application Submission:

1. A Noise Assessment Guidelines Assessment (NAG) from the Environmental Professional. (For airports, use the adopted DNL contours). Please refer to the Department of Housing and Urban Development's Noise Guidebook, located at: http://www.hud.gov/offices/cpd/energyenviron/environment/resources/guidebooks/noise/index.cfm.

2. A mitigation plan produced by an engineering professional to describe the proposed mitigation to meet HUD sound guidelines.

Floodplains/Wetlands

Floodplains:

Yes	No	
( )	( )	Is the property located in a floodplain?
( )	( )	Is an incidental portion of the property within a floodplain?
( )	( )	Will proposed construction/landscaping activities occupy or modify the floodplain?

If any of the above are checked "yes", please provide the following at Application Submission:

1. Floodplain maps for the proposed site;

2. Statement from the engineer or architect of record that proposed construction and/or landscaping activities will not occupy or modify the floodplain;

3. A conditional LOMA or LOMR if it has been provided by FEMA;

4. Required notices from Flood Plain Management Requirements (8 step process); and

5. Documentation from environmental professional regarding direct and indirect impacts associated with constructing the project on or near a floodplain, proposed mitigation and or alternatives.

Wetlands:

Yes	**No**	
( )	**( )**	Is the property located in a wetland?
( )	**( )**	Is an incidental portion of the property within a wetland?
( )	**( )**	Will proposed construction/landscaping activities disturb the wetland?
( )	**( )**	Will disturbance of the wetland exceed 1/10th of one acre?

If any of the above are checked "yes", please provide the following at Application Submission:

1. Wetlands maps for the proposed site;

2. Statement from engineer or architect of record that the proposed construction and/or landscaping activities will not occupy or modify the wetland area;

3. Required notices from the Wetlands Management Requirements (8 step process); and

4. Documentation from environmental professional regarding direct and indirect impacts associated with constructing the project on or near a wetland, proposed mitigation and or alternatives.

Historic Preservation

Yes	**No**	
( )	**( )**	Is the property located in or near an area with properties listed on the National Register of Historic Places?
( )	**( )**	Is the subject property more than 50 years old?
( )	**( )**	Does the Application include Historic Tax Credits?

If any of the above are checked "yes", please provide the following at Application Submission:

1. Documentation from the local SHPO office to determine eligibility. (This may include evidence of the 106 process completion, or any other information pertinent to the property development.);

2. Documentation from the local SHPO office that the proposed project development and work scope meets the requirements of the National Register of Historic Places; and

3. A statement from the architect or engineer of record regarding direct or indirect impacts associated with the property development on the neighborhood and existing buildings, giving the proposed mitigation and or alternatives.

Hazards

Industrial:

Yes	No	
( )	**( )**	Are industrial facilities handling explosive or fire-prone materials such as liquid propane, gasoline, or other storage tanks visible from or near the project site?
( )	**( )**	Is the project located near a dump or landfill site?
( )	**( )**	Is the project near an industry disposing of chemicals or hazardous wastes?

If any of the above are checked "yes", please provide the following at Application Submission:

1. Documentation from the Environmental Professional, including any applicable mitigation measures, that the project will be located at an acceptable distance from the hazardous site.

Runways:

Yes	No	
( )	**( )**	Is the project within 3000 feet from the end of a runway at a civil airport?
( )	**( )**	Is the project within 2 1/2 miles from the end of a runway at a military airfield?

If any of the above are checked "yes", please provide the following at Application Submission:

1. Evidence of runway clear zones (or in the case of military airfields, evidence of clear zone or accident potential zone).

Additional Comments

_____
_____
_____
_____
_____
_____
_____

CERTIFICATION

The document above was completed by:

Environmental Consultant: _____
Company Name: _____
Address: _____
_____
E-mail Address: _____
Phone Number: _____
Date: _____

I certify to the best of my knowledge and belief that the above statements and facts submitted are true, accurate and complete.

Signed, seated and delivered this ___day of _____, 2005, in the Presence of:

By:

_____
Witness

_____
Environmental Consultant

_____
Notary Public

_____
Name

My commission Expires on:

_____
(Notarial Seal)

_____
Title

F. ENVIRONMENTAL OPERATIONS & MAINTENANCE GUIDANCE MANUAL

I. INTRODUCTION

BACKGROUND INFORMATION ON ASBESTOS AND LEAD BASED PAINT

Asbestos

Asbestos is a naturally occurring fibrous mineral that is mined from certain geologic formations. Asbestos became a popular commercial product, dating back to the early 1900s, because of the produces capacity to insulate, resist heat and corrosion and overall strength and durability. Its use became increasingly popular during the period between 1940 and 1970.

Since the mid-1970s, the use of asbestos has steadily declined due to concerns over human exposure and its related health effects. Several types of asbestos were banned by the Environmental Protection Agency (EPA) during the 1970s, such as spray-applied insulation, fireproofing and acoustical surfacing material. The Asbestos Ban and Phase-down Rule of 1989 was designed to essentially ban all types of asbestos-containing material (ACM) in the United States by the year 1997. However, some limited commercial use of asbestos will likely continue.

The EPA has estimated that friable (easily crumbled by hand pressure) asbestos can be found in approximately 700,000 public and commercial buildings in the United States. **Asbestos can be found in a variety of building products including, insulation for mechanical components (thermal system insulation), fireproofing, acoustical and decorative treatments for ceilings and walls (surfacing materials), roofing materials, floor coverings and ceiling or wall panels (miscellaneous materials) to name a few.**

Asbestos is of particular concern when it is damaged or easily susceptible to damage (friable or potentially friable materials). Intact, well-maintained and non-friable ACM's do not cause much concern unless they are disturbed by construction or maintenance activities. **However, in order to control potential exposure to asbestos**

fibers, it is essential that all asbestos be identified in a facility, repaired if needed, or otherwise managed in place until abatement is either necessary or desired.

Lead-Based Paint

From the early 1900s, lead was added to paint, as a bonding agent and preservative. Adding lead to paint made the paint more durable. Most enamel paint manufactured during the early and mid-1900s contains lead. Approximately ninety percent of the houses built before 1978 contain significant amounts of lead-based paint (LBP). In 1978, the Consumer Product Safety Commission lowered the maximum allowable lead content in paint to 0.06% by weight. Based on the practical elimination of LBP in 1978, the EPA does not anticipate housing units built after 1978 to have a lead paint risk. However, the practical elimination of lead paint in 1978 did not address the risk from deteriorating LBP found in housing units built before 1978.

HEALTH ISSUES

Asbestos

Exposure to asbestos fibers can cause serious health problems. **Three well-known diseases are related to the inhalation of asbestos fibers: asbestosis (a fibrous scarring of the lungs), lung cancer and mesothelioma (a cancer of the lining of the chest or abdominal cavity).** These diseases can take many years to develop in an individual previously exposed to asbestos.

Traditionally, asbestos diseases have been associated with long-term and elevated exposures to asbestos fibers. The risk of short-term, low level exposure continues to be evaluated by medical experts. In general, since their jobs usually bring them in contact with ACM, the risk of asbestos exposure for maintenance and custodial workers is thought to be greater than that of building occupants. However, potential ACM exposure to building occupants should not be overlooked.

Whether or not someone will contract a disease as a result of exposure to asbestos is dependent on numerous factors. It is, therefore, important to remain cautious and handle all ACM with care.

Lead-Based Paint

During the early 1960s, health officials became alarmed with the increasing occurrence of childhood lead poisoning cases. The Center for Disease Control (CDC) Lead Poisoning Health Study found that one in every four children living in urban areas had elevated levels of lead in their blood stream, which may cause adverse health effects. Lead is toxic to the body, and it directly impairs the body's nervous system. Health studies determined that children with elevated lead blood levels have health problems such as lower intelligence and IQ scores, learning and reading disabilities, and reduced muscular reflexes. Department of Housing and Urban Development (HUD) studies discovered that children were inadvertently ingesting lead dusts dispersed within living spaces that were generated by the deterioration of LBP. It was found that lead paint could be released into the air by friction from the mere opening and closing of windows and doors, as well as deterioration. Children living in such units were ingesting lead, which was eventually absorbed into the blood stream, impairing the nervous system. Children typically ingest lead by hand-mouth action.

Operations and Maintenance Plans

EPA defines an Operations and Maintenance (O&M) Plan as "a formulated plan of training, cleaning, work practices and surveillance to maintain hazardous building materials (ACM & LBP) in good condition." O&M Plans are therefore an economic alternative to removal (abatement) of hazardous building materials. If a building's occupants and staff are properly prepared regarding the issues associated with managing ACM or LBP in place, the potential for release of asbestos fibers or lead dust into the environment is minimized and consequently, the health risk to building occupants can be reduced to a negligible level. An O&M Plan is the "plan" for "managing hazardous building materials in place." While it is not the only option to evaluate, financial considerations often make the in-place management of hazardous building materials the most desirable choice in addressing ACM or LBP in a facility.

While this document does discuss all of the major categories of ACM and LBP found in buildings, it will focus on building materials that are typically found in multi-family

housing. Please note, however, that asbestos, lead paint surveys and O&M Plans prepared for DCA must address all suspected hazardous building materials.

This document will describe:

1. *The preliminary steps to take before developing a DCA O&M Plan;*
2. *The objectives of a DCA O&M Plan; and*
3. *The steps for preparing and implementing a DCA O&M Plan.*

I. PRELIMINARY STEPS

Inspections

Prior to the development of the DCA O&M Plan, a qualified environmental professional will need to perform a thorough inspection of the facility for friable and non-friable ACM and lead-based paint, if the date of construction is consistent with the potential existence of these materials. All consultants that contract with the DCA to perform asbestos or lead paint consulting services should have the following qualifications and should have supporting documents available for review, if requested:

1. *Certified inspectors and management planners;*
2. *Registered professional engineers;*
3. *Conform to the Qualified Environmental Professional guidelines as set forth in the DCA Environmental Review Guide*

Typically, in a multi-family housing situation, at least ten percent of similarly constructed housing units should be inspected for ACM or LBP, as well is, all other common building areas (clubhouse, office, etc.) on the property. Of course, this random percentage applies to buildings of the same type, which were constructed during the same phase or year.

Lead-based paint (LBP) inspections should follow the EPA's latest guidance document for pre-purchase requirements involving HUD funds. However, DCA may, at their discretion, elect to perform an alternative sampling protocol.

Many multi-family housing communities are developed during different phases of construction, which are often separated from one another by a period of years. If this is the case, the consultant should consider each phase of the community as an entirely separate area and sample representative areas accordingly.

So, it is important to interview a knowledgeable person at the community to obtain:

1. *Relevant information regarding building unit types;*
2. *Dates of construction;*
3. *Construction plans for review; and*
4. *A tour of the facility.*

Multiple samples of each type of suspect hazardous building material should be collected during DCA building inspections. One sample of a suspect material from a housing unit should never be considered representative of that material type for the entire facility.

Most of the ACM encountered in a multi-family housing community will be surfacing materials or miscellaneous materials, such as textured ceiling material, floor coverings, wallboard or ceiling panels, patching compounds and roofing materials. However, the inspector may encounter other suspect ACM. Generally, thermal system insulation will not be encountered in a residential setting, with the possible exception of some insulated domestic water lines.

LBP was primarily used on building materials exposed to wear, abuse or weather such as cabinets, doors and door frames, windows and window frames, trim-work or moldings, exterior siding, exterior clap boards and porches. Lead paint was added less frequently to wall and ceiling paints.

Regardless of the anticipated outcome, a thorough inspection for all suspect ACM and LBP should be performed on DCA projects. Suspect materials that are not sampled, but which are suspect in appearance, should be considered ACM or LBP. **Material locations, accessibility, friability, current condition, potential for damage and the approximate quantity of the identified ACM and LBP should be documented in chart form and included in the inspection report.** The condition of hazardous building materials is especially important and needs to be thoroughly reviewed and documented at all locations as part of the DCA inspection.

In summary, because a properly prepared O&M Plan is dependent upon the completeness of the building inspection, the following list represents the minimum procedures to be followed when conducting a DCA inspection:

1. *Interview a knowledgeable person at the facility for information regarding dates of construction, etc.;*
2. *Review available plans and specifications for the building;*
3. *Tour representative buildings on the property;*
4. *Obtain multiple samples of suspect materials identified;*
5. *Report condition, accessibility, location and approximate quantity of ACM and LBP at each sampling location;*
6. *Obtain sample analysis services from a qualified laboratory;*
7. *In a thorough manner, report the findings of the building inspection, by providing detailed discussion of procedures and results and supporting documentation such as sample locations and lab data*
8. *Require report to be prepared by a trained asbestos and lead paint inspector and require a review by a Qualified Environmental Professional.*

After the ACM or LBP has been identified at the facility and its condition evaluated, a decision can be made regarding management in place, repair or abatement alternatives. Abatement should be considered, if construction plans are scheduled that will disturb the

ACM and LBP or if significantly damaged materials are encountered during the inspection.

II. DCA O&M PLAN OBJECTIVES

The principle objective of the DCA O&M program is to minimize or eliminate exposure of all building occupants to asbestos and lead paint. To accomplish this objective, the DCA O&M Plan includes work practices that:

1. *Help to maintain ACM and LBP in good condition;*
2. *Ensure proper cleanup of hazardous dust or debris previously released and repair of damaged materials;*
3. *Minimize further release of asbestos fibers or lead dust;*
4. *Monitor periodically the condition of ACM and LBP.*

To accomplish the objectives cited above, the DCA O&M Plan should address the following three categories of hazardous building materials, if present:

- ***Surfacing Materials*** *- Examples include asbestos fireproofing, asbestos-containing decorative or acoustical treatments to walls or ceilings and lead-based paint on walls, doors, ceilings, windows or any other identified building surface.*
- ***Thermal System Insulation*** *– Examples include asbestos insulation applied to pipes, boilers, ducts and tanks.*
- ***Miscellaneous Materials*** *– Examples include asbestos floor coverings, ceiling panels, wallboard, siding and roofing products.*

Specific instructions on how to appropriately manage each of these categories, if present, should be included in the DCA O&M Plan. Certain factors such as material friability, condition and accessibility to building occupants (potential for damage/exposure) are important and will need to be considered when developing the O&M Plan. For ACM and LBP that are highly friable or damaged, limited access and frequent monitoring may be appropriate. While in-place management is generally preferred by most, abatement may be the best option, if-

1. *The material is highly friable;*
2. *The ACM or LBP has a significant potential for damage;*
3. *The ACM or LBP is already substantially damaged; or*
4. *The ACM or LBP would be difficult to manage, from an occupant exposure point of view.*

To centralize procedures at the facility and ensure that the O&M Plan objectives are met, a recommendation to appoint a Program Manager at the property should be included in the O&M Plan. The Program Manager should be employed full time at the subject facility, but may have other duties in addition to hazardous building material management. This person will need to oversee all hazardous building material activities at the facility. **A recommendation to train the Program Manager in the basics of asbestos or lead paint hazards and to familiarize this person with the locations of all identified materials at the facility should be included in the DCA O&M Plan as well.** The Program Manager will guide custodial and maintenance staffs, contractors, outside service vendors and residents with regard to activities that could potentially disturb asbestos or lead paint. The Program Manager will be responsible for periodic inspections of identified ACM and LBP, which will document their condition over time. When damage is observed, the Program Manager should arrange for repair or cleanup of damaged ACM or LBP and limit access to the damaged area. Further, the Program Manager will be required to keep documents and records on file of all activities relating

to asbestos or lead paint issues on the property including work permits in areas containing ACM or LBP, emergency responses and the like. A maintenance supervisor or property manager usually holds this responsible position.

III. PREPARING AND IMPLEMENTING THE DCA O&M PLAN

The success of an O&M program is dependent upon its proper preparation and the commitment of key personnel at the facility to implement its procedures. In order to achieve the greatest potential for successful implementation of the O&M program, it will be important that staff properly administer the provisions of the O&M Plan. Also the **building** tenants and outside contractors will need to be educated on the locations of ACM and LBP and on the policies of the O&M Plan.

The preparation of the DCA O&M Plan should:

1. *Be tailored to the findings of the asbestos or lead paint inspection at the facility;*
2. *Identify the roles of responsible parties who will implement the program; and*
3. *State clearly the O&M policies and procedures for the facility.*

The DCA O&M Plan should include the following eight basic elements:

1. *Notification and Labeling*
2. *Periodic Surveillance*
3. *Controls*
4. *Work Practices*
5. *Record Keeping*
6. *Worker Protection*
7. *Training*
8. *Emergency Procedures*

Each of the eight elements presented on the previous page should be emphasized in the DCA O&M Plan and constitute the basic core of the document. The following

discussion includes the minimum requirements which should be included in the O&M Plan.

1. NOTIFICATION AND LABELING

All persons that could be potentially affected by ACM or LBP:, at the facility should be:

1. *Notified regarding the location of ACM and LBP;*
2. *Their potential health effects; and*
3. *Issues associated with how and why its disturbance should be avoided.*

This communication should be directed towards building residents, occupants, on-site staff and outside vendors. Not only do building occupants have the right to be informed of potential hazards in their environment but also, if notified, these persons will be less likely to disturb the ACM or LBP. A record of notices sent, meetings held and recipients of information should be kept permanently on file at the facility by the Program Manager.

Asbestos and lead paint awareness communication can be accomplished by:

1. *Conducting group meetings;*
2. *Distributing written notices; and*
3. *Posting caution signs in areas where ACM and LBP are located.*

At a minimum, potentially affected personnel and building residents should be given the following information:

1. *Instruction on the basics of exposure, including the fact that ACM and LBP are hazardous only when inhaled or ingested;*
2. *How one is to evaluate reasonable hazards presented by ACM or LBP;*
3. *The locations, types and current condition of ACM and LBP that have been identified at the community, with particular emphasis on areas that could be easily disturbed, that are in poor condition, and which present an immediate asbestos or lead paint hazard;*
4. *Activities to avoid in areas that contain ACM or LBP on the property;*
5. *The need to notify the Program Manager regarding incidents of damaged ACM on LBP;*
6. *The commitment of the management staff to closely monitor the ACM and LBP, engage in proper work practices to prevent damage to ACM and LBP and protect the health and well being of all building residents and workers.*

Establishing a comfort factor among the community residents regarding the asbestos and lead paint issues on the property and management's ability to properly handle the situation will promote trust and cooperation in the implementation of the O&M program.

Caution labeling should be placed at all entrances to areas containing ACM or LBP. It is recommended that the materials themselves are labeled as well, so that persons reading the caution signs are thoroughly advised of the potential hazards in that area. For

example, these signs are often found in mechanical areas. If an area contains damaged, friable ACM or LBP, warning tape, prohibiting the access of unauthorized persons, should be placed over all access points until the damaged areas have been repaired. The entrances to these areas should be kept locked at all times, with limited access to only authorize, protected personnel.

2. PERIODIC SURVEILLANCE

Periodic surveillance to monitor the physical condition of ACM and LBP is important and should be a component of a DCA O&M Plan. The visual re-inspection should be:

1. *Performed or supervised by the Program Manager;*
2. *Photo-documented or video taped for record keeping; and*
3. *Recorded as part of the permanent records of the facility.*

In a multi-family residential setting, the re-inspection process will be time consuming, if ACM or LBP have been identified in numerous apartment units throughout the property. The condition of ACM and LBP in each and every unit should be recorded in some manner as part of the surveillance program. Informed residents could play a part in the periodic surveillance program by filling out and returning specific questionnaires that request observation of ACM and LBP for indications of damage.

The environmental consultant should stipulate the recommended frequency of re-inspections and the procedures to accomplish those tasks in the DCA O&M Plan.

If the facility contains friable, or damaged ACM or LBP, a section of the DCA O&M Plan should include provisions for sampling and analysis of settled dust and/or periodic air monitoring to supplement, not replace, the efforts of a visual re-inspection of these areas. If air monitoring is conducted, a baseline study will need to be performed as a comparison value for future air monitoring events. Visual inspections

can recognize situations and anticipate future exposure, whereas air monitoring can only detect a problem after it has occurred. However, these supplemental methods may provide management with an early warning of deterioration or disturbance of the ACM or LBP. Because of the need for particular sampling equipment and the specialized nature and training required to perform this supplemental testing, a professional engineering firm with these capabilities should be consulted to conduct these services.

3. CONTROLS

A system to control all work that may disturb ACM or LBP, should be a part of the DCA O&M Plan. An effective means towards this end is to develop a work permit system, whereby **all work requests need to be approved by the Program Manager.** The procedure of submitting work requests for approval, prior to actual maintenance or construction activities, can:

1. *Minimize unauthorized access to restricted areas;*
2. *Minimize potential disturbance of ACM and LBP; and*
3. *Reduce the possibility for release of asbestos fibers or lead paint dust.*

The Program Manager should review all work requests for the property and review the maintenance records for the facility to evaluate the potential for ACM or LBP disturbance. **If asbestos or lead paint is present in the requested work area, procedures to minimize the release of asbestos fibers or lead paint dust must be stipulated on a work authorization form.** These work conditions should include a written description of specific work practices that will and will not take place, isolation of work areas and provisions for clearance inspections prior to job completion.

The Program Manager will be responsible for insuring that contractors, who are working in areas where ACM and LBP could be disturbed, have the appropriate training, respiratory protection and that the stipulated work practices are employed during the project. The Program Manager for documenting observations of approved work activities can use a work evaluation form. The Program Manager needs to have the authority to stop all work if deviations from stipulated work practices arc observed during the project.

4. WORK PRACTICES

All DCA O&M Plans should include a section which details appropriate work practices for custodial, maintenance and construction personnel that will be working near areas which contain ACM or LBP. The work practices should be tailored to the likelihood that ACM or LBP would be disturbed.

Specific procedures to minimize and/or contain asbestos fibers and lead paint dust should be thoroughly discussed in the DCA O&M Plan. These procedures could include:

1. *Wetting ACM prior to disturbance;*
2. *Use of isolated enclosures; and*
3. *Avoidance of certain maintenance activities such as sawing, sanding, drilling, cutting, abrading, chipping or braking identified ACM and LBP.*

Additionally, cleaning practices such as dry sweeping, dry wiping and regular vacuuming of areas, where fallout of asbestos fibers or lead paint dust are possible, should be stipulated in the O&M Plan as practices to be avoided. Rather, special vacuums with high efficiency particulate air (HEPA) filters and wet cleaning methods should be employed in these areas. The purchase of a HEPA vacuum is recommended at facilities which have been identified as containing friable ACM or LBP.

Asbestos or lead paint waste (i.e., debris, dust, dirty rags, mop heads, HEPA vacuum filters) should be disposed of in a specially marked plastic bag as hazardous waste. The consultant should recommend special cleaning of potentially contaminated areas as a part of the DCA O&M Plan. A small supply of pre-labeled 6-mil-thick plastic waste bags should therefore be purchased and made available for disposal of contaminated waste.

> *Special cleaning techniques should supplement, not replace, repair or abatement actions.*

The DCA O&M Plan should include special work practices for each type of ACM or lead paint identified at the facility as well as for each type and category of maintenance activity that is likely to be performed in that area. Different situations will require different levels of basic O&M procedures to minimize asbestos fiber or lead paint dust release. It will be up to the discretion of the Program Manager to evaluate the level of precautionary procedures that will need to be employed. For instance, there will be situations when disturbance of ACM or LBP is unlikely, those when disturbance will be possible and those when disturbance is intentional. Each situation will require different levels of precautionary work procedures.

Work procedures in some areas may only require the use of wet methods in an effort to reduce the potential for fiber or dust release. The work procedures in these areas may include wetting of the material prior to work activities, damp wiping, mopping or HEPA vacuuming. Care should be used when changing HEPA vacuum filters because of the potential for fiber release. Other work procedures may require the use of drop cloths, respirators or protective clothing. More significant disturbance activities may actually require an enclosure of the work area and the services of an abatement contractor. Whatever the conditions may be, the DCA O&M Plan should detail specific work practices to be employed when work is being performed that could potentially disturb ACM or LBP.

All of the facility's asbestos or lead paint-related management documents should be retained in a safe and secure location at the facility. **The DCA O&M Plan should itemize particular documents that need to be retained by the facility.** Because certain

exposures can have a latency period, the records should be kept for at least 30 years. Particular documents that should be retained by the facility may include:

1. *The asbestos and lead paint inspection reports;*
2. *The O&M Plan and any revisions thereto;*
3. *ACM and LBP damage and emergency response reports;*
4. *Safety equipment issued to personnel;*
5. *Work permits issued to contractors;*
6. *Training and notification sessions held and attendee logs;*
7. *Medical examination reports of personnel that work near ACM or LBP on a regular basis; and*
8. *ACM or LBP abatement or repair reports.*

The DCA O&M program should provide example record keeping forms to facilitate orderly Record Keeping procedures by the facility.

5. WORKER PROTECTION

The DCA O&M Plan should provide a worker protection program that includes provisions for respiratory protection and possibly, protective clothing, for personnel who will have regular contact with ACM or lead paint. A written respiratory protection program is required by the Occupational Safety and Health Administration (OSHA) regulations whenever an O&M Plan specifies that service workers wear respirators or where respirators are made available to employees. A properly trained Program Manager is capable of preparing this document. Otherwise, the environmental consultant should be able to meet this need.

If substantial quantities of friable ACM or deteriorated lead paint are identified on the property then, the DCA O&M Plan should include an element for respiratory protection. It is recommended that a qualified health and safety professional (perhaps a

representative from the respiratory equipment distributor) or a properly trained Program Manager provide instruction on the proper use and care of respirators. Attendees of a respirator training session should be documented. Additionally, a supply of protective clothing (disposable type suits) should be maintained on the premises in the event that certain situations arise which require their use. When in doubt about exposure during certain work operations, building owners should provide respiratory protection and protective clothing to their employees.

The DCA O&M Plan should require individuals, who have respirators available for their use, to complete a medical questionnaire and submit to medical examinations at the beginning and end of their employment period. The employer is required by law to pay for the medical examination. These procedures will provide valuable information about the individual's ability to function while wearing the respirator and document medical test information.

A wide variety of respirators are available. Only respirators that are approved for protection against asbestos fibers or lead paint dust by the National Institute for Occupational Safety and Health (NIOSH) and the Mine Safety and Health Administration (MSHA) should be recommended in the DCA O&M Plan. Generally, a half-face, negative pressure respirator should provide adequate protection to maintenance workers in the residential setting. These respirators are designed to provide a level of protection that is roughly equal to ten times that of an unprotected person. **The environmental consultant should make a specific respirator selection recommendation in the DCA O&M Plan, if conditions warrant their use.**

6. TRAINING

The DCA O&M Plan should include provisions for appropriate training of personnel who may come in contact with ACM or LBP at the facility. If these persons are not adequately trained, O&M tasks may not be performed properly or at all, possibly resulting in the spread of contamination to other areas or human exposure. The

environmental consultant should provide specific guidelines in the O&M Plan for Level I Awareness Training (see below). This training should be provided by the facility's Program Manager, who should be qualified and available to conduct Level 2 training for those individuals who require more in depth knowledge on handling asbestos or lead paint at the property.

In the residential setting there are generally two levels of worker training that are considered appropriate for persons who may come in contact with ACM or LBP:

Level 1 - Awareness Training:

Involves two to eight hours of training concerning background information on asbestos or lead paint, health effects, worker protection, locations of ACM and LBP on the property, the elements of the O&M Plan and emergency response actions. This level of training is usually provided to those who will be involved in cleaning and simple maintenance tasks where ACM or LBP may be accidentally disturbed.

> *Example: Awareness training should be provided to a maintenance person who needs to replace broken or damaged ceiling tiles, behind which, is located an asbestos-containing spray-applied fireproofing material. Likewise, awareness training would be applicable to a maintenance person that is responsible for painting of interior or exterior building areas where lead paint has been identified.*

Level 2 - Special O&M Training:

Involves 16 hours of training concerning the aspects presented at Level 1 as well as coverage of regulations, work practices, waste handling and disposal, respirator use, care and fit testing, protective clothing, exercises in limited removal glove bag work, HEPA vacuum use and documentation procedures. This level of training is usually provided to

maintenance workers who will be significantly involved with general maintenance and repair tasks.

> *Example: Special O&M training should be recommended for a maintenance person who removes a section of ACM pipe insulation* in *order to repair a broken pipe valve.*

A third level of training would prepare an individual to abate ACM or LBP. However, **if abatement becomes necessary, the DCA O&M Plan should recommended that the services of a qualified abatement contractor be retained.** If the abatement is not properly performed, the situation could become worse, resulting in a larger area of contamination and a potentially greater number of exposed persons.

At a minimum, the awareness training should be included as part of the DCA O&M Plan. If significant quantities of friable asbestos or damaged lead paint are identified then, the 16 hours of specialized O&M training should be recommended for select personnel.

The Program Manager should also be aware of the levels of training held by contractors who are brought in to perform various tasks that could potentially disturb the ACM or LBP. **It should be stipulated in the O&M Plan that appropriate training will be verified prior to the release of outside vendors to perform services which may disturb asbestos or lead paint.**

The DCA O&M Plan should identify the level of training required at the facility. The O&M Plan should also specify those job classifications for which training is a requirement prior to employment. The Program Manager could conduct the training at Level 1, if they have sufficient prior knowledge regarding the training topics. The consultant that prepares the O&M document should be involved with the training session(s) because of their expertise and familiarity with the facility.

7. EMERGENCY PROCEDURES

A major fiber release for asbestos is defined by the Environmental Protection Agency (EPA) as one, which involves more than 3 square or linear feet of disturbed material. **Certain specific management practices and emergency work procedures should be outlined in the DCA O&M Plan, in the event that a release of asbestos or lead dust occurs on a DCA-funded property.** These emergency response procedures will vary according to:

1. *The amount of ACM or LBP affected;*
2. *The extent of the release;*
3. *The area in which the release has occurred;*
4. *The relationship of the release area to the air handling system of the building; and*
5. *Access to the area by building occupants.*

In general, closing doors, windows and HVAC systems to restrict airflow in the affected area should isolate areas, which have had a release of asbestos or lead dust. Signs should be posted and restrictive barriers installed that identify the problem and allow entrance only to authorized personnel. Persons that are assigned to clean up hazardous material debris should wear respiratory protective equipment and possibly protective clothing and employ specialized cleaning procedures.

Different levels of training are needed for workers involved with release episodes. The DCA O&M Plan should stipulate the level of training required. A major release will generally require abatement worker training. For this reason, an abatement contractor and a qualified engineering firm should be consulted to address these situations. For major releases, a visual inspection and clearance air monitoring should be conducted, following the removal of bulk material.

The consultant should prepare this section of the DCA O&M Plan to provide specific guidance with respect to emergency procedures that need to be employed, and also to provide the Program Manager with options regarding contacts to make when in need of assistance from abatement contractors or engineering consultants.

IV. CERTIFICATION

The DCA O&M Plan should provide a signed certification statement from the reviewing registered engineer or architect. The certification statement should be worded as follows:

I certify that this document and all attachments were prepared under my direction or supervision in accordance with the DCA O&M Guidance Manual, dated 2004, and that qualified personnel properly gathered and evaluated the information submitted. The information submitted is, to the best of my knowledge and belief, true, accurate and complete.

Signature: _____

Printed Name: _____

Title: _____

Date: _____

G. INSURANCE MANUAL

All required insurance shall be in a form, amount, content and written by companies acceptable to the Georgia Department of Community Affairs (DCA). For identification purposes, all insurance forms submitted to DCA must list the name and address of the project. Reference materials, including a checklist (Attachment A) and chart (Attachment B) are included in the Appendix of this Guide.

NOTE: DCA has the discretion to amend the Insurance Requirements as deemed appropriate based on type and size of projects and/or in keeping with current insurance industry standards and practices. Final determination will be at DCA's sole and absolute discretion.

General Requirements – All projects

The current minimum standards require all insurance companies issuing insurance for projects allocated by the Georgia Housing and Finance Authority (GHFA) to carry an A.M. Best Rating of A- VII or better. Initially, the borrower may provide proof of insurance by providing the following insurance certificates as applicable or certified copies of the entire policy (as GHFA may require in its discretion).

ACORD-25 or 25s:	ACORD-28:
Commercial General Liability	Builders All-Risk
Workers' Compensation	All Risk Hazard
Professional Liability/Errors & Omissions	Boiler & Machinery
Commercial Automobile Liability	Flood
Pollution Liability	
Umbrella Coverage	

If GHFA permits the borrower to tender certificates of insurance for closing purposes, within 30 days of loan closing, a certified copy of the entire policy (including Declaration Page) shall be provided to DCA.

More specific requirements for each type of insurance follow.

Additional Requirements—HOME Funded projects

I. Initial Insurance Requirements. Certified insurance policies or the applicable ACORD certificates evidencing all insurance required by DCA shall be a condition for funding HOME loans awarded under the 2005 Qualified Allocation Plan. All Certificates of Insurance submitted to DCA for GHFA must have the following clearly stated; named insured, project name and address, type of insurance, amount of insurance, policy effective date, policy expiration date, cancellation notice terms and conditions as required, and additional insureds. If GHFA is to be an additional insured, mortgagee, or loss payee, its name and correct address should appear on the certificate or a policy rider or endorsement. All required documentation of insurance must be submitted and approved by the DCA Asset Management Department prior to the completion of GHFA underwriting. However, the final determination that the project has satisfied GHFA's insurance requirements will be made byand/ GHFA's closing attorney prior to closing.

II. The Borrower shall have the responsibility of providing all insurance required by GHFA to DCA. During the required term of each policy, the Borrower shall deliver to DCA Asset Management Department either a renewal policy, or policy marked "premium paid", or a policy accompanied by other appropriate evidence of payment satisfactory to DCA, not less than 30 days prior to the expiration date of each required policy the borrower will provide certificates for coverage of the owner and management company in place. Failure to maintain the appropriate insurance and/or provide required proof to DCA may be grounds for default under the HOME loan. In the event required proof of insurance is not provided to DCA, GHFA may purchase a policy on behalf of the borrower and charge the cost of that policy to the borrower.

III. GHFA may require additional or other forms of insurance. The necessity for such coverage will be based on the circumstances of the project location, type of construction and improvements and use. The Borrower shall be notified by the DCA Asset Management Department of any additional insurance or coverages that must be maintained during the term of the HOME loan.

IV. Regardless of the types or amounts of insurance required, the Borrower shall assign to GHFA and deliver to DCA, as collateral and further security for the payment of the GHFA Note, all policies of insurance which insure against any loss or damage to the development, with loss payable to GHFA, without contribution by GHFA, pursuant to the "New York Standard" loss payee clause or other mortgagee clause satisfactory to DCA.

V. If the borrower receives any insurance proceeds or other money for loss or damage, such amount shall be delivered to DCA for GHFA, and GHFA shall disbursed the proceeds for the repair and restoration of the development in accordance with the provisions of the Loan Agreement governing advances of loan proceeds. However, if an Event of Default is outstanding or if restoration is not to be accomplished but rather demolition of the project will occur, or if GHFA determines that restoration is not feasible, GHFA may, at its option, retain and apply all or any portion of such money toward payment of the Note.

VI. GHFA reserves the right to require the Borrower to escrow insurance premiums along with its mortgage loan payment during the term of their loan and usually requires such an escrow. GHFA reserves the right to require Borrower to increase the required insurance above the limits stated in this manual if the value of the property and the risk assessed, reasonably warrant such a change.

VII. Title Insurance - An original lender title insurance policy, satisfactory in form and substance to GHFA and its closing attorney, in an amount not less than the loan and originated by a title insurance company and agent acceptable to GHFA. This policy shall be provided to GHFA and delivered to DCA within 20 business days from the date of the Loan Agreement. At the time of loan conversion, GHFA shall require an updated policy or endorsement, satisfactory in form and substance to DCA and its Asset Management Department.

VIII. Performance and Payment Bonds; Letters of Credit – 100% payment and performance bonds with a dual or multiple obligee rider naming GHFA is required for all developments funded with HOME Loans. The AIA Form is acceptable for performance bonds, but the form of all bonds is subject to GHFA's approval. The cost of these bonds shall be included in the 6% percent

general requirements limit of the Builders Cost Limitations. When an identity of interests exists and the General Contractor cannot obtain payment and performance bonds, a letter of credit or construction loan may be utilized in lieu of payment and performance bonds. Borrowers can contact the DCA Underwriting Department for additional information.

Types of Insurance & Specific Requirements

I. **Builders All-Risk Insurance**: The General Contractor, prior to the commencement of construction, must obtain Builder's Risk Insurance (all risk). This insurance is similar to Hazard insurance. Coverage must insure the improvements from all known hazards including flood, earthquake and collapse during the construction period. *Coverage must be for 100 percent of the insurable replacement cost of the improvements*. The policy shall be written on a non-reporting, completed value basis. GHFA must be named as the mortgagee on the policy. The policy shall provide that all claims shall be paid to GHFA pursuant to a Mortgagee loss payable clause satisfactory to DCA. The policy must provide for a minimum of 30-days notice to GHFA before the policy can be cancelled. Coverage must be maintained until construction is complete.

A. **Additional Certificate Requirements**

1. Any certificate tendered to DCA for this insurance should be on an ACORD 28 form;
2. The certificate should identify GHFA as the mortgagee;
3. The certificate should provide for 30-days notice to GHFA before the policy can be cancelled;
3. The certificate should be current;
4. The certificate must contain the project name and address

II. **All Risk Hazard Insurance**: All-Risk Hazard Insurance ("blanket coverage") must be obtained by the Borrower subsequent to completion of construction, or upon termination of the Builder's Risk Insurance (whichever occurs earlier), insuring the project development against all hazards, including, but not limited to; fire, windstorm,

flood, earthquake, collapse, vandalism and malicious mischief, theft, and against such other insurable hazards as considered usual and customary in the industry. The insurance is to remain in full force and effect until the expiration of the period of affordability, tax credit compliance period, or until the repayment of the HOME loan, whichever is last to occur. *Coverage should be 100% of the insurable replacement cost of the improvements (with no reduction for depreciation).* The policy should have an "Agreed Amount" clause that waives the coinsurance requirement. The policy should include a replacement cost endorsement to provide "New for Old" on the property coverage. Coverage should include “loss of rent” insurance insuring the Borrower in an amount not less than 100 percent of gross rental income for a period of twelve (12) months.

A. **Additional Requirements**

1. The certified copy of the policy submitted to DCA should include a Declaration Page (summary of insurance) as well as the policy itself;
2. Certified copies of the policies shall be promptly delivered to DCA upon completion of construction of the improvements, and before any portion of the development is occupied by the Borrower or their agent or any tenant of the Borrower;
3. The certificate should identify the GHFA as the mortgagee;
4. The certificate should provide for 30-days notice to GHFA before the policy can be canceled;
5. The insured should be the Owner of the property; and
6. The policy shall provide that all claims shall be paid to GHFA pursuant to a mortgage loss payable clause satisfactory to DCA.

III. **Commercial General Liability Insurance**: Commercial General Liability Insurance must be obtained by the Borrower, Developer, General Contractor and subcontractors before the start of construction and maintained during the construction stage of the project and maintained by the Borrower after completion of construction. This insurance insures commercial enterprises from certain risks, and the policy must

insure against liability from the following: personal injury, bodily injury, death, property damage, medical expenses, and liability assumed by contract. For projects funded with HOME Loans, GHFA shall be named as an additional insured. The policy must provide that GHFA shall be given 30 days notice prior to the cancellation of the policy. The policy must be written on an occurrence basis. Prior to completion of construction, both the Borrower and the General Contractor must have such a policy. Subsequent to the completion of construction but before the expiration of the period of affordability or for tax credit only projects, the Tax Credit Compliance Period, the Borrower must have such a policy.

A. **General liability must have the following minimum coverages**:

1.	General Aggregate	$3,000,000
2.	Products Completed	$1,000,000
3.	Personal and Advertising	$1,000,000
4.	Each Occurrence	$1,000,000
5.	Fire damage (any one fire)	$50,000
6.	Medical Expenses (any one person)	$5,000

The maximum deductible permitted is $5,000 unless otherwise agreed to by DCA.

The minimum limits of $3 million for the comprehensive liability policy (General Aggregate) can be obtained from the primary coverage or the primary plus an umbrella policy. Both the Owner and the General Contractor can be named insureds under one policy provided that the aggregate coverage (including umbrella) equals or exceeds the amount of coverage which would have been required under if separate policies had been issued. For example, if the Owner and General Contractor have one policy the General Aggregate coverage should equal or exceed $6,000,000. Blanket policies which insure more than one project are acceptable provided that the amount of coverage required by GHFA is provided for each project under the policy.

B. **Additional Certificate Requirements**

1. If GHFA permits a certificate of insurance to be used, any certificate tendered to DCA for this insurance should be on an ACORD 25 or 25-S form;
2. Language disclaiming GHFA's ability to rely on the certificate should be deleted;
3. GHFA should be shown as the "Certificate Holder" and identified as an additional insured;
4. The certificate should provide for 30-days notice to GHFA before the policy can be cancelled. (The words "will endeavor" should be deleted from the "cancellation" section of the form).
5. Language at the top of certificate which states that "This certificate was issued as a matter of information only and confers no rights upon the certificate holder" should be deleted;

All subcontractors shall also be required by the General Contractor to obtain this insurance in the levels set forth above. DCA will not require certificates for each subcontractor prior to closing, but retains the right to inspect such certificates upon request.

IV. **Environmental Consultants Insurance:** Environmental Consultants must carry insurance that provides full coverage for all work performed. The certificates must be submitted with the required Phase I environmental review during the Application process. The environmental consultant must maintain insurance polices covering all of the following types of insurance in the greater of either of the following amounts of coverage or the amounts of coverage that the environmental consultant typically carries:

A. **Minimum Coverages Required**:

1. Worker's Compensation and Employer's Liability insurance, as legally required by Georgia law;
2. Commercial General Liability Insurance with limits of $2,000,000 in general aggregate. Must be the remaining requirements of Section II above;

3. Professional Liability Insurance with limits of $2,000,000.00 each claim and $2,000,000.00 in the aggregate; and
4. Pollution Liability Insurance of $2,000,000.00 per claim and in aggregate with coverage extended to include Third Party liability for death, bodily injury, and diminution of value of property and property.

Said insurance, including any deductible or self insured retention shall by its terms be primary with respect to any insurance carried by the Applicant, or any parent, subsidiary or affiliated entities. For such policies written on a claims-made basis, the environmental consultant must maintain such coverage for a period of at least two (2) years following the completion of the final Phase I and/or Phase II Reports. The environmental consultant must promptly notify DCA of any changes made to the insurance policies required by this section. All required insurance shall be underwritten by an insurance carrier licensed in the state of Georgia and acceptable to DCA and with an AM Best rating of not less than A. Such insurance policies are to provide that the insurer must give GHFA at least thirty (30) days prior written notice of cancellation or termination, or material change and to provide that no action by the insured shall affect the insurance. Proof of insurance must be included in the Phase I Report in Appendix J. The name of the project should clearly be listed on the certificate. GHFA should be listed on the certificate of the Commercial Liability insurance as an additional insured. All proof of insurance must be included in the Phase I Report in Appendix J.

V. **Architects, Engineers, Surveyors & Other Professionals**: The Owner or Developer shall require all Architects, Engineers, Surveyors and other professionals utilized in any project financed by DCA to procure and maintain the following insurance policies:

A. Commercial General Liability Coverage with the following coverage:

General Aggregate	$2,000,000
Products Completed	$1,000,000

Personal and Advertising	$1,000,000
Each Occurrence	$1,000,000
Fire damage (any one fire)	$50,000
Medical Expenses (any one person)	$5,000

The maximum deductible permitted is $5,000 unless otherwise agreed to by DCA. The Minimum limits of $2 million for the comprehensive liability policy (General Aggregate) can be obtained from the primary coverage or the primary plus an umbrella policy.

B. Professional Liability Insurance with limits of $2,000,000.00 each claim and $2,000,000.00 in the aggregate;

VI. **Additional Project Insurance Requirements**

A. Boiler & Machinery Insurance. Mechanical Breakdown coverage should be included Insurance coverage for major components such as; central heating, air conditioning**,** ventilating systems, boilers, other pressure vessels, high pressure piping and machinery or other similar equipment installed either for a repair or replacement basis**.** Such policy shall also provide complete coverage, including repair costs against damage to the improvements as a result of an accident.

B. Flood Insurance. If the project development (or any part thereof) is situated in an area now or subsequently designated as having flood hazards, as defined in the Flood Disaster Protection Act of 1973 as amended, flood insurance shall be required in an amount equal to the replacement cost of the improvements.

C. Workers' Compensation Insurance - Workers' Compensation Insurance in an amount as required by state statute must be maintained by the General Contractor, Subcontractor, Borrower and Developer .

D. Automobile Liability Insurance – Automobile Liability Insurance for owned, hired and non-owned vehicles in an amount acceptable to DCA,

but in no event less than $2,000,000 shall be maintained by the General Contractor, Borrower and Developer .

VII. **Property Management Company Requirements**: The Borrower shall require the Property Management Company to procure and maintain the following insurance coverages in such form and substance as are acceptable to DCA:

A. Fidelity Bond - Fidelity bond for the management company for an amount of $100,000. At the discretion of GHFA, higher limits may be required, depending on the size and scope of a particular project.

B. Commercial General Liability Insurance – Commercial General Liability Insurance for personal injury, to include without limitation bodily injury, death and property damage liability on a per occurrence basis is required. All projects shall carry no less than the following coverages:

General Aggregate	$3,000,000
Products Completed	$1,000,000
Personal and Advertising	$1,000,000
Each Occurrence	$1,000,000
Fire damage (any one fire)	$50,000
Medical Expenses (any one person)	$5,000

C. Automobile Liability Insurance – Automobile Liability Insurance for owned, hired and non-owned vehicles in an amount acceptable to DCA, but in no event less than $2,000,000.

D. Workers' Compensation Insurance - Workers' Compensation Insurance in an amount as required by state statute.

GHFA and the Borrower/Owner must be named as an additional insured on the Commercial General Liability Insurance.

INSURANCE CHECK LIST

Property Name:_____

Title Insurance- An original lender's title insurance policy; in an amount not less than loan.___

Performance Bond; Letter of Credit-A 100% payment and performance bond w/dual or multiple obligee rider naming GHFA.____

Insurance Names & Rating (A-) or better:_____

Identify GHFA as the mortgagee.____

30 day notice to GHFA before cancellation._____

Project name and street address and/or legal address should be on all certificates. DCA will accept an umbrella to meet the required coverage amount for each policy only. In cases of identity of interest and/or multiple properties, a separate policy for each entity and project is required.

ACORD 28-All property related coverage. ACORD 25- All acts or omissions that results in suit against an individual.

Borrower
Hazard or All Risk 100% replacement cost_____
Loss of rents 12 months.____
Mortgagee loss payable.____
Flood Insurance if applicable_____
Upon completion of construction.

General Liability $3,000,000_____
Product-Completed $1,000,000._____
Personal & Advertising Injury $1,000,000._____
Each Occurrence $1,000,000._____
Fire Damage $50,000._____
Medical Expense $5,000.____
Workers' Compensation_____
Automobile Liability $2,000,000_____
Other if necessary_____

Consultant-Other Professionals
Engineer- Professional and Liability or Error and Omission insurance acceptable to DCA._____
Architect- Professional and Liability or Error and Omission insurance acceptable to DCA._____
Surveyors-Professional and Liability or Error and Omission insurance acceptable to DCA._____
General Liability $2,000,000_____
Professional Liability Insurance with limits of $2,000,000 each claim and $2,000,000 aggregate;____

Environmental Consultants
General Liability $2,000,000_____
Professional Liability Insurance with limits of $2,000,000 each claim and $2,000,000 aggregate;____
Pollution Liability $2,000,000 per claim and $2,000,000 aggregates with coverage extended to include Third Party Liability.___

General Contractor
Builder's Risk____
General Liability $3,000,000_____
Automobile Liability $2,000,000_____
Performance and Payment Bond_____
Workers' Compensation_____

Subcontractors
General Liability $3,000,000_____
Automobile Liability $2,000,000_____
Workers' Compensation_____

Property Management
General Liability $3,000,000_____
Automobile Liability $2,000,000_____
Fidelity Bond $100,000_____
Workers' Compensation_____

H. MARKET STUDY MANUAL

The Georgia Department of Community Affairs (DCA) is responsible for allocating resources toward the development of affordable rental housing in areas where there is sufficient market support for it. DCA's goals include supporting the best developments possible given the limited resources available. One of DCA's main criteria in regard to this goal is to select proposed developments that are in appropriate locations with strong market demand. Therefore, it is important a complete and in-depth market study that conforms to the DCA guidelines must be obtained for each application for affordable rental housing financing.

The market study must contain sufficient data and analysis to provide DCA with an understanding of the market data presented, the analysis of the data, and the conclusion(s) of such data and its relationship to the subject property. The market study should lead the reader to the same or similar conclusion(s) reached by the Market Analyst. The market study shall include at a minimum, but may not be limited to, the following guidelines:

1. An evaluation of the existing comparable multifamily properties in the primary market area as the subject housing development.
2. An evaluation of the need for affordable housing within the subject development's primary and secondary market areas.
3. An evaluation of the subject property and target population in terms of market demands and demand trends, stabilization projections, etc.

Additionally, in compliance with the Fair Housing Act, The Equal Credit Opportunity Act and other related anti-discrimination laws and regulations, it is DCA's policy not to discriminate on any prohibited basis or to find a proposed project unacceptable solely on the basis of its location. DCA expects the Market Analysts to provide non-discriminatory assessments of market conditions and projections.

All market studies must be submitted in the prescribed order and format as outlined in this guide. Market Analyst are also encouraged to become familiar with policies, program guidelines and requirements in the DCA 2004 Qualified Allocation Plan and Application Manual. DCA reserves the right to require the Market Analyst to address such other issues as may be relevant to DCA's evaluation of the need for the subject project and the provision of the particular program guidelines. Failure to submit the market studies as specified may result in the rejection of the market study. If the market study is rejected, DCA may also require that a new market study be submitted by a different Market Analyst.

I. Market Study Requirements

A Market Study prepared for DCA must evaluate the need for decent, safe, and sanitary housing as proposed by the applicant (including, but not limited to and evaluation of the proposed rents, bedroom distribution and target population). The study must determine the feasibility of the subject property and state a conclusion as to the impact of the property

with respect to the determined housing needs. The study should be self-contained, and must describe in sufficient detail and with adequate data to support the conclusions.

Market Analysts will be required to submit a complete and in-depth market study that conforms to the format outlined below. The study must contain a statement by the analyst that the report was written according to DCA's market study requirements, that the information included is accurate and that the report can be relied upon by DCA as a true assessment of the low-income housing rental market. Analysts are encouraged to provide supplemental data and analysis. All data must relate back to the proposed development. Any third party reports relied upon by the Market Analyst must be verified directly by the Market Analyst as to the validity of the data and the conclusions.

Analysts are also expected to compare and contrast the relative strengths and weaknesses of the projects proposed that are competing within the same market and make a final recommendation as to which project(s) would best serve the market.

The final market study must be submitted in the prescribed order and format and must provide the following information:

A. Executive Summary

The Executive Summary includes the summary and conclusions of the Market Analyst that were derived from the market analysis. Such explanations should lead the reader to the same or similar conclusions as to the feasibility of the project as well as the effect the project has on fulfilling the determined housing need. At a minimum, the executive summary requires that the Market Analyst provide their conclusions based on the evaluation of the proposed development in terms of:

1. Market demand and demand trends for proposed, existing or rehabilitated units given the existing and proposed economic conditions of the area;

2. Stabilization projections for the subject property until a sustaining occupancy level of 93% can be achieved for the project. If stabilization projections for the subject differ significantly from historic data, an explanation of such must be given;

3. Absorption projections for each bedroom category type and for the subject property as a whole;

4. Comparable units in the proposed projects primary market area;

5. Appropriateness of unit rent, unit mix and unit sizes;

6. Appropriateness of interior and exterior physical amenities including appliance package;

7. Location and distance of subject property in relationship to local amenities;

8. Correlation of the subject property to the eligible tenant target population through an analysis of capture rates for each target tenant segment. Given the target population, existing market conditions, and market capture rates less than 30% for all one and two bedroom units, less than 40 % for all three bedroom units, less than 50% for all four bedroom units in the project and less than 30% for the LIHTC units, Market Rate and for the project as a whole;

9. A candid, detailed conclusion about the strength of the market for the project as proposed; and,

10. Summaries of the most pertinent findings and conclusions for each section listed below.

Capture Rate Analysis Chart (must be completed by the analyst and included in the executive summary)

Unit Size	Income limits	Units Proposed	Total Demand	Supply	Net Demand	Capture Rate	Absorption	Avg. Market Rent	Proposed Rents
1 Bdrm	30% AMI								
	50%AMI								
	60% AMI								
	Market Rate								
1 Bdrm	**TOTAL**								
2 Bdrm	30% AMI								
	50%AMI								
	60% AMI								
	Market Rate								
2 Bdrm	**TOTAL**								
3 Bdrm	30% AMI								
	50%AMI								
	60% AMI								
	Market Rate								
3 Bdrm	**TOTAL**								
4Bdrm	30% AMI								
	50%AMI								
	60% AMI								
	Market								
4 Bdrm	**TOTAL**								

Proposed Project Capture Rate LIHTC Units	
Proposed Project Capture Rate Market Rate Units	
Proposed Project Capture Rate ALL Units	
Proposed Project Stabilization Period	

B. Project Description

1. Project description including:

- Project address and location
- Construction type: New Construction/Rehab/Adaptive Reuse, etc.
- Occupancy Type: Family, Elderly, Housing for Older Persons, Special Needs, etc.
- Special Population Target (if applicable)
- Number of units by unit type
- Unit size, # of bedrooms and structure type (i.e. townhouse, garden apartment, etc)
- Rents and Utility Allowance
- Existing or proposed project based rental assistance
- Proposed development amenities (i.e. washer/dryer hookups, dishwasher etc.)
- For rehab proposals, current occupancy levels, rents being charged, and tenant incomes, if available, as well as detailed information with regard to the scope of work planned.
- Projected placed in service date

Information provided in this section must directly correlate with the application submitted to DCA

C. Site Evaluation

1. The Market Analyst who is preparing the report must physically visit the site and the market area in general. The date of the site visit should be noted in the study,

2. Describe physical features of the site and adjacent parcels. Positive and negative attributes of the site should be described in relation to their impact on overall market demand. Market Analyst must include a detailed description of the surrounding land uses, the site's physical relation to surrounding roads, transportation, amenities, employment, services, and the condition of the physical structures/neighborhoods surrounding the project site.

3. Photographs: Good quality color photographs of the subject property (front, rear and side elevations, on-site amenities, interior of typical units, if available) Photographs should be properly labeled. Photographs must be included of the neighborhoods and street scenes with a description of each vantage point.

4. Include a map clearly identifying the location of the project. The Market Analyst must provide a listing of the closest shopping areas, schools, and employment centers, medical facilities and other amenities that would be

important to the target population. Indicate proximity in miles to the proposed site.

5. Indicate what type of development(s), if any, is/are located in the vicinity of the proposed site (i.e. vacant land, commercial/business, industrial, public housing). Indicate proximity in miles to the proposed site. Describe all developments on either side of the property as well as in front and in back of site. Indicate present condition of properties. Discuss neighborhood land use and housing characteristics and compatibility with the project. What is the zoning of surrounding area? Is it likely to change?

6. Include a map identifying existing low-income housing (4% & 9% Tax Credit Properties, Tax Exempt Bond Projects, Rural Development Properties, Public Housing, etc.) within the market area. Indicate proximity in miles of these properties to the proposed site.

7. Indicate if there is any road or infrastructure improvements planned or under construction in the proposed market area.

8. Comment on access, ingress/egress, visibility of site.

9. Note any visible environmental or other concerns.

10. Overall conclusions about site as they relate to marketability.

D. Market Area

The market areas should be clearly outlined and the subject property identified on a map along with other details regarding the area (site location, neighborhood/surrounding amenities, and comparable rental properties). The use of a radius in establishing market areas is discouraged. The market area must be specifically justified (i.e. the analyst must describe the methodology and reasoning used to determine the market area in the form of a narrative.) Provide a reasonable rationale for the suggested market areas, taking into account such things as political and natural boundaries, socioeconomic characteristics, and the experience of the comparable multifamily development at each geographic level.

Provide a detailed description of both the primary and secondary market areas of the proposed development. The primary market area is defined as that geographical area from which 80% of potential renters are expected to be drawn; the remainder of the potential renters will come from the secondary market area. It is important to identify a secondary market area in order to avoid utilizing too large a market area leading to less precise finding.

E. Community Demographic Data

Provide the following demographic information for the market area, giving historical data as well as current data and estimates. Include data on population and households at the proposed time of market entry (i.e. 2005). Projections must be prepared by a reputable source such as Claritas, the State Data Center or the U.S. Census (a copy of the source data must be included and the source clearly identified). If the Market Analyst does not agree with these projections, s/he must provide the reasoning, along with substitute projections. Both numbers and percentages should be shown for the data below. Annualized growth figures should be included. Please include a narrative description of the data presented including overall conclusions.

1. Population Trends

a. Total Population.
b. Population by age group.
c. Number of elderly and non-elderly (for elderly projects).
d. If a special needs population is proposed for the development (i.e. migrant workers, homeless), provide additional information on population growth patterns specifically related to this population.

2. Household Trends

a. Total number of households and the average household size.
b. Household by tenure; that is, the number of owner and renter households. (If appropriate, breakout by elderly and non-elderly).
c. Households by income. (Elderly proposals should reflect the income distribution of elderly households only).
d. Renter households by number of persons in the household.
e. Elderly Households populations will be based on households who are 65 years or older according to the census.
f. Housing for Older Persons Households populations will be based on households who are 55 years or older according to the census.

3. Employment Trend

a. Employment by industry—numbers and percentages (i.e. manufacturing: 150,000 (20%))
b. The major current employers, product or service, total employees, anticipated expansions, contractions in their workforces, as well as newly planned employers and their impact on employment in the market area.
c. Unemployment trends for the market area and, where possible, the county total workforce figures and number and percentage unemployed. Provide annualized

figures for unemployment trends for the last two to four years (i.e. average annual increase of unemployment of 1.2%).

d. A map of the site and location of major employment concentrations.
e. A narrative analysis of data provided, including overall conclusions, is required. Relate data to impact on housing demand.

F. Project-specific Demand Analysis

1. **Income Restrictions:** Use the applicable incomes and gross rents in the application submitted to DCA. Be aware of the specific income restrictions that apply to DCA's multi-family rental housing programs as outlined in the 2005 Qualified Allocation Plan and Application Manual. For example, in the Low Income Housing Tax Credit (LIHTC) and multifamily Bond programs, developers must elect to set-aside either at least 20% of the units for households earning no more than 50% of area median income or at least 40% of the units for households earning no more than 60% of area median income. For projects that combine HOME loans and tax credits, 40% of the units must be restricted to households earning 50% or less of area median income. Analyst must take the income restrictions designated in the application into account when estimating demand.

   The study should include data for each income group targeted by the project as described in the application. For example, if the project targets families at 50% of the Area Median Income, and families at 60% of the Area Median Income, demand projections using the above methodology should be provided for each group and bedroom size. The maximum allowable Area Median Income level per household for all bedroom types will be based on a standard of 1.5 persons per bedroom rounded up to the next whole number. Elderly Household income shall be based on the minimum Social Security Income payment for the market area.

2. **Affordability:** Analysts should assume no family households are able to pay more than 35% of gross income towards total housing expenses and that no elderly households are able to pay more than 40% of gross income towards total housing expenses. The demand analysis should clearly indicate the minimum income and maximum income range for each targeted group. The analyst must make some reasonable determination of maximum income level beyond which a household would not likely be a participant in the rental market. The analyst should clearly state the assumption used in making the aforementioned determination.

3. **Demand:** The demand should be derived from the following sources:

a. **Demand from New Household: New units required in the market area due to projected household growth from migration into the market and growth from existing households in the market should be determined.** This should be determined using **2000 renter household census data** and projecting forward to the anticipated placed in service date of the project using a growth rate established from a reputable source such as Claritas or the State Data Center. This population projected must be limited to the target population, age and income group and the demand for each income group targeted (i.e. 50% of median income) must be shown separately.

In instances where a significant number (more than 20%) of proposed units are comprised of three and four bedroom units, please refine the analysis by factoring in the number of large households (generally 5+ persons). A demand analysis, which does not take this into account, may overestimate demand.

b. **Demand from Existing Households**: The second source of demand should be projected from:

- Rent over-burdened households, if any, within the age group, income groups and tenure (renters) targeted for the proposed development In order to achieve consistency in methodology, all analysts should assume that the rent-overburdened analysis includes households paying greater than 35% or in the case of elderly, greater than 40% of their income toward gross rent; and,

- Households living in substandard housing (i.e. units that lack complete plumbing or that are overcrowded). Households in substandard housing should be determined based on age, income bands and tenure that apply. The analyst should use their own knowledge of the market area and project to determine if households from substandard housing would be a realistic source of demand. The analyst is encouraged to be conservative in his/her estimate of demand from both households that are rent-overburdened or living in substandard housing; and,

- Elderly Homeowners likely to convert to rentership: DCA recognizes that this type of turnover is increasingly becoming a factor in the demand for elderly tax credit housing. Due to the difficulty of extrapolating elderly (65 and over) owner households from elderly renter households, analyst may use the total figure for elderly households in the appropriate income band in order to derive this demand figure. Data from interviews with property managers of active projects regarding renters who have come from homeownership should be used to refine the analysis. **A narrative of the steps taken to arrive at this demand figure must be included;**

- The analyst may also consider the following factors in determining demand from Elderly Households

  a) Seniors relocating from other areas outside the Primary or Secondary Market area.
  b) Children subsidizing rents for their parents.
  c) Seniors moving from their children's homes whom they had been living with.

  If an analyst utilizes these factors in his calculation of demand, specific documentation must be included in support of his conclusions.

- AMI for elderly developments will be limited to 2 person households regardless of the number of units proposed.

- Other: DCA does not consider household turnover to be a source of market demand. However, if an analyst firmly believes that demand exists which if not being captured by the above methods, he/she may use other indicators to estimate demand if they can be fully justified (e.g. an analysis of an under built or over built market in the base year). Any such additional indicators should be calculated separately and be easily added or subtracted for the demand analysis described above.

4. Net Demand, Capture Rate and Stabilization Calculations

- **Net Demand:** The overall demand components added together (3(a) and 3(b) above) less the supply of comparable developments awarded and/or constructed from 1999 to the **present**. DCA may require the analyst to include projects that are proposed for funding and/or a bond allocation by DCA in the demand analysis. Comparable units are defined as those units that are of similar size and configuration and provide housing to a similar tenant population.

- The following Comparability Analysis chart will be used to determine the Net Supply number for each Bedroom and Income category when considering the deduction of rehab properties in the net supply. All properties determined to be comparable with the proposed development will be included in the Comparability Analysis and assigned a Comparability Factor to be used in determining Net Supply in the Market Area.

Rehab-Comparability Analysis			
Property Name Comparable 1		Percent	Comments
1	Location		
2	Affordability		
3	Property Type		
4	Quality		
	Comparability Factor		1*2*3*4

Rehab-Comparability Analysis			
Property Name Comparable 2		Percent	Comments
1	Location		
2	Affordability		
3	Property Type		
4	Quality		
	Comparability Factor		1*2*3*4

A weighting factor of between 0 – 1 will be assigned to each of the four factors. The total Comparability Factor will then be applied to each bedroom type for all income segments to determine the number of units to be allocated to the existing property. Total market supply will be comprised of the weighted units supply from the comparable existing properties and all units new to the market area since 1999.

- Demand calculation for proposed rehab developments will be based on those units that are vacant, or whose tenants are rent burdened or over income as listed on the Tenant Relocation Spreadsheet. Tenants who are income qualified to remain in the property at the proposed stabilized renovated rents will be deducted from the property unit count prior to determining the applicable capture rates.

- Units that are subsidized with PBRA or whose rents are more then 20% lower then the rent for other unit of the same bedroom size in the same AMI band and comprise less then 10% of the total units, will not be used in determining project demand. These units, if priced 30% lower then the average market rent for the bedroom type in any income segment, will be assumed to be leasable in the market and deducted from the total number of units in the project for determining capture rates.

- **Capture Rates:** Capture rates should be calculated by dividing **the number of units in the project by the net demand**. Demand and capture rate analysis must be completed for each targeted income group and each bedroom size proposed. Please include a narrative on what exactly this capture rate means for the project proposed (i.e. given the market area are these average capture rates or do they cause concern?) Project feasibility will be based on market capture rates less than 30% for all one (1) and two (2) bedroom units, less than 40% for all three bedroom units, less than 50% for all four bedroom units in the project. In addition, Project Feasibility will be based on capture rates of less than 30% for all LIHTC units, less than 30% for all Market Rate units and less than 30% for the project as a whole. Market capture rates for each AMI market segment type (i.e. 30%, 50%, 60% & market) for each bedroom type shall not exceed 70%;

- **Stabilization Rates:** Stabilization rates should be provided in the market study, which give an estimation of the time it is expected the project will take to reach 93% occupancy. The stabilization rate determination should consider such factors as the overall estimate of new household growth, the availability of subsidiaries, household turnover and rent specials. The stabilization period is considered to begin on the placed in service date provided in the application.

  A written statement is required if the vacancy and stabilization rates for the applicable primary and secondary market areas are or are not reasonable and whether or not high vacancy rates will occur. Sufficient documentation to support this conclusion with regard to the effects on the project should be included.

The following tables must be completed and included in the market study:

1) Demand and Net Demand

Note: Household income bands should be expanded to include all income bands for the proposed project.

	HH at 30% AMI (min. income to max. income)	HH at 50% AMI (min. income to max. income)	HH at 60% AMI (min. income of max. income)	HH at > 60% AMI (min. income of max. income)
a) Demand from New Household migration into the market and growth from existing households in the market: age and income appropriate				
Plus				
Demand from Existing Renter Households - Substandard Housing				
Plus				
Demand from Existing Renter Households- Rent Over burdened households				
Plus				
Demand from Existing Households - Elderly Homeowner Turnover (where applicable)				
Equals				
Total Demand				
Less				
Supply of directly comparable affordable housing units built and/or awarded in the project market between 1999 and the present				
Equals				
Net Demand				

G. Comparable Rental Developments Analysis

The comparable rental development analysis will be of significant weight in DCA's review of the market study. The analyst must visit all comparable properties and perform on-site interviews where possible. Existing multifamily units with rents similar to the proposed development should be analyzed. Subsidized low-income developments must be considered, and specifically analyzed. The analyst must supply a description and occupancy levels of all existing multifamily projects currently under development, and multifamily projects slated to begin construction prior to the entrance of the proposed project in the defined market area.

All comparable rental properties in the primary market area and all properties within Two (2) miles of the subject property must be included in the market analysis. The analysis should include information on all rental developments that can be considered "true

comparables" available to serve the target market. The analyst must indicate which developments in the market area s/he determines to be the most directly comparable. If there are no low-income developments, state this. The analyst must provide a separate list for the properties included in the supply calculation and provide adequate information for the reader to evaluate these units to the proposed development. All properties included in the supply calculation must be clearly shown on the rent comparable map and notated as such.

1. The following information must be included for each comparable property:

- Name and address of the comparable property development.
- Name and phone number of contact person and date contact was made.
- Description of property (e.g., unit type, unit size, unit mix, interior amenities, exterior amenities, structure type, etc.).
- Photographs of each comparable development.
- Square footage for each comparable unit type.
- Monthly rents and the utilities that are included in the rents for each unit type.
- Project age and current physical condition based upon a cursory exterior inspection.
- Concessions given, if any. Concessions should be explained and their impact given.
- Current vacancy rates, historic vacancy factors, waiting lists and turnover rates, broken down by bedroom size and structure type. In addition, indicate the lease up history of comparable developments in the proposed market area.
- Number of units receiving rental assistance, description of assistance as project or tenant based. An analysis of the voucher and certificates available in the Market Area should be included. If voucher and certificates go unused this should be explained. If there is a waiting list, this should also be documented.
- If the proposed development represents an additional phase of an existing housing development, include a tenant profile as well as additional information related to households on a waiting list of the existing phase.
- In rural areas lacking sufficient multifamily rental comparables, provide data on single-family rentals, rental trailer homes, duplexes, triplexes and single family homes in an attempt to identify where potential tenants are currently living.

The above information should be provided in a comparative framework with the proposed project. For example, in addition to providing a page of information along with pictures of each comparable, the analyst should also provide a comparative chart that show such details as the proposed project's rents, square footage, amenities, etc. as compared to the other projects.

Additionally, the analyst should provide a narrative that discusses issues such as how each complex compares with the subject property in terms of such things as total units, mix rents, occupancy, location, etc. The narrative should also state if the projected initial rents for the project are at or below the rental range for comparable projects within the primary and secondary market areas. Sufficient documentation to support this conclusion with regards to the effect of the projects rental rates should be included.

2. A map showing the comparable projects in relation to the subject must be included. The map should have an identifiable usable scale. The Map must show all existing LIHTC and Bond properties and all LIHTC and Bond proposed projects which have received tax credit allocations within the market area.

3. Assisted projects should be specifically identified. Assisted rental housing projects include DCA funded properties, USDA financed properties, Georgia Housing Trust Fund of the Homeless financed properties, and HUD 221(d)(3) and 221 (d) (4) properties and other market rate FHA insured programs.

4. **If the proposed project is a family project, market area elderly projects are not competitive with family units, and therefore should not be included in the comparable analysis. Conversely, if the proposed project is elderly, market area family units should not be considered.**

5. If a proposed project is Housing for Older Persons project, a family project can be considered a comparable and should be included in the comparable analysis.

6. Address whether the proposed project, in light of vacancy and stabilization rates of the local market area, is likely to result in a higher vacancy rate for comparable units within the market area, especially those standard well-maintained units within the market area which are reserved for occupancy by low income tenants.

7. For developments in the planning rehabilitation, or construction stages, provide the name, address/location, name of owner, number of units, unit configuration, rent structure, estimated date of market entry, and any other relevant market analysis information. If there are no developments in the planning stages or under construction, a statement to that effect must be provided.

8. The market study should include information on the availability and proximity of land in the proposed market area that is zoned or could be zoned for multifamily use.
9. Information on other DCA funded projects located in the proposed project's competitive market area must be included. The analyst should discuss the adequacy of demand for those other DCA funded projects. Also comment on any other DCA funded projects located outside of the competitive area, but located within a reasonable distance from the proposed project.

10. The analyst should note the primary housing voids in the market and comment on whether the proposed project will fill such a void or not.

H. Interviews

The results of formal and informal interviews with property managers, town planning officers or anyone with relevant information relating to the overall demand of the proposed development must be summarized in this section.

I. Conclusions and Recommendations

Market Analyst must provide a conclusion and professional opinion regarding the factors analyzed in the market study stating whether there is a market for the project as proposed and whether the project will or will not experience chronic inability to consistently maintain at least a 93% occupancy rate. The analyst must also evaluate any market data provided by DCA, provide a detailed analysis that states whether or not the information provided is an accurate portrayal of the market, and give the reasoning for this determination. Finally, the analyst must provide a summary of all the major factors that have led to their conclusion.

J. Signed Statement Requirements

A signed statement must include the following language:
I affirm that I, or an individual employed by my company, have made a physical inspection of the market area and the subject property and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market can (cannot) support the project as shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.

II. Comparison of Competing Projects

In a separate letter, the Market Analyst must state which of the assigned projects should be considered to be competing within the same market area. The analyst must also address whether the market area can sustain more than one tax credit proposed project or not (and if so, how many?) Additionally, the analyst should provide a brief comparison of these developments, noting whether or not one project can be said to be a more competitive proposal for the market than the other. If an assigned project is not competing with any other proposals, the analyst should make a statement to this effect.

Market Analyst Certification and Checklist

I understand that by initializing (or checking) the following items, I am stating those items are included
and/or addressed in the report. If an item is not checked, a full explanation is included in the report.

The report was written according to DCA's market study requirements, that the information included is accurate and that the report can be relied upon by DCA as a true assessment of the low-income housing rental market.

I also certify that I have inspected the subject property as well as all rent comparables.

Signed: _____ Date: _____

A. Executive Summary

1	Market demand for subject property given the economic conditions of the area	Page	_____
2	Projected Stabilized Occupancy Level and Timeframe	Page	_____
3	Appropriateness of unit mix, rent and unit sizes	Page	_____
4	Appropriateness of interior and exterior amenities including appliances	Page	_____
5	Location and distance of subject property in relationship to local amenities	Page	_____
6	Discussion of capture rates in relationship to subject	Page	_____
7	Conclusion regarding the strength of the market for subject	Page	_____

B. Project Description

1	Project address, legal description and location	Page	_____
2	Number of units by unit type	Page	_____
3	Unit size, # of bedrooms and structure type (i.e. townhouse, garden apartment, etc)	Page	_____
4	Rents and Utility Allowance*	Page	_____
5	Existing or proposed project based rental assistance	Page	_____
6	Proposed development amenities (i.e. washer/dryer hookups, dishwasher etc.)	Page	_____
7	For rehab proposals, current occupancy levels, rents, and tenant incomes (if available), as well as detailed information as to renovation of property	Page	_____

8	Projected placed in service date	Page	_____
9	Construction type: New Construction/Rehab/Adaptive Reuse, etc.	Page	_____
10	Occupancy Type: Family, Elderly, Housing for Older Persons, Special Needs, etc.	Page	_____
11	Special Population Target (if applicable)	Page	_____

C. Site Evaluation

1	Date of Inspection of Subject Property by Market Analyst	Page	_____
2	Physical features of Subject Property and Adjacent Uses	Page	_____
3	Subject Photographs (front, rear, and side elevations as well as street scenes)	Page	_____
4	Map identifying location of subject as well as closest shopping centers, schools, medical facilities and other amenities relative to subject	Page	_____
5	Developments in vicinity to subject and proximity in miles (Identify developments surrounding the subject on all sides)	Page	_____
	zoning of subject and surrounding uses	Page	_____
6	Map identifying existing low-income housing within the Primary Market Area and proximity in miles to subject	Page	_____
7	Road or infrastructure improvements planned or under construction in the PMA	Page	_____
8	Comment on access, ingress/egress and visibility of subject	Page	_____
9	Any visible environmental or other concerns	Page	_____
10	Overall conclusions of site and their marketability	Page	_____

D. Market Area

1	Map identifying Subject's Location within PMA	Page	_____
2	Map identifying Subject's Location within SMA, if applicable	Page	_____

E. Community Demographic Data

Data on Population and Households Five Years Prior to Market Entry, and Projected	Page	_____
Five Years Post-Market Entry.		

**** If using sources other than U.S. Census (I.e., Claritas or other reputable source of data), please include in Addenda – The source of all tables in the market study must be clearly identified.***

1. Population Trends

a.	Total Population	Page	_____
b.	Population by Age Group	Page	_____
c.	Number of elderly and non-elderly (for elderly projects)	Page	_____
d.	If a special needs is proposed, additional information for this segment	Page	_____

2. Household Trends

a.	Total number of households and average household size	Page	_____
b.	Households by tenure (# of owner and renter households) Elderly by tenure, if applicable	Page	_____
c.	Households by Income (Elderly, if applicable, should be allocated separately)	Page	_____
d.	Renter households by # of persons in the household	Page	_____

3. Employment Trend

a.	Employment by industry— #s & % (i.e. manufacturing: 150,000 (20%))	Page	_____
b.	Major employers, product or service, total employees, anticipated expansions, contractions in work forces, as well as newly planned employers and impact on employment in the PMA	Page	_____
c.	Unemployment trends for the PMA and, where possible, the county total workforce for unemployment trends for the last two to four years.	Page	_____
d.	Map of the site and location of major employment concentrations.	Page	_____
e.	Overall conclusions	Page	_____

F. Project Specific Demand Analysis

1	Income Restrictions - uses applicable incomes and rents in the development's tax application.	Page	_____
2	Affordability - Delineation of Income Bands *	Page	_____
3	Comparison of market rates of competing properties with proposed subject market rent	Page	_____

4	Comparison of market rates of competing properties with proposed LIHTC rents	Page	_____
5	Demand Analysis Using Projected Service Date (within 2 years)	Page	_____
a.	New Households Using Growth Rates from Reputable Source	Page	_____
b.	Demand from Existing Households (Combination of rent overburdened and substandard)	Page	_____
c.	Elderly Households Converting to Rentership (applicable only to elderly)	Page	_____
d.	Deduction of Supply of "Comparable Units"	Page	_____
e.	Capture Rates for Each Bedroom Type	Page	_____
f.	Anticipated Absorption period for the property	Page	_____

**** Assume 35% of gross income towards total housing expenses for family***

**** Assume 40% of gross income towards total housing expenses for elderly***

**** Assume 35% of net income for derivation of income band for family***

**** Assume 40% of net income for derivation of income band for elderly***

G. Supply Analysis

1	Comparative chart of subject amenities and competing properties	Page	_____
2	Supply & analysis of competing developments under construction & pending	Page	_____
3	Comparison of competing developments (occupancy, unit mix and rents)	Page	_____
4	Rent Comparable Map (showing subject and comparables)	Page	_____
5	Assisted Projects in PMA *	Page	_____
6	Multi-Family Building Permits issued in PMA in last two years	Page	_____

* PHA properties are not considered comparable with LIHTC units

H. Interviews

1 Names, Title, and Telephone # of Individuals Interviewed Page _____

I. Conclusions and Recommendations

1 Conclusion as to Impact of Subject on PMA Page _____

2 Recommendation as to Subject's Viability in PMA Page _____

J. Signed Statement

1 Signed Statement from Analyst Page _____

K. Comparison of Competing Properties

1 Separate Letter addressing addition of more than one competing property

I. APPRAISAL MANUAL

Appraiser Qualifications

All appraisers must be state certified general by the Georgia Real Estate Appraiser's Board and participate in continuing education as required. The appraiser selected for an assignment should have, at a minimum, five (5) years appraisal experience, preferably in a combination of affordable housing and multi-family properties. An appraiser will not be excluded from consideration solely by virtue of membership or lack of membership in any particular appraisal organization. It is however, desirable, but not required, for the appraiser to have a professional designation or be an active member in a professional accredited appraisal institution. An appraiser must demonstrate competency, expertise, independence, and the ability to render a high quality, written report. The appraiser's experience and educational background will provide general basis for competency.

APPRAISAL GUIDELINES

Appraisal reports prepared for the Georgia Department of Community Affairs ("DCA") must be presented in narrative format or other approved format appropriate for the transaction as approved by DCA. The scope of the appraisal report should be in proportion to the complexity of the property and the intended use of the appraisal. The appraisal should, at a minimum, conform to generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice (USPAP) which are incorporated into this manual.

USPAP permits either a "Complete" or "Limited" appraisal process to be performed. A Complete appraisal process estimates value without invoking USPAP's departure provision, while a Limited appraisal process estimates value after invoking USPAP's departure provision. The results of the appraisal may be communicated in a "Self-contained," "Summary" or "Restricted" report format as defined by USPAP. Unless otherwise instructed, all reports must be a Complete appraisal in a self-contained format.

Per the advisory opinions provided by USPAP, preparation of appraisals for subsidized housing in compliance with USPAP requires knowledge and experience that goes beyond typical residential appraisal competency. Subsidized housing may be defined as single or multi-family residential real estate targeted for ownership or occupancy by low or moderate-income households as a result of public programs and other financial tools that assist or subsidize the developer, purchaser, or tenant in exchange for restrictions on use and occupancy. The United States Department of Housing and Urban Development (HUD) provides the primary definition of income and asset eligibility standards for low and moderate-income households. Other federal, state, and local agencies define income eligibility standards for specific programs and development under their jurisdiction.

USPAP further states that subsidized housing appraisals require the appraiser to understand the various programs, definitions, and pertinent tax considerations involved in the particular assignment applicable to the location and development. An appraiser

should be capable of analyzing the impact of the programs and definitions in the local subsidized housing submarket, as well as in the general market that is unaffected by subsidized housing programs. Appraisers should also be aware of possible political changes that will affect the durability of the benefits and restrictions to subsidized housing projects and fully understand interpretation and enforcement of subsidy programs.

Appraisal Rules and Guidelines

General Provisions

Self-contained reports must describe sufficient and adequate data and analyses to support the final opinion of value. The final value(s) must be reasonable, based on the information included. Any Third Party reports relied upon by the appraiser must be verified by the appraiser as to the validity of the data and the conclusions.

The report must contain sufficient data, included in the appendix when possible, and analysis to allow the reader to understand the property being appraised, the market data presented, analysis of the data, and the appraiser's value conclusion. The complexity of this requirement will vary in direct proportion with the complexity of the real estate and real estate interest being appraised. The report should lead the reader to the same or similar conclusion(s) reached by the appraiser.

DEFINITIONS

The following terminology is employed in the review process and is defined as follows:

Appraisal: the act or process of developing an opinion of value; an opinion of value, of or pertaining to appraising and related functions such as appraisal practice or appraisal services.

Complete Appraisal: The act or process of developing an opinion of value or an opinion of value developed without invoking the Departure Rule.

Limited Appraisal: the act or process of developing an opinion of value or an opinion of value developed under and resulting from invoking the Departure Rule.

The Appraisal is to be performed in accordance with current Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation, with the exception that the Departure Provision shall not apply. The Departure

Provision allows services to be performed in which the scope of work is less than or different from the work that would otherwise be required by the specific requirements.

Appraisal Standards: Minimum requirements established by USPAP and supplemented by the lender or credit enhancement provider.

Capitalization Rate: A capitalization rate is used in the Direct Capitalization method. It is used to convert an estimate of a single year's income expectancy or an annual average of several years' income expectancies into an indication of value in one step by dividing the income estimate by the rate. The rate is typically derived from market analysis or through other quantitative methods.

Discount Rate: A rate of return on capital used to convert future payments or receipts into present value.

Discounting: The procedure used to convert periodic income and reversions into present value based on the assumption that benefits received in the future are worth less than the same benefits received now.

Fee Appraiser: An appraiser not employed by DCA, a lender or credit enhancement provider other than in connection with a specific appraisal assignment who has no interest, direct or indirect, financial or otherwise, in the property appraised or the transaction.

Intended Use: The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of assignment.

Investment Value: The specific value of goods or services to a particular investor based on individual investment requirements. Investment value reflects the subject relationship between a particular investor and a given investment. Investment value differs from Market Value; however, the value indications may be similar. Investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her needs, desires or investment goals.

Market Value: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and both are acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.

Market Value "As Is" on Appraisal Date: An estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the effective date the appraisal is prepared.

Prospective Market Value Upon Achieving Stabilized Occupancy: The value presented assumes the property has attained stabilization which an income-producing real estate project is expected to achieve under competent management after exposure for leasing in the open market for a reasonable period of time at terms and conditions comparable to competitive offerings. The appraiser must state the date of stabilization and the estimated absorption period to achieve stabilized occupancy.

Proposed Scattered Site Development: A project that is constructed, or is to be constructed, as a single development and meets the following criteria:

- Consist of no more than six (6) non-contiguous parcels within a ½ mile radius and consisting of a minimum of four residentials units per parcel; or
- Consist of no more than 20 non-continguous lots with 1-4 units per contiguous parcel.

Qualified Appraiser: Any individual who has satisfied USPAP and DCA's or the lender or credit enhancement provider's policy on experience and qualifications relating to a specific appraisal assignment. While membership or lack of membership in an appraisal organization may be considered in accepting or rejecting an individual appraiser, the determining factor is the appraiser's professional integrity, education, and experience in addition to his state certification or licensing status. The appraiser's experience and training must be appropriate to the complexity and nature of the proposed appraisal assignment.

State Certified Appraiser: A registered appraiser may perform appraisals on any type of property except when the purpose of the appraisal is for use in a federally related financial transaction.

State Licensed Appraiser: A licensed appraiser may perform any appraisal that is not to be used in a federally related financial transaction and may perform appraisals for use in a federally related transaction in the following categories:

1. Non-complex one to four unit residential properties where the value of the financial transaction does not exceed $1,000,000 and
2. Any type of property where the transaction value is less than $250,000.00.

In federally related transactions licensed appraisers may not appraise real estate where a development analysis/appraisal is necessary and utilized.

State Certified Residential Real Property Appraiser: A certified residential appraiser may perform any appraisal that is not to be used in a federally related transaction and may perform appraisals for use in a federally related financial transaction in the following categories:

1. One to four residential units without regard to transaction value or complexity and
2. Any type of property where the transaction value is less than $250,000.00.

State Certified General Real Property Appraiser: A certified general appraiser may appraise any type of property for any purpose.

USPAP: Uniform Standards of Professional Appraisal Practice established and amended by the Appraisal Standards Board of the Appraisal Foundation.

Value Estimates

All appraisals shall provide an As Is Market Value. Appraisal assignments are also required to provide a Prospective Market Value Upon Completion and Achieving Stabilized Occupancy. The Prospective Market Value Upon Completion and Achieving Stabilized Occupancy shall include a value "as restricted" (i.e., encumbered by rent restrictions) as well as an "unrestricted" (i.e., unencumbered by rent restrictions) value. In addition, a Prospective Market Value at Loan Maturity will be required. If personal property, FF&E, or intangible items are not part of the transaction or value estimate, a statement to such effect should be included.

The commissioned appraisal reports shall include the following values:

- As Is Market Value (must include a separate value for land if the As Is Value reflects an improved property)
- Prospective Market Value Upon Completion and As Stabilized (Restricted Rents)
- Prospective Market Value Upon Completion and As Stabilized (Unrestricted Rents)
- Prospective Market Value at Loan Maturity
- Valuation of Tax Credits (including federal, state and historic, as applicable)
- Favorable Financing
- Investment Value, if applicable
- Analysis of Ground Lease, if applicable

Date of Appraisal

The appraisal report must be dated and signed by the appraiser who inspected the property. The date of the valuation, except in the case of proposed construction or extensive rehabilitation, must be a current date.

Appraisal Contents

An appraisal of a development prepared for DCA must be organized in a format that follows a logical progression and must include, at minimum, the following items:

Title Page

- Include identification as to appraisal (e.g., type of process - Complete or Limited, type of report - self-contained, summary or restricted)
- Property address and/or location, housing type
- DCA addressed as the client

- Effective date of value estimate(s)
- Date of report
- Name and address of person authorizing report
- And name and address of appraiser(s)

Letter of Transmittal

- Include date of letter
- Property address and/or location
- Description of property type
- Extraordinary/special assumptions or limiting conditions that were approved by person authorizing the assignment
- Statement as to function of the report
- Statement of property interest being appraised
- Statement as to appraisal process (Complete or Limited)
- Statement as to reporting option (self-contained, summary or restricted)
- Statement that the appraisal is assignable to other lenders or participants in the transaction
- Reference to accompanying appraisal report
- Reference to all person(s) that provided significant assistance in the preparation of the report
- Date of report
- Effective date of appraisal, date of property inspection
- Name of person(s) inspecting the property – the appraiser engaged must inspect the subject property
- Identification of type(s) of value(s) estimated (e.g., fee simple value, leased fee value, leasehold value, etc.)
- Intended User
- Estimate of marketing period
- Signatures of all appraisers authorized to work on the assignment

Table of Contents

Number the exhibits included with the report for easy reference.

Certification

The Certification must be designed in accordance with USPAP and applicable federal regulations, whichever is more stringent. The certification must be signed by each appraiser contributing to the analysis and valuation of the property. If more than one party signs a certification, the document must clearly indicate the extent to which the appraiser(s) contributed to the analysis and investigation of the property. The certification must state that the appraiser retained by the lender inspected the subject property.

Assumptions and Limiting Conditions

Include a summary of all assumptions, both general and specific, made by the appraiser(s) concerning the property being appraised.

Certificate of Value
This section may be combined with the letter of transmittal and/or final value estimate. Include statements similar to those contained in USPAP.

Disclosure of Competency
Include appraiser's qualifications, detailing education and experience.

Identification of the Property
Provide a statement to acquaint the reader with the property. Real estate being appraised must be fully identified and described by street address, tax assessor's parcel number(s), and development characteristics. Include a full, complete, legible, and concise legal description.

Statement of Ownership of the Subject Property
Discuss all prior sales of the subject property which occurred within the past three years. Any pending agreements of sale, options to buy, or listing of the subject property must be disclosed in the appraisal report and analyzed in compliance with USPAP.

Purpose and Function of the Appraisal
Provide a brief comment stating the purpose of the appraisal and a statement citing the function of the report.

Property Rights Appraised
Include a statement as to the property rights (e.g., fee simple interest, leased fee interest, leasehold, etc.) being considered. The appropriate interest must be defined in terms of current appraisal terminology with the source cited.

Definition of Value Premise
One or more types of value (e.g., "as is", "as complete", "prospective market value at stabilization") may be required. Definitions corresponding to the appropriate value must be included with the source cited.

Scope of the Appraisal
The amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following:

- The degree to which the property is inspected or identified;
- The extent of research into physical or economic factors that could affect the property;
- The extent of data research; and
- The type and extent of analysis applied to arrive at opinions or conclusions.

Regional Area Data
Provide a general description of the geographic location and demographic data and analysis of the regional area. A map of the regional area with the subject identified is required.

Neighborhood Data
Provide a specific description of the subject's geographical location and specific demographic data and an analysis of the neighborhood. A summary of the neighborhood trends, future development, and economic viability of the specific area should be addressed. A map with the neighborhood boundaries and the subject identified must be included.

Site/Improvement Description
Discuss the site characteristics including the following:

> **Physical Site Characteristics**
> Describe dimensions, size (square footage, acreage, etc.), shape, topography, corner influence, frontage, access, ingress-egress, etc. associated with the site. Include a plat map and/or survey.
>
> **Floodplain**
> Discuss floodplain (including flood map panel number) and include a floodplain map with the subject clearly identified.
>
> **Zoning**
> Report the current zoning and description of the zoning restrictions and/or deed restrictions, where applicable, and type of development permitted. Any probability of change in zoning should be discussed. A statement as to whether or not the improvements conform to the current zoning should be included. A statement addressing whether or not the improvements could be rebuilt if damaged or destroyed, should be included. If current zoning is not consistent with the Highest and Best Use, and zoning changes are reasonable to expect, time and expense associated with the proposed zoning change should be considered and documented. An excerpt from the zoning ordinance regarding the subject's allowable uses should be included.
>
> **Description of Improvements**
> Provide a thorough description and analysis of the proposed improvements including size (net rentable area, gross building area, etc.), number of stories, unit mix, number of buildings, type/quality of construction, condition, actual age, effective age, exterior and interior amenities, items of deferred maintenance, etc. (If the property is existing, provide a description of the improvements currently existing). All applicable forms of depreciation should be addressed along with the remaining economic life. Identify architectual plans, including the date and engineer, and include in the report. Floor plans of the proposed improvements should be included in the report. If the proposed improvements per plans and

specifications or any other source differ from the application provided by DCA, the appraiser should notify the lender immediately for clarification before proceeding with the appraisal assignment.

Fair Housing

It is recognized appraisers are not an expert in such matters and the impact of such deficiencies may not be quantified; however, the report should disclose any potential violations of the Fair Housing Act of 1988, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990 and/or report any accommodations (e.g.,wheelchair ramps, handicap parking spaces, etc.) which have been performed to the property or may need to be performed.

Environmental Hazards

It is recognized appraisers are not an expert in such matters and the impact of such deficiencies may not be quantified; however, the report should disclose any potential environmental hazards (e.g., discolored vegetation, oil residue, asbestos-containing materials, lead-based paint etc.) noted during the inspection. If the appraiser discovers any potential environmental problems that may be unknown to the lender, please notify the lender immediately and cease work on the appraisal unless instructed otherwise.

Highest and Best Use

Market Analysis and feasibility study is required as part of the highest and best use. The highest and best use analysis should consider the following as well as a supply and demand analysis.

- The appraisal must inform the reader of any positive or negative market trends which could influence the value of the appraised property. Detailed data must be included to support the appraiser's estimate of stabilized income, absorption, and occupancy.

- The highest and best use section must contain a separate analysis "as if vacant" and "as improved" (or "as proposed to be improved/renovated"). All four elements in appropriate order as outlined in the Appraisal of Real Estate (legally permissible, physically possible, feasible, and maximally productive) must be sequentially considered.

The appraiser should consider the Market Study provided by DCA into the analysis as applicable; however, the appraiser should also perform an independent analysis of the market and rent comparables and shall not rely solely on the Market Study provided by DCA as market conditions may vary from the date of the market study to the effective date of the appraisal report.

Appraisal Process

The Cost Approach, Sales Comparison Approach and Income Approach are three recognized appraisal approaches to valuing most properties. It is mandatory that all three approaches are considered in valuing the property unless specifically instructed by DCA to ignore one or more of the approaches; or unless reasonable appraisers would agree that use of an approach is not applicable. If an approach is not applicable to a particular property, then omission of such approach must be fully and adequately explained.

An adjustment grid demonstrating the appraisal process must be included (i.e., land comparables, sales comparables, and rent comparables).

Cost Approach

This approach should give a clear and concise estimate of the cost to construct the subject improvements. The type of cost (reproduction or replacement) and source(s) of the cost data should be reported. Cost comparables are desirable; however, alternative cost information may be obtained from Marshall & Swift Valuation Service or similar publications. The section, class, page, etc. should be referenced. All soft costs and entrepreneurial profit must be addressed and documented.

All applicable forms of depreciation must be discussed and analyzed. Such discussion must be consistent with the description of the improvements analysis.

The land value estimate should include:

- a sufficient number of sales which are current, comparable, and similar to the subject in terms of highest and best use.

- Comparable sales information should include address and/or legal description, tax assessor's parcel number(s), sales price, date of sale, grantor, grantee, and adequate description of property transferred.

- The final value estimate should fall within the adjusted and unadjusted value ranges.

Consideration and appropriate cash equivalent adjustments to the comparable sales price should be made when applicable:

- Property rights conveyed
- Financing terms
- Conditions of sale
- Location
- Highest and best use
- Physical characteristics (e.g., topography, size, shape, etc.).
- Other characteristics (e.g., existing/proposed entitlements, special assessments, etc.).

Sales Comparison Approach

This section should contain an adequate number of sales to provide the reader with the current market conditions concerning this property type. Sales data should be recent and specific for the property type being appraised. The sales must be confirmed with buyer, seller, or an individual knowledgeable of the transaction.

Minimum content of the sales should include

- Address, legal description, tax assessor's parcel number(s)
- Sale price, financing considerations, and adjustment for cash equivalency
- Date of sale, recordation of the instrument
- Grantor/Grantee
- Type of construction, year built and/or renovated, unit mix, land area, number of stories
- Occupancy
- Amenities
- Complete description of the property and property rights conveyed
- Discussion of marketing time
- A map clearly identifying the subject and the comparable sales must be included.

Several methods may be utilized in the Sale Comparison Approach. The method(s) used must be reflective of actual market activity and market participants.

- **Sale Price/Unit of Comparison**
  The analysis of the sale comparables must identify, relate and evaluate the individual adjustments applicable for property rights, terms of sale, conditions of sale, market conditions and physical features. Sufficient narrative analysis must be included to permit the reader to understand the direction and magnitude of the individual adjustments, as well as a unit of comparison value indicator for each comparable. The appraiser(s) reasoning and thought process must be explained.

- **Potential Gross Income/Effective Gross Income Analysis**
  If used in the report, this method of analysis must clearly indicate the income statistics for the comparables. Consistency in the method for which such economically statistical data was derived should be applied throughout the analysis. At least one other method should accompany this method of analysis.

- **NOI/Unit of Comparison**
  If used in the report, the net income statistics for the comparables must be calculated in the same manner and disclosed as such. It should be disclosed if reserves for replacement have been included in this method of analysis. At least one other method should accompany this method of analysis.

Income Approach

This section is to contain an analysis of both the actual historical and projected income and expense aspects of the subject property.

Market Rent Estimate/Comparable Rental Analysis-This section of the report should include an adequate number of actual market transactions to inform the reader of current market conditions concerning rental units. The comparables must indicate current research for this specific property type. The rental comparables must be confirmed with the landlord, tenant or agent and individual data sheets must be included. The minimum content of the individual data sheets should include:

- Property address
- Lease terms
- Description of the property (e.g., year built, unit type, unit size, unit mix, interior amenities (including washer/dryer connections), exterior amenities, etc.)
- Physical characteristics of the property (including but not limited to type of construction, number of stories, condition of property, renovation improvements, if applicable)
- Utilities Furnished by Landlord
- Occupancy levels
- Absorption, if applicable
- Turnover
- Concessions
- Identification as to Conventional or Affordable Housing Development
- Identification as to Elderly or Family Development
- Name and Telephone Number of Contact Person at Rent Comparable

Analysis of the Market Rents should be sufficiently detailed to permit the reader to understand the appraiser's logic and rationale. Adjustment for lease rights, condition of the lease, location, physical characteristics of the property, etc. must be considered as applicable. A location map showing the rent comparables in comparison with the subject must be included.

Comparison of Market Rent to Contract Rent

Actual income for the subject along with the owner's current budget projections must be reported, summarized and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made.

The contract rents should be compared to the market-derived rents. A determination should be made as to whether the contract rents are below, equal to, or in excess of market rates. If there is a difference, its impact on value must be qualified.

Vacancy/Collection Loss

Historical occupancy data for the subject should be reported and compared to occupancy data from the rental comparable and overall occupancy data for the subject's market area. Consideration for credit loss should also be considered.

Expense Analysis

Actual expenses for the subject (if applicable), along with the owner's projected budget, must be reported, summarized, and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made.

Expense comparables of three similar properties are required. Historical expenses of published survey data (e.g., IREM, BOMA, etc.) may also be considered but must be supported by expense comparables. Any expense differences should be reconciled. The following expenses should be considered:

- Management Salaries (full time or part time)
- Maintenance Salaries (full time or part time)
- Other Employees Salaries (full time or part time)
- Employee Benefits
- Office Supplies
- Telephone
- Travel
- Leased Furniture
- Support Services
- Legal
- Accounting
- Advertising
- Contract Repairs
- General Repairs
- Grounds Maintenance
- Extermination
- Maintenance Supplies
- Elevator Maintenance
- Redecorating
- Water Expenses Paid by Landlord
- Sewer Expenses Paid by Landlord
- Electricity Expenses Paid by Landlord
- Gas Expenses Paid by Landlord
- Common Area Utilities (Water, Sewer, Electricity, Gas)
- Trash Collection
- Real Estate Taxes (consider tax freeze if applicable)
- Insurance Premiums
- Special Assessments
- Security Staff or Security System

- Management Fee
- Reserves

Historical data regarding the subject's assessment and tax rates should be included. Three tax comparables are required in which the land and improvements are separated and the analysis used to derive estimated taxes for the subject should be included. A statement as to whether or not any delinquent taxes exist should also be included. A tax plat of the subject property should also be included in the report.

Capitalization

Several capitalization methods may be utilized in the Income Approach. The appraiser should present the method(s) reflective of the subject market and explain the omission of any method not considered in the report. The appraiser must provide support for the selection of the capitalization rate.

- Direct Capitalization – The primary method of deriving an overall rate (OAR) is through market extraction. If a band of investment or mortgage equity technique is utilized, the assumptions must be fully disclosed and discussed.

- Yield Capitalization (Discounted Cash Flow Analysis). This method of analysis should include a detailed and supportive discussion of the projected holding/investment period, income and income growth projections, occupancy projections, expense and expense growth projections, reversionary value and support for the discount rate.

Reconciliation and Final Value Estimate

This section of the report should summarize the approaches and values that were utilized in the appraisal. An explanation should be included for any approach which was not included. Such explanations should lead the reader to the same or similar conclusion of value. Although the values for each approach may not "agree", the differences in values should be analyzed and discussed.

Other values or interests appraised should be clearly labeled and segregated. Such values may include FF&E, leasehold interest, excess land, etc.

In addition, rent restrictions, subsidies and incentives should be explained in the appraisal report and their impact, if any, needs to be reported in conformity with the Comment section of USPAP Standards Rule 1-2(e), which states, "Separation of such items is required when they are significant to the overall value." In the appraisal of subsidized housing, value conclusions that include the intangibles arising from the programs will also have to be analyzed under a scenario without the intangibles in order to measure their influence on value.

Marketing Period

Given property characteristics and current market conditions, the appraiser(s) should employ a reasonable marketing period. The report should detail existing market conditions and assumptions considered relevant.

Exposure Period

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal; a restrospective opinion based on an analysis of past events assuming a competitive and open market.

Photographs

Provide good quality color photographs of the subject property (front, rear, and side elevations, on-site amenities, interior of typical units if available). Photographs should be properly labeled. Photographs of the neighborhood, street scenes, and all rent and sales comparables should be included.

Additional Appraisal Concerns

The appraiser(s) must recognize and be aware of the particular program rules and guidelines applicable to affordable housing and their relationship to the subject's value. Due to the various programs offered by the Department, various conditions may be placed on the subject which would impact value. Furthermore, each program may require that the appraiser apply a different set of specific definitions for the conclusions of value to be provided. Consequently, as a result of such criteria, the appraiser(s) should be aware of such conditions and definitions and clearly identify them in the report.

Appendix I
Compliance Forms

1) Tenant Release And Consent

2) Income Certification

3) Employment Verification

4) Documentation of Telephone Verification

5) Zero Income Affidavit

6) Unemployed Applicant's Affidavit

7) Sworn Statement of Assets

8) Asset Verification

9) Income Verification For Households with Section 8 Certificates

10) Full Time Student Eligibility Self-Affidavit

11) Next Available Unit: 140% Verification

12) Next Available Unit: 60% Verification

13) HOME Annual Owner Certification

14) TC Annual Owner Certification

15) TC Quarterly Report

16) HOME Semi-Annual Report

17) Child Support Affidavit

18) Data Sheet for Utility Allowance Estimation

19) Compliance Certification

[Management Company Letterhead]

TENANT RELEASE AND CONSENT

I/We_____, the undersigned hereby authorize all persons or companies in the categories listed below to release without liability, information regarding employment, income, and/or assets to _____
(owner or agent)
for purposes of verifying information on my/our apartment rental application.

INFORMATION COVERED

I/We understand that previous or current information regarding me/us may be needed. Verifications and inquiries that may be requested include, but are not limited to: personal identity; employment, income, and assets; medical or child care allowances. I/We understand that this authorization cannot be used to obtain any information about me/us that is not pertinent to my eligibility for and continued participation as a Qualified Tenant.

The groups or individuals that may be asked to release the above information include, but are not limited to:

Past and Present Employers	Welfare Agencies	Veterans Administration
Previous Landlords (including Public Housing Agencies)	State Unemployment Agencies	Retirement System
Support and Alimony Providers	Social Security Administration	Banks and other Financial Institutions
	Medical and Child Care Providers	

CONDITIONS

I/We agree that a photocopy of this authorization may be used for the purposes stated above. The original of this authorization is on file and will stay in effect for a year and one month from the date signed. I/We understand I/we have a right to review this file and correct any information that is incorrect.

SIGNATURES

_____	_____	_____
Applicant/Resident	(Print Name)	Date
_____	_____	_____
Co-Applicant/Resident	(Print Name)	Date
_____	_____	_____
Adult Member	(Print Name)	Date
_____	_____	_____
Adult Member	(Print Name)	Date

INCOME CERTIFICATION

Property Name: _____ Unit # _____# of Bedroom (s)_____
Move-in date: _____Initial ☐ Recertification ☐ (Transfer from Unit # _____)
Effective date _____ Maximum Income Limit _____
Number of Persons in House _____

PART I: HOUSEHOLD COMPOSITION AND INCOME – (To be completed by owner/manager)

A. Household composition
(List all members in household including minors)

Name (Last, First)	Age	Social Security #	Student (yes/no)	Child of tenant (Under 18 years) (yes/no)
A. _____	___	_____	_____	_____
B. _____	___	_____	_____	_____
C. _____	___	_____	_____	_____
D. _____	___	_____	_____	_____
E. _____	___	_____	_____	_____

B. Asset Information

	Asset Description	Total Cash Value	Income from Assets
A.			
B.			
C.			
D.			
4. Total Net Value of Assets		4. $…….	
5. Total Actual Asset Income			5. $……..
6. If line 4 is greater than $5,000, multiply line 4 by passbook savings rate and enter result here; otherwise, leave blank. Passbook savings rate = _____ %			6. $……..

C. Annual Income Information

Household Member	a. Wages/Salaries	b. Benefits/Pensions	c. Public Assistance	d. Other Income	e. Asset Income
A.					Enter the greater of lines 5 or 6 in box e.
B.					
C.					
D.					
E.					
7. Totals	a.	b.	c.	d.	e.

8. Enter total of items 7a. through 7e. This is Annual Income	8. $……..

PART II: HOUSEHOLD CERTIFICATION

I/We certify that the information presented in Part I of this form is true and complete to the best of my/our knowledge and belief. I/We consent to the disclosure of such information to the Federal or State agency with oversight of the program(s), and to the Georgia Department of Housing and Community Affairs in its capacity to monitor the property's compliance with applicable program requirements. I/We understand that this certification is part of the application process and does not guarantee occupancy.

_____ _____ _____ _____
(Signature – Head of Household) *(Date)* *(Signature – Co-Head of Household)* *(Date)*

WARNING: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of a federal agency.

PART III: ELIGIBILITY DETERMINATION

Unit #: _____
Household Name: _____
Annual Income: _____
(from line 8)

Adjusted Income _____
(HOME Properties only – attach worksheet)

A. Type of Certification

Initial Certification ☐ Recertification ☐

B. Applicable Programs and Income Status

Mark the program(s) listed below (a. through d.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. LIHTC ☐	b. AHDP ☐	c. HOME ☐	d._____ ☐ *(Name of Program)*
Income Status	*Income Status*	*Income Status*	*Income Status*
☐ Income Eligible	☐ VLI	☐ VLI	☐ _____
☐ OI**	☐ VLI	☐ LI	☐ _____
	☐ OI**	☐ OI**	☐ _____

** Upon recertification, this household was determined to be over-income (OI) according to the eligibility requirements of the program(s) marked above. **Attach the Next Available Unit (NAU) form.**

C. Unit Information

a. Tenant Paid Rent: _____ b. No. of Bedrooms: _____

c. Housing Assistance Payment _____ d. Move-in Date _____/_____/_____

e. Utility Allowance (U.A.): _____ f. Source of U.A DCA/PHA /FmHA /HUD /Local Est.
(Except AHDP) *(Except AHDP)* *(Circle One)*

PART IV: OWNER CERTIFICATION

I have verified the information presented in Part I of this form in accordance with the requirements of the programs marked in Part III-B and the provisions of any applicable deed restrictions. I possess the documentation necessary to support this certification/recertification. To the best of my knowledge, the information presented on this form is complete and accurate.

_____ _____
(Signature of Owner or Authorized Representative) *(Date)*

_____ _____
(Printed Name) *(Printed Title)*

WARNING: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of a federal agency.

[Management Company Address]

Unit #: _____

EMPLOYMENT VERIFICATION

To: _____ Date: _____

_____

_____

_____ has applied for residency/ is a resident at our rental property. As part of our processing, we must obtain verification of his/her employment and GROSS income.

Permission by: _____
(applicant/resident's signature) (date)

Please complete the section below and return it by mail in the enclosed self-addressed stamped envelope or fax to the telephone number listed below. Thank you in advance for your prompt attention.

Sincerely,

_____
Apartment Manager Signature and fax number

THE FOLLOWING TO BE COMPLETED BY EMPLOYER:

Position: _____ Date of Employment: _____

1. Gross Pay Before Deductions (*select one*):

   ☐ Hourly $_____ x _____ ☐ Monthly $ _____
   (rate) *(avg. hours)*

   ☐ Weekly $_____ ☐ Bi-Weekly $ _____

2. Is the employee compensated for overtime? ☐ Yes ☐ No

   Average OT hours worked per week/month/year: _____ Rate: $ _____/ hour
   (circle one)

3. Does the employee receive other compensation? ☐ Yes ☐ No

   ☐ bonus $ _____ per week/month/year ☐ tips $ _____ per week/month
   (avg.) *(circle one)* *(avg.)* *(circle one)*

   ☐ commission $ _____ per week/month/year ☐ other $ _____ per week/month
   (avg.) *(circle one)* *(avg.)* *(circle one)*

4. Is the employee subject to a pay raise? ☐ Yes ☐ No

   Date and Amount of pay raise_____

5. Other remarks regarding employee's income: _____

I certify that the information given above is true and complete to the best of my knowledge. I also certify that I have the authority to provide this information on behalf of this company/agency. I understand that providing false or misleading information may be subject to criminal penalties.

Signature of Employer or Employer's authorized representative: _____**Date:** _____
Print Name

_____ (____)_____ (_____) _____
Signature & Title Telephone # Fax #

WARNING: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of a federal agency.

Documentation of Telephone Verification

Applicant/Resident: _____ Unit #: _____

1. Oral (telephone) verifications may be used when other methods are not feasible. Describe the reason(s) that third-party written or first hand verifications are not feasible in this instance:

_____

_____

_____

2. In lieu of third-party written or first hand verification, on _____, at _____,
(Date) (Time)

I spoke with _____, _____ at _____
(Contact Person) (Title) (Name of Employer)

3. Gross Pay Before Deductions (select one):

☐ Hourly $ _____ x _____ ☐ Monthly $ _____
(rate) (avg. hours)

☐ Weekly $ _____ ☐ Bi-Weekly $ _____

4. Is the employee compensated for overtime? ☐ Yes ☐ No

Average OT hours worked per week/month/year: _____ Rate: $ _____/hour
(circle one)

5. Does the employee receive other compensation? ☐ Yes ☐ No

☐ bonus $ _____ per week/month/year ☐ tips $ _____ per week/month
(avg) (circle one) (avg) (circle one)

☐ commission $ _____ per week/month/year ☐ other $ _____ per week/month
(avg) (circle one) (avg) (circle one)

6. Other remarks regarding employee's income: _____

_____ _____
(Signature of Owner or Authorized Representative) (Date)

_____ _____
(Printed Name) (Printed Title)

WARNING: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of a federal agency.

[Management Company Name and Address]

ZERO INCOME AFFIDAVIT

For: (Applicant) _____ **For:** (Applicant) _____

Circle Y (yes) or N (no) for each statement. Do you receive:

Y N 1. Employment income.

Y N 2. Income from any source such as, **but not limited to**, Mary Kay, Shaklee, Amway or any other self-employment venture.

Y N 3. Income from social security, public assistance, unemployment compensation, or any other agency.

Y N 4. Regular recurring gifts from any person or agency.

Y N 5. Income from any other source.

---

1. How will you pay the rent and utilities? _____
2. How will you pay for food and clothes? _____
3. How will you pay for medical expenses? _____
4. How will you pay for your transportation expense? _____

I hereby certify that the information provided above is accurate and complete to the best of my knowledge. I consent to release such information in order to comply with government regulations regarding allocation of tax credit housing. I understand that providing false or misleading information under oath may subject me to criminal penalties. I fully understand the information requested and the ramifications of my breach of this agreement.

Signature of Application/Tenant: _____ Date: _____

Notary Seal

Sworn to and subscribed before me
This _____ day of _____, 199_____.

_____
Notary Public

My commission expires: _____

UNEMPLOYED APPLICANT'S AFFIDAVIT

Before me this _____day of _____, 19 _____, personally

appeared _____ who, being duly sworn, deposes and says:

1. I have made application to rent an apartment at:

   _____.

2. Check (a) or (b) as applicable:

_____(a) I am not presently employed but anticipate becoming employed within the next twelve months.

_____(b) I am not presently employed and do not anticipate becoming employed within the next twelve months.

3. Based on my past work experience, skills, and income history as reflected in my income tax return for the most recent tax year (copy attached) and with adjustments to reflect circumstances anticipated within the next twelve months, I expect to earn $ _____per year when I become employed.

_____
APPLICANT

STATE OF GEORGIA
COUNTY OF _____

Before me personally appeared _____ who acknowledged to me that he/she/they executed the foregoing instrument this _____ day of _____, 19 _____.

_____
Notary Public
State of Georgia at Large

[Notary Seal]

My Commission Expires:

_____

SWORN STATEMENT OF ASSETS

_____
Unit #

This form may be used to support the income certification/recertification of a household's assets. Owners/managers must properly verify the value of assets and any income derived.

ASSETS INCLUDE

- Average six month balance in checking accounts.
- Amounts in savings accounts.
- Stocks, bonds, savings certificates, money market funds and other investment accounts.
- Equity in real property or other capital investments (for example, rental property that you own).
- The cash value of trusts that are available to the household.
- Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.
- IRA, Keogh and similar retirement savings accounts, even though withdrawal would result in a penalty.
- Assets which, although owned by more than one person, allow unrestricted access by the applicant.
- Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims.
- Personal property held as an investment such as gems, jewelry, coin collections antique cars, etc.
- Assets disposed of for less than fair market value during two year preceding certification or recertification.

Based on the guidelines listed above, the combined **value** of the assets of all of the members of this household totals **$**_____. For the next 12 months, the **income** (for example, interest, dividends, etc.) from our assets is expected to be **$_____.**

I have carefully read over this statement and I swear or affirm that it is true to the best of my knowledge, information and belief.

_____
Applicant/Resident's Signature Date

_____
Printed Name

_____

Sworn to before me and subscribed in my presence
This _____day of _____, 19_____.

_____
Signature of Notary Public

_____
Name of Notary Public

My Commission expires:_____

_____
Applicant/Resident's Signature Date

_____
Printed

_____

Sworn to before me and subscribed in my presence
This _____day of _____, 19_____.

_____
Signature of Notary Public

_____
Name of Notary Public

My commission expires:_____

WARNING: Section 1001 of Title 18 of the U.S. code Makes it a criminal offense to willfully falsify a material Fact or make a false statement in any matter within the jurisdiction of a federal agency.

[Management Company Letterhead]

ASSET VERIFICATION

To: _____ Date: _____
(name of institution)

_____
(address)

_____
(city, state, zip code)

RE: _____ SSN: _____
Applicant/Resident Name

_____
Applicant/Resident Address City, State Zip

The above person(s) has applied for residency/is a resident at _____
As part of our processing we require verification of the household's income, expenses and other information related to eligibility. The individual has authorized below your release of the required information. The information you provide will be used only for the purpose of determining the household's eligibility. We are required to complete our verification process in a short time period and would appreciate your prompt response. If you have any questions, please feel free to contact our office.

Permission by:

_____
(Applicant/Resident's Signature) (Date)

Please complete the section below and return it in the enclosed self-addressed stamped envelope. (Please mail rather than have the above individual hand deliver.) Thank you in advance for your prompt attention.

Sincerely,

_____
Apartment Manager

TO BE COMPLETED BY INSTITUTION

CHECKING ACCOUNT

Account Number(s)	Average 6 Month Balance(s)	Interest Rate, If Any
_____	$ _____	_____ %
_____	$ _____	_____ %
_____	$ _____	_____ %

SAVINGS ACCOUNT

Account Number(s)	Present Account Balance	Annual Interest Rate	Withdrawal Penalty
_____	$_____	_____%	_____
_____	$_____	_____%	_____
_____	$_____	_____%	_____

CERTIFICATE OF DEPOSIT

Account Number(s)	Present Account Balance	Annual Interest Rate	Withdrawal Penalty
_____	$_____	_____%	_____
_____	$_____	_____%	_____
_____	$_____	_____%	_____

TRUST

Value of Trust Fund Administered: $_____

Anticipated Amount of Income to be earned by Trust over next 12 months: $_____

PROPERTY

Value of Equity in Real Property $_____

I certify that the above information is true and correct.

_____	_____
Name of Official	Title of Official
_____	_____
Name of Institution	Signature
_____	_____
Address	Date
_____	_____
City, State, Zip Code	Telephone Number

WARNING: Section 1001 of Title 18 of U.S. Code makes it a criminal offense to willfully falsify a Material fact or make a false statement in any matter within the jurisdiction of a federal agency.

[Management Company Letterhead]

INCOME VERIFICATION FOR HOUSEHOLDS WITH SECTION 8 CERTIFICATES

Unit #: _____

To: Section 8 Program Administrator

Housing Authority: _____

Address: _____

City, State Zip: _____

_____ has applied for residency /is a resident of _____
(Applicant/Resident Name) *(Property Name)*

A property assisted by HUD's HOME Investment Partnership Program and/or the Low Income Housing Tax Credit (LIHTC. In the case of a tenant receiving housing assistance payments under HUD's Section 8 Existing Housing Program, DCA the Georgia Department of Community Affairs allows that if the PHA provides a statement to the building owner declaring that the tenant's income does not exceed the applicable limit under the HOME and/or LIHTC programs, then the owner is not required to further verify the tenant's income.

Number of Household Members: _____ ☐ Move-In ☐ Recertification

Permission by: _____ _____
(Applicant/Resident's Signature) *(Date)*

Under the LIHTC and/or HOME programs, the combined annual income of the household before any adjustments, cannot exceed $ _____.
(Income Limit)

Please complete the section below and return this form in the enclosed self-addressed, stamped envelope. Thank you in advance for your prompt attention.

Sincerely,

_____
Apartment Manager

THE FOLLOWING TO BE COMPLETED BY THE PUBLIC HOUSING AUTHORITY:

Based on the last income certification/recertification effective on _____, the household consists
(month, day, year)
of _____ members whose combined annual income **before any adjustments**, does not
(# of Household Members) exceed the income limit shown above.

_____ _____ _____
(Signature) *(Date)* *(Phone #)*

_____ _____
(Printed Name) *(Title)*

Unit # _____

Full Time Student Eligibility Self-Affidavit

Applicant/Resident Name: _____ **Date:** _____
Last First MI

You have applied to live in an apartment that is governed by LIHTC Program. This Program has restrictions on full-time students and requires us to determine student status. Please answer all applicable questions. This information must be determined at the initial and re-certification.

Each ADULT must complete a separate form.

If the students are MINORS, the PARENT or GUARDIAN may complete ONE form for all the minor students

PLEASE COMPLETE ALL QUESTIONS THAT APPLY

I, _____
certify that I am not currently enrolled as a full-time student, nor have I been a full-time student 5 months out of the calendar year, nor do I intend to become enrolled as a fulltime student within the next 12 months.

Please answer one:

	YES	NO
I, _____ am a full-time student currently or expect to be in the next 12 months.	☐	☐
I, _____ Am the parent or guardian of MINOR full-time students living in my household?	☐	☐

Please list full names of each minor student: _____ _____
_____ _____

Statement of Applicant/Resident:

In the household to occupy this unit {*Check the true statements(s)*}:

☐ A. At least one member of the household receives assistance under title IV of the Social Security Act (for example, payments under AFDC).
(Please provide: A third-party verification of AFDC/TANF award required.

☐ B. At least one member of the household is currently enrolled in job training program that receives assistance under the Job Training Partnership Act (JTPA) or is funded by a state or local public agency.
(Please provide: A verification of enrollment & mission statement of the program if not JTPA.)

☐ C. The head of household is a single parent with children and neither the parent nor the children are the dependent of another individual.
(Please provide: A signed copy of most recent tax return.)

☐ D. The members of the household are married and file a joint federal tax return.
(Please provide: A signed copy of most recent tax return and copy of marriage license required.)

☐ E. None of the 4 exceptions listed above are applicable.

WARNING: Section 1001 of Title 18 U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of federal agency.

I agree to notify management immediately if my student status changes. I understand that changes in my student status may affect my eligibility to participate in this program.

I certify that the information given above is true and complete to the best of my knowledge. I understand that providing false or misleading information is a breach of my lease and may be subject to criminal penalties.

_____ _____

(Applicant/Resident's Signature) (Date) *(Applicant/Resident's Signature) (Date)*

_____ _____

(Print Name) *(Print Name)*

Signature of Notary Public: _____ **Date:** _____

State Commission Issued: _____ **Commission Expiration Date:** _____

TO BE COMPLETED BY PROPERTY OWNER OR MANAGER:

- ☐ The unit may be eligible, if all other Tax Credit eligibility requirements are met (*Item A, B, C, or D applies*).
- ☐ The unit is not eligible (*Item E applies*).
- ☐ Household is not totally comprised of full-time students.

I have verified and possess documentation supporting the applicant/resident's statement. Nothing has come to my attention that would cause me to believe that this information is inaccurate.

_____ _____

(Signature of Owner or Authorized Representative) **(Date)**

_____ _____

(Printed Name) **(Printed Title)**

COMMENTS:

WARNING: Section 1001 of Title 18 U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of federal agency.

STUDENT VERIFICATION

THIS SECTION TO BE COMPLETED BY MANAGEMENT AND EXECUTED BY STUDENT

This Student Verification is being delivered n connection with the undersigned's eligibility for residency in the following apartment:

Project Name: _____

Building Address: _____

Unit Number if assigned: _____

I hereby grant disclosure of the information requested below from _____
Name of Education Institution

_____ _____
Signature Date

_____ _____
Printed Name Student ID #

Return Form to:

THIS SECTION TO BE COMPLETED BY EDUCATIONAL INSTITUTION

The above-named individual has applied for residency or is currently residing in housing that requires verification of student status.
Please provide the information requested below:

Is the above-named individual a student at this educational institution? Yes No

If so, part-time or full-time? (circle one) PART-TIME FULL-TIME

If full-time, the date the student enrolled as such: _____

Expected date of graduation: _____

I hereby certify that the information supplied in this section is true and complete to the best of my knowledge.

Signature: _____ Date: _____

Print your name: _____ Tel #: _____

Title: _____ Fax #:_____

Educational Institution: _____

WARNING: Section 1001 of Title 18 U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of federal agency.

NEXT AVAILABLE UNIT: 140% VERIFICATION

Internal Revenue Code Section 42(g)(2)(D)(ii) states that if the income of the occupants of a low income unit increases above 140% of the income limitation applicable, the unit shall cease to be treated as a low income unit if ANY UNIT in the building (of comparable size or smaller than such unit) is occupied by a new resident whose income exceeds such income limitation. This includes market rate units in the building.

Complete the information below to document the tenant file as evidence that the owner is complying with this requirement. The form should be included in the tenant file for each tenant whose income increases above the 140% amount allowable under this provision and also a copy should be included in the ""Next Available Unit" rented. The form must be available for review by governing agencies upon inspection of the units.

OVER INCOME UNIT

Tenant Name: _____ Unit No. _____

No. Persons in Household: _____ Unit Size (sq. ft.): _____

Date of Move-In: _____ Move-In Income: _____

Date Recertified: _____ Recertified Income: _____

Current Income Limit: $_____ 140% of Limit: _____

Date of Move-Out (if applicable): _____ Time of Move-Out: _____

Rent at Recertification $_____ Rent after Recertification: _____

Reason for Recertification: Annual _____ Interim _____
If interim, indicate reason:

_____

- **NEXT UNIT LEASED**

Identify the *Next Available Unit* rented in this building (whether market rate or low income) on or after the date of the above resident's recertification at which time the income increased over 140%.

Tenant name: _____ Unit No. _____

No. Persons in Household: _____ Unit Size (sq. ft.): _____

Date of Move-In: _____ Move-In Income _____

Time of Move-In: _____ Income Limit: _____

OWNER'S CERTIFICATION:

The undersigned hereby certifies under penalty of perjury that the information contained herein is true and correct to the best of his/her knowledge.

PROJECT Name:_____ Mixed Income?_____ 100% HOME LIHTC_____

Owner/Owner'sAgent:_____

_____ Date: _____
Signature of Owner/Owner's Agent

NEXT AVAILABLE UNIT: 60% VERIFICATION

Complete the information below to document the tenant file as evidence that the owner is complying with this requirement. The form should be included in the tenant file for each tenant whose income increases above the **60%** amount allowable under this provision and also a copy should be included in the "next available unit" rented. The form must be available for review by governing agencies upon inspection of the units.

OVER INCOME UNIT

Tenant Name: _____ Unit No. _____

No. Persons in Household: _____ Unit Size (sq. ft.): _____

Date of Move-In: _____ Move-In Income: _____

Date Recertified: _____ Recertified Income: _____

Current Income Limit: $_____ 60% of Limit: _____

Date of Move-Out (if applicable): _____ Time of Move-Out: _____

Rent at Recertification $_____ Rent after Recertification: _____

Reason for Recertification: Annual _____ Interim _____
If interim, indicate reason:

_____

- **NEXT UNIT LEASED**

Identify the *Next Available Unit* rented in this building (whether market rate or low income) on or after the date of the above resident's recertification at which time the income increased over 60%.

Tenant name: _____ Unit No. _____

No. Persons in Household: _____ Unit Size (sq. ft.): _____

Date of Move-In: _____ Move-In Income _____

Time of Move-In: _____ Income Limit: _____

OWNER'S CERTIFICATION:

The undersigned hereby certifies under penalty of perjury that the information contained herein is true and correct to the best of his/her knowledge.

PROJECT Name:_____ Mixed Income?_____100% HOME_____LIHTC/HOME____

Owner/Owner's Agent:_____

_____ Date: _____
Signature of Owner/Owner's Agent

Project Name: _____

Previous Project Name(s)_____

Project Address:_____ Project Phone #:_____

_____ Project Fax #:_____

HOME ANNUAL OWNER CERTIFICATION

HOME INVESTMENT PARTNERSHIP PROGRAM

Pursuant to the HOME Investment Partnerships Act at title II of the Cranston-Gonzales National Affordable Housing Act as amended, 42, U.S.C. 12701 *et seq.* and as required by the Department of Housing and Urban Development and the Georgia Department of Community Affairs, the Owner hereby certifies that (**check all that apply**):

_____ 1. The owner received an annual certification from each Low-Income tenant and documentation to support that certification.

_____ 2. Each Low Income unit in the project was rent restricted according to the Land Use Restriction Agreement.

_____ 3. All rents for HOME assisted units were approved by the Georgia Department of Community Affairs before institution and no rents exceed the approved amount.

_____ 4. Each unit in the project was suitable for occupancy, taking into account local health, safety and building codes.

_____ 5. The property's Affirmative Fair Housing Marketing Plan is being updated and implemented annually. Provide the following data:

_____ 6. The owner has and is complying with all federal, state and local laws relating to fair housing and equal opportunity, including but not limited to the following:

- The Federal Fair Housing Act and the Georgia Fair Housing Act
- Age Discrimination Act of 1975
- Section 504 of the Rehabilitation Act of 1973
- Americans With Disabilities Act of 1990 (ADA)
- Title VI Civil Rights Act – 1964
- Section 3 of the Housing and Urban Development Act of 1968

If no please explain and attach explanation to this Certification.

_____ 7. Applicable for properties built on or before 1978. Each unit in the property comply with regulations implementing Title X of the 1992 Housing and Community Development Act (found at 24 CFR Part 35—Requirements for Notification, Evaluation and Reduction of **Lead-Based Paint Hazards** in housing receiving Federal Assistance; Final Rule. HUD issued this regulation in September 1999 with an effective date of September 15, 2000.

Ongoing Lead-Base Paint Maintenance Activities

The property owner must incorporate ongoing lead-based paint maintenance activities into regular building operations. For HOME rental properties, these include:

- Regular maintenance and evaluation of the lead hazard reduction work must be per-formed. The owner is responsible for:

  __A visual inspection of lead-based paint annually and at unit turnover;
  __Repair of all unstable paint; and
  __Repair of encapsulated or enclosed areas that are changed

- Owners should request, in writing, that the occupants of rental units monitor lead-based paint surfaces and inform that owner of potential lead hazards. A copy of this request should be documented in the tenant's file.

_____ 8. Were any fees in addition to rent charged to the tenants that were not optional? Example: water-billing service fees, parking, non-refundable security deposit fees, etc.). Please answer yes or no.

If yes, please explain. List type of fee and amount of fee to this certification.

_____ 9. If a Low Income unit in the project became vacant during the year, reasonable attempts were made to rent that unit to tenants having a qualifying income and while the unit was vacant no units of comparable or smaller size were rented to tenants not having a qualifying income; and

_____ 10. If a tenant's income increased so that the tenant was no longer a Low Income household, that household's rent was raised as appropriate according to the Land Use Restriction Agreement or other restrictive document and the next available unit of comparable or smaller size in the project was rented to tenants having a qualifying income.

The certification must be signed by the Owner or General Partner of record for tax purposes

This certification is for the annual period beginning _____, _____ and ending _____, _____.

Printed Name:_____

Signature:_____
(owner)

Date:_____

Signed, sealed and delivered on the _____day of _____, _____ in the presence of

WITNESSES

_____

_____

Notary Public in and for the State of
Georgia, whose commission expires:

SEAL

WARNING: Section 1001 of Title 18 of the U.S. Code makes is a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of a federal agency.

Annual Owner Certification

IRS regulations require owners to certify annually that they have complied with all the terms and provisions of Section 42 of the IRS code and the extended use agreement for the project. The certification must be signed by the owner or a representative with full authority to legally bind the ownership entity (e.g., general partner, etc.).

Annual Report and Instructions

The LIHTC Annual Report is due within 30 days of the anniversary of the last building placed-in-service date throughout the LIHTC compliance period beginning immediately following receipt of a final tax credit allocation by DCA.

General project information must be completed by the Owner. If the project has been sold or title to the property transferred to another entity at any time during the compliance period, DCA must be informed of the transaction, and the new owner must continue to adhere to the LIHTC Program compliance requirements which includes the filing of this report.

> ***NOTE: If a owner sells their LIHTC buildings/project or an interest in same the owner must notify both the DCA and IRS of the change and provide the purchaser's name, address, phone number, tax identification number and a copy of the deed or document transferring ownership. See IRS Revenue Ruling 90-60.***

Occupancy and rental information must be reported for each bedroom size within the project. The present owner must sign the report certifying to its accuracy.

LOW-INCOME HOUSING TAX CREDIT ANNUAL REPORT
YEAR _____

Date Due: Submit within 30 days of the anniversary of placed-in-service date for the last building in the project.

Please complete the following information:

Project Name: _____DCA Project #: _____

Original Applicant: _____

County of Project Location: _____ Amount of Tax Credit Allocation: _____

Month & Year of Allocation: _____ Beginning year of Compliance Period: _____

Has the property been sold since the issuance of the Tax Credit Allocation? ____ Yes____ No

Credit Allocation?____ Yes____ No **(If yes, furnish the name, address, telephone number of the new owner and attach a copy of the bond posted with the Department of the Treasury, if required.)**

Name: _____

Address: _____ Phone #: _____

OCCUPANCY INFORMATION

Chosen percentage of Set-Aside Units:

_____% of units at 50% of median income

_____% of units at 60% of median income

_____% of units at ____ of median income

_____ Total units in project

_____ Total percentage of low-income units elected at time of allocation

_____ Total percentage of low-income units claimed (first year of credit)

_____ Total units occupied or reserved for low-income tenants as of report date

Studio
Occupied:
Low-Income_____
Market Rate _____
Vacant:
:Low-Income_____
Market Rate _____

One-Bedroom
Occupied:
Low-Income_____
Market Rate _____
Vacant:
Low-Income_____
Market Rate _____

Two-Bedroom
Occupied:
Low-Income_____
Market Rate _____
Vacant:
Low-Income_____
Market Rate _____

Three-Bedroom
Occupied:
Low-Income_____
Market Rate _____
Vacant:
Low-Income_____
Market Rate _____

Four-Bedroom
Occupied:
Low-Income_____
Market Rate _____
Vacant:
Low-Income_____
Market Rate _____

RENTAL SCHEDULE FOR UNITS (by family size for projects allocated 1987- 1989 Credits).

If different rents are charged for units with the same number of bedrooms, please show the lowest rent charged and the highest rent charged.

Studio — *Rental Assistance*

_____ + _____ = _____ — _____ No _____ Yes
Rent Utility Total Rent

_____ + _____ = _____ — _____ No _____ Yes
Rent Utility Total Rent

_____
Market Units

One-Bedroom — *Rental Assistance*

_____ + _____ = _____ — _____ No _____ Yes
Rent Utility Total Rent

_____ + _____ = _____ — _____ No _____ Yes
Rent Utility Total Rent

_____
Market Units

Two-Bedroom — *Rental Assistance*

_____ + _____ = _____ — _____ No _____ Yes
Rent Utility Total Rent

_____ + _____ = _____ — _____ No _____ Yes
Rent Utility Total Rent

_____
Market Units

Three-Bedroom — *Rental Assistance*

_____ + _____ = _____ — _____ No _____ Yes
Rent Utility Total Rent

_____ + _____ = _____ — _____ No _____ Yes
Rent Utility Total Rent

_____
Market Units

Four-Bedroom — *Rental Assistance*

_____ + _____ = _____ — _____ No _____ Yes
Rent Utility Total Rent

_____ + _____ = _____ — _____ No _____ Yes
Rent Utility Total Rent

_____
Market Units

MANAGEMENT INFORMATION

Please furnish current information on the management company for the project as follows:

Name: _____

Contact Person: _____ Telephone Number: _____

Address: _____

One-site Manager, if applicable: _____

On-Site Telephone Number: _____

CERTIFICATION

The undersigned hereby certifies that the information presented herein is true and correct to the best of his or her knowledge and belief.

Report Submitted By: _____
Present Owner

By: _____ _____
(Typed or Printed) Title

Owner Address: _____

_____

Telephone Number: _____

DCA Project # _____ Project Name: _____
Project Address: _____

_____
City ***(County)*** *State* *Zip*

ANNUAL OWNER CERTIFICATION

Pursuant to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), and as required by the Department of the Treasury in 26 CFR Part 1.42.5, _____ (the "Owner") hereby certifies that (check all that apply):

____ (i) The Project meets the requirements of: (check one)
____ (a) the 20-50 test under section 42(g)(1)(A) of the Code; or
____ (b) the 40-60 test under section 42(g)(1)(B) of the Code.

____ (ii) The Owner received an annual income certification from each low-income tenant and documentation to support that certification;

____ (iii) Each low-income unit in the project was rent-restricted under section 42(g)(2) of the Code;

____ (iv) All units in the project were for use by the general public and were used on a no-transient basis;

____ (v) Each building in the project was suitable for occupancy, taking into account local health, safety and building codes;

____ (vi) ____ (a) There was no change from the prior year in the applicable fraction (as defined in section 42(c)(1)(B) of the Code) of any building in the project; or
____ (b) There was a change, and the nature of the change is described on the attached (attach information, if applicable);

____ (vii) ____ (a) There was no change in the eligible basis (as defined in section 42(c)(1)(B) of the Code) of any building in the project;
____ (b) There was a change, and the nature of the change is described on the attached (attach information if applicable);

____(viii) All tenant facilities included in the eligible basis under section 42(d) of the Code of any building in the project, such as swimming pools, other recreation facilities, and parking areas, were provided on a comparable basis without charge to all tenants in the building.

____ (ix) If a low-income unit in the project became vacant during the year, reasonable attempts were made to rent that unit to tenants having a qualifying income and, while the unit was vacant, no units of comparable or smaller size were rented to tenants not having a qualifying income; and

____ (x) If the income of tenants of a low-income unit in the project increased above the limit allowed in section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in the project was rented to tenants having a qualifying income.

____ (xi) An "extended low-income housing commitment" as described in section 42(h)(6) was in effect for this project (applicable to projects allocated credits in 1990 or thereafter).

____ (xii) No Section 8 Voucher or Certificate holders were denied housing due to their status.

____ (xiii) No findings of discrimination under the Fair Housing Act have occurred on the property.

____ (xiv) Under the inspection record retention provision, I have retained all original local health, safety, or building code violation reports or notices that were issued by the State or local government unit as described in 26CFR Part 1.45.5 (b) (3) paragraph (c) (1) (vi) of this section for the GA Department of Community Affairs' inspection under Paragraph (d) of this section. (Retention of the original reports or notices are not required once DCA reviews the violation reports or notices and completes it's inspection, unless the violation remains uncorrected.)

____ (xv) A copy of all violations reports or notices issued by the government unit or a statement by the owner summarizing the violation report is attached to this Owners Annual Certification under 26CFR Part 1.45-5 (c) (vi).

WARNING: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter with in the jurisdiction of a federal agency.

This certification is for the annual period beginning _____, 200__ and ending _____ 200___

Printed Name: _____ Title: _____

Sign: _____ Dare: _____

XI. REPORTING REQUIREMENTS

Occupancy Status Report and Instructions

Beginning with the building's placed-in-service date, Occupancy Status Reports will be due quarterly on the 15th of each month following the end of the quarter. Hence, the report for the January through March quarter would be due on April 15th, the report for the April through June quarter would be due on July 15th, the report for the July through September quarter would be due October 15th, and the October through December report would be due January 15th. The Occupancy Status Report must be accompanied by Income Certifications for those tenants who moved into the development and those tenants who were re-certified during the report period.

If a project falls below 90% occupancy and is determined not to be in compliance with program requirements, or there is indication of possible noncompliance, etc. DCA at its discretion may require reports on a more frequent basis until the issue(s) is resolved.

Projects of less than 5 units with 90% occupancy are required to submit the Occupancy Status Report and Income Certification annually.

1. Basic information about the project is to be provided at the upper left portion of the report. The upper right portion provides for an accounting of all units in the project as defined below:

   - Total Units Occupied by Low-Income Tenants: Enter the total number of units actually occupied by low-income occupants. Models, market rate units, and vacant units should be not included in this figure.

   - Total Units Occupied by Market-Rate Tenants: Enter the total number of units actually occupied by market-rate occupants.

   - Total Certified Vacant Units - Designated by **"V":** Enter the total number of certified vacant units which have previously been occupied for at least 31 days by a certified low-income tenant. These are designated by **"V"** in the body of the report.

   - Total Vacant Units Reserved - Designated by **"R"**: Enter the total number of units which are reserved for low-income tenants (usually for newly construction projects which are between completion of construction and initial rental of the units). These are designated by **"R"** in the body of the report.
   - Other Vacant Units: Enter the number of vacant units which are neither certified vacant **("V")** or reserved vacant **("R")** and have never been occupied (except models) for at least 31 days.

   - Models/Office Units: List all models or office units by unit number.

   - Total Units in Project: Enter the total number of units in the project.

- Computing Occupancy Percentages: Figure the percentages of low-income units, including any vacant units which have previously been occupied for a least 31 days by low-income tenants and units reserved for low-income tenants during initial rental period, on total units set-aside

2. Units listed in the report must be in numerical order.

   - See Property Status Report (*{sample form appears on following page}*

   NOTE: If your rent roll contains the same information as this report, you may submit a copy of the rent roll instead. If your rent roll does not contain this information then you <u>must use</u> this report.

   - Reserved units held for low-income tenants during initial rental of units must be designated with a **"R" instead of the word "reserved"** in order to facilitate the auditing of the report.

3. Move-ins and Move-outs:
   - Additions: <u>New move-ins</u> since the previous Occupancy Status Report must be listed numerically in the Additions Section of the Occupancy Status Report as well as in the body of the report.
   - Deletions: <u>Move-outs</u> since the previous Occupancy Status Report must be listed numerically in the Deletion Section of the report. If the unit remains vacant, and was occupied for at least 31 days by a certified low-income tenant, indicate by a **"V"** in the body of the Occupancy Status Report.
   - **Copies of Income Certifications for all units listed in the Additions Sections (New move-ins) must be attached to each Occupancy Status Report in numerical order. Additionally, copies of Income Certification for all tenant <u>re-certifications that are due within the specified time period designated under the "Units Re-certified" column of the report must be attached in numerical order.</u>**
     <u>(DO NOT SEND ORIGINAL TENANT INCOME CERTIFICATIONS OR TENANT RE-CERTIFICATIONS).</u>
   - Management should compare each new Occupancy Status Report with the previous report to ensure the correct accounting of all units, including any activity, which occurred during the reporting period.
   - Formula: Total low-income units (occupied, certified vacant and reserved) divide by the total low-income set-aside units in the project.

NOTE: DCA may audit each Quarterly Status Report and the attached Income Certifications for accuracy in an effort to ensure that the low-income requirements are being met.

Property Status Report
As of _____

(BIN) Bldg. No.	Unit #	Bldg. Address	Tenant Name "V" or "R" or Vacant	House-Hold Size	# of BR's	Unit Sq. Ft.	% AMI Set-Aside	Unit Rent	Rent Tenant Contribution	Annual Income	Move-In Date	Move-Out Date	Cert./ Recert Date	Lease # of Mos.
30701	201	Pine St.	Smith, Johnny	1	1	688	60	508	508	18,245.00	1/16/98		1/16/99	12
30702	303	King St.	"V"									1//10/99		
30701	205	Pine St.	Lee,Brenda	2	1	688	50	508	100	6,245.00	1/26/98		1/26/99	12
30702	304	King St.	Vacant									1//2/98		
30702	302	King St.	"R"											

Utility Allowance

One Bedroom: 45.00
Two Bedroom: 55.00
Three Bedroom: 79.00
Four Bedroom: 110.00

Property Status Report
As of _____

(BIN) Bldg. No.	Unit #	Bldg. Address	Tenant Name "V" or "R" or Vacant	House-Hold Size	# of BR's	Unit Sq. Ft.	% AMI Set-Aside	Unit Rent	Rent Tenant Contribution	Annual Income	Move-In Date	Move-Out Date	Cert./ Recert Date	Lease # of Mos.

Utility Allowance

One Bedroom: _____
Two Bedroom: _____
Three Bedroom: _____
Four Bedroom: _____

LOW-INCOME HOUSING TAX CREDIT OCCUPANCY STATUS REPORT

Reporting Period _____ Year _____

Project Name: _____

GHFA Project #: _____

Street Address: _____

City/State/Zip: _____

Submitted by: _____

Date: _____

Telephone #: _____

1) Total Units Occupied by Low-Income Tenants: _____
2) Total Units Occupied by Market Rate Tenants: _____
3) Total Certified Vacant Units Designated by "V": _____
4) Total Vacant Units Reserved Designated by "R": _____
5) Other Vacant Units: _____
6) Models/Office Units (Unit #): _____
7) Total Low-Income Units: _____
8) Total Units in Project: _____
9) Occupancy Percentage: _____

Definition: **Occupancy Percentage** - Total low-income units (occupied, certified vacant and reserved) divided by the total low-income set-aside units in the project.

Formula: **Lines (1 + 3 + 4) ÷ (Line 7) = Occupancy Percentage**

10) Occupancy Percentage This Quarter:_____

Formula: **(Line 1 ÷ Line 7)**

The changes from previous report reflected in the above listing for low-income units are:

DELETIONS (Please include Unit#)	ADDITIONS (Please include Unit#)
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____
5. _____	5. _____
6. _____	6. _____
7. _____	7. _____
8. _____	8. _____
9. _____	9. _____
10 _____	10. _____
11. _____	11. _____
12. _____	12. _____
13. _____	13. _____
14. _____	14. _____
15. _____	15. _____
16. _____	16. _____
17. _____	17. _____
18. _____	18. _____
19. _____	19. _____
20. _____	20. _____
21. _____	21. _____
22. _____	22. _____
23. _____	23. _____
24. _____	24.. _____
25. _____	25. _____
26. _____	26. _____
27. _____	27. _____
28. _____	28. _____
29. _____	29. _____
30. _____	30. _____
31. _____	31. _____
32. _____	32. _____
33. _____	33. _____
34. _____	34. _____
35. _____	35. _____
36. _____	36. _____
37. _____	37. _____
38. _____	38. _____
39. _____	39. _____
40. _____	40. _____

Attach in numerical order by unit number, copies of all Income Certification Forms for units occupied since the last report.

HOME Only Compliance Report and Instructions

Beginning with the Certificate of Occupancy (CO) date, the Compliance Report will be due semi-annually, January 1st through June 30th and July 1st through December 31st. The report for the January 1st through June 30th would be due on July 15th and the report for the July 1st through December 31st would be due on or before February 28th as a part of the Annual Owner Certification for the HOME INVESTMENT PARTNERSHIPS PROGRAM. **Attach copies of all Tenant Income Certifications executed during the required reporting period (initial move-in certifications as well as recertifications). Also include a current rent roll. DO NOT SEND ORIGINAL INCOME CERTIFICATIONS OR RECERTIFICATIONS.**

INSTRUCTIONS:

The Compliance Report provides a snapshot of the project's occupancy and the extent to which the required set-asides have been met.

Basic information about the property is to be provided at the upper portion of the report. The lower portion provides for an accounting of all units in the property as defined below:

- Property Identification — If applicable, indicate the number assigned by the monitoring agency.
- Building Number — Appropriate number or alphabet if property includes more than one building.
- Building Address — Street and building address if property includes more than one building.
- Unit Number — Number of unit being reported.
- Resident Name — Indicate name/names of head of households. Enter **Vacant** if the unit is not leased.
- Number of Persons — Indicate the total number of persons in this household.
- Number of Bedrooms — Indicate the total number of bedrooms in this unit. If it is an efficiency Indicate efficiency.
- Unit Designation (30%, 50%, 60%, OI, Market, etc.) — For each unit indicate the appropriate designation according to the Land Use Restriction Agreement (30%, 50%, 60%, etc). **OI** represents Over-Income. **Market** represents unrestricted unit.
- Unit Rent — Represent the monthly rent charged to this household.
- Rent Resident Contribution — Represent the monthly rent paid by Section 8 assistance.
- Resident's Annual Gross Income — Indicate the household's annual (gross) income as reported on the most Recent TIC form.
- Move-in Date — Indicate the household's initial move-in date.
- Date of last Recertification — Indicate the date of the last income certification.
- Unit Status — For DCA use only.

Property Compliance Report

Property Name:_____ **Owner Name:**_____

Management Company Name:_____

Property ID:_____ **Reporting Period: from** _____ **to** _____

Bldg. No.	Bldg. Address	Unit No.	Resident's Name or Vacant	No. of PERS.	No. of BR'S	Unit Designation 30%, 50%, 60% OI, Market, etc	Unit Rent	Rent Resident Contrib.	Resident's Annual Gross Income	Move-in Date	Date of Last Cert.	DCA Use Compliance Y/N

Utility Allowance

One Bedroom: _____

Two Bedroom: _____

Three Bedroom: _____

Four Bedroom: _____

Property Name:_____ **Owner Name:**_____

Management Company Name:_____

Property ID:_____ **Reporting Period: from** _____ **to** _____

Bldg. No.	Bldg. Address	Unit No.	Resident's Name or Vacant	No. of PERS.	No. of BR'S	Unit Designation 30%, 50%, 60% OI, Market, etc	Unit Rent	Rent Resident Contrib.	Resident's Annual Gross Income	Move-in Date	Date of Last Cert.	DCA Use Compliance Y/N
A	State Street	1	Smith, Johnny	1	2	50%	575	0	18,245	1/1/99	1/1/02	
B	Pine Street	1	Lee, Brenda	2	1	60%	605	0	25,870	6/3/02	6/3/02	
30702	Pine Street	2	Vacant		2							
C	Penn	1	Portier, Sidney	3	3	Market						
30703	Avenue Street	1	Monroe, Marilyn	2	2	OI	775	0	45,000	1/10/04	1/10/04	

Utility Allowance

One Bedroom: _____

Two Bedroom: _____

Three Bedroom: _____

Four Bedroom: _____

Data Sheet for Utility Allowance Estimation

Customer Data:
Contact Name: _____Phone Number_____
Developer Project: _____
Location of Project: _____address _____City, ____zip code
Name of Energy Supplier: _____ Electric _____Nat. Gas _____ Propane

Floor Plan Descriptor: _____ number of Bedrooms_____

Roof Construction:
Roof Material_____
Roof Color_____
Flat Roof: Yes ____ No ____
Attic: Yes ____ No ____ Flat: Yes____ No ____ if no, Slope/ Pitch: ____
Attic R-Value _____ Flat Roof R-Value _____

Floor Construction:
Slab Yes ____ No ____ Crawl Space Yes ____ No ____
Insulation R-Value if Crawl Space _____

Wall Construction:

Wall Type One:	**Wall Type Two:**
Wall Material: _____	Wall Material: _____
Wall Thickness: _____	Wall Thickness: _____
Wall R-Value_____	Wall R-Value: _____

Windows French Doors/ Sliding Doors:
Clear: _____ Tinted: _____ Reflective:_____
Single Pane:_____ Double Pane: _____ Triple Pane:_____

Door:
Material/ R-Value _____(wood, metal, etc)

HVAC:
Heating:
Heat Pump:_____
Tonnage_____ or Heating Capacity: _____BTUs HSPF _____
Cooling:
Tonnage_____ or Cooling Capacity: _____BTUs
_____SEER: _____

Fresh Air: ___No _____YES then_____ (%)
Cooking:
Fuel Type: _____ (Gas, Propane, Electric)
Water Heating:
Fuel Type: _____ (Gas, Propane, Electric) Gallons _____
Water Heater Efficiency: _____%_

Note: EACH Floor Plan with complete Dimensions (exterior walls, ceiling height, window and door sizes, etc.) Must be Attached for each Utility Allowance Calculation

2005 COMPLIANCE CERTIFICATION

Instructions: This certificate must be completed by each individual or entity seeking a compliance score. The questions to be answered pertain to the person seeking the compliance score or to the entity (including principals of the entity) seeking the compliance score. All questions must be answered completely and accurately. DCA reserves the right to seek additional information after review of the Certification.

Name Of Entity or Individual:_____

Social Security Number or FEIN Number:_____

Name of Principal completing Certification on behalf of Entity:_____

1. Have you filed for bankruptcy in the last ten years? If so state the name of the entity or person filing, the date of filing and the place of filing.

2. Have you ever been involuntarily removed from a project? If yes state the name of the project and the date of removal.

3. Have you ever been a project participant in any project which was subject to a recapture of federal credits?

4. Have you ever transferred an ownership interest in a tax credit project? If so state the name of the project, the location of the project and the year that you transferred your interest in the property.

5. Have you acted as a Consultant for any property in the past five years?

6. Were you ever removed as the Consultant for a property? If yes, state the name of the property and the reason that you were discharged.

7. Have you ever resigned as a Consultant prior to Construction Completion? If yes, state the name of the project and the reason for the resignation.

8. Have you ever had property foreclosed upon or given a deed in lieu thereof I the last ten years ? If so, state the year .

9. Have you been barred from participating in the tax credit project or HOME loan program in any other state? If so, provide the name of the state and the basis for that action.

10. Have you ever been debarred by HUD? If so, state the year you were debarred and the basis of the debarment.

11. Are you currently a plaintiff or defendant in any litigation? If yes, state the name of the case and the nature of the litigation.

12. Have you ever received an 8823 for any project that was not cured? If yes state the name of the project, the date the 8823 was issued.

13. Do you currently have outstanding judgments against you? If yes state the name of the creditor and the amount of the Judgment.

14. Have you ever been convicted of a felony?

15. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond or loan guarantee? If yes, give details as described in the preceding question.

Dated:_____

CERTIFICATION

The undersigned does hereby certify that I have prepared the above answers to the Compliance Certification and that all of the answers are true and accurate to the best of my knowledge and belief.

Signature: _____ Date: _____

CHILD SUPPORT AFFIDAVIT

COMES NOW, _____, first being duly sworn and under oath states as follows:

I understand that the apartment community for which application is being made is financed through a program governed by the Internal Revenue Service wherein qualifications for occupancy require that certain income, including child support, be *included and verified. Child support is considered income when there is a court order establishing support – whether or not you have ever received it and when support is being paid on a voluntary basis by the absentee parent.* The following statements are true and correct to the best of my knowledge, information, and belief**.** I further understand that providing false information on this form may jeopardize my residency at these apartments and may be punishable under federal or state statutes:

PLEASE COMPLETE ALL OF THE FOLLOWING STATEMENTS – ANSWER YES OR NO AS APPLICABLE

1. ☐ Yes ☐ No Has your child(ren) been awarded child support through the Courts (if awarded, answer "yes" even if you are not receiving these payments) and are you entitled to receive child support benefits? If yes, what is the amount awarded:

*I have been **awarded** child support for (child(ren)'s name) _____.

The amount of the award is $_____ Weekly $ _____ Bi-Weekly, every other week
$_____ Monthly $_____Semi-Monthly, twice a month, 1st/15th
$_____ Other, explain _____

**** Copy of Court Order and/or verification from paying agency must be attached and furnished prior to move-in.***

1 a.) ☐ Yes ☐ No ☐ N/A If awarded and not receiving support, have you taken legal steps to collect these payments?
If yes, explain, in an attached statement giving attorney's name or agency name, address, and contact person.
Include copy of legal documentation supporting your attempt to collect these payments.

---

2. ☐ Yes ☐ No If you answered no to question 1 above please answer the following: 1) Are you receiving child support payments for your child(ren) on a voluntary basis, even though there is no court order establishing child support? (If money is not being received but non-cash contributions are made (gasoline, diapers, medicine, etc.) please answer yes and continue.)

If yes, please provide names of children receiving the benefit.

Child's Name_____ from (parent's name): _____.

Child's Name_____ from (parent's name): _____.

The amount of the payment and the schedule of payments are: *(Include estimates also for non-monetary gifts such as clothing, gasoline, diapers, etc. that may be provided in lieu of cash.)*

$_____Weekly
$ _____ Bi-Weekly, every other week
$_____Monthly
$_____Semi-Monthly, twice a month, i.e. 1st/15th
$_____Other, explain

*Payment is made by: ☐cash; ☐money order; ☐check; ☐ contributions, i.e. gasoline, clothes, etc. ***Copy of notarized statement from paying parent must be attached along with 3 copies of cancelled checks or receipts from money orders. If non-cash contribution, please include a budget report estimating value of contributions and frequency.***

---

3. ☐ Yes ☐ No If you answered "No" to 1. and 2. above, do you anticipate receiving child support or contributions within the next twelve months?
Explain your answer: _____

If you anticipate receiving child support (or contributions) in the future, what is your best estimate of the amount you will receive?

$_____per (circle one) week/month/year/other_____ for _____(child).
Can this estimate be verified? ☐ Yes ☐ No

(If you are receiving benefits under the Ga. Dept. of Human Resources, i.e. AFDC/TANF Agencies, Section 8 Agencies, or Food Stamp Agencies, there may be a child support petition entered with the Courts on your child's behalf and for reimbursement of benefits paid. If you know of any proceeding involving the collection of child support, you must attach the details in a statement in your own words and your case worker or representative's name, agency, address, and telephone number.)

---

4. In order to substantiate the information given above, will you please check your appropriate marital status?
_____ Divorced; ____ Legally Separated; ____ Separated; ____ Married; ____ Never Been Married.

_____
Applicant/Resident

Sworn to and subscribed before me this _____ day of _____, 2004.

_____
Notary Signature (NOTARY SEAL)
Expiration Date:

J TAX CREDIT AND HOME COMPLIANCE MANUAL

Disclaimer

The Georgia Department of Community Affairs (DCA) is the agency responsible for the administration and monitoring of Housing Credit and HOME Loans for the state of Georgia. This guide has been developed to assist recipients of Federal and State tax credits and/or HOME funds in maintaining a multi family rental property during the compliance and/or affordability period. It is not a substitute for the requirements of the Internal Revenue Code (I.R.C.) Section 42 or the requirements of HUD under the HOME Loan Program.

Compliance with IRS and HUD requirements is the sole responsibility of the owner of any building for which Credit or HOME funds have been allocated. DCA's responsibility to monitor for compliance will not cause DCA to be liable for an owner's noncompliance. Therefore, an owner should not rely solely on DCA to determine if the project and its records are in compliance. Any error that is made will be the responsibility of the owner. **The penalty for failure to adhere to this DCA policy may be forfeiture of the right to participate in all DCA programs in one or more future years depending upon the severity and nature of the particular circumstances.**

Use of this manual does not ensure compliance with the Code, Treasury regulations, or any other laws or regulations governing Low Income Housing Tax Credits or HOME funds. In addition, it does not guarantee the financial viability of any project. As a result, DCA recommends all tax credit and HOME fund recipients consult with their tax accountant, attorney, or advisors as to the specific requirements of the tax credit program and Section 42 of the Code and the HOME program.

In addition to the information contained in this manual, additional information concerning the operation of a tax credit and/or HOME project can be found in DCA's Property Management Manual. DCA encourages participants in its programs to attend the training courses that are regularly offered through the DCA Compliance section. For more information or to register for the compliance training courses, please contact the Office of Affordable Housing Compliance Division at 404-679-3148.

GENERAL DCA MONITORING AND COMPLIANCE REQUIREMENTS

The applicant/owner is responsible for all representations made in the approved Application. 8609's for tax credit properties will not be issued until the applicant has complied with all Application representations, DCA requirements and accessibility requirements. The applicant/owner also is responsible for ensuring that the property abides by the rules, regulations, and restrictions specified in the Plan, the Land Use Restriction Agreement or Covenant, the Georgia HOME Rental Housing Loan Program and Credits Compliance Manuals, the HOME regulations, and the IRC Code and regulations.

(Sample Compliance Forms can be found in Appendix I to this Manual and in the DCA Forms Index)

Commencement of Compliance Responsibility

The applicant's compliance responsibilities begin with the award of the HOME Loan and/or Credits and will continue through the end of the Compliance Period, the Period of Affordability, or the term of the HOME Loan, whichever is longer.

DCA is required to monitor projects for compliance with the requirements of the Code, the HOME regulations, the representations set forth in the Application, the requirements stated in the Plan, and the requirements set forth in the DCA's various program manuals. DCA's plan for compliance monitoring described below outlines the overall requirements, offers explanations for individual program regulations, and sets forth the requirements for properties participating in multiple programs.

Required Training for Owners.

A representative for the owner/general partner of a funded project is required to successfully complete a compliance-training seminar provided by or sponsored by DCA. The owner of a HOME Rental Housing Loan Program property will be required to submit the Certificate of Successful Completion prior to leasing the first unit. The owner of a Credit property will be required to submit to DCA the Certificate of Successful Completion for the Credits training with the project's application for 8609's. DCA encourages Owners as well as their representatives to attend this course. In the event, DCA determines that a property is experiencing compliance problems, additional training may be required for Owners, Property Managers or other project representatives. Limited partners are strongly encouraged to attend these training seminars, but may elect to have property managers serve as the limited partner's representative. Certification testing is required and certificates are awarded upon successful completion of the training.

Section 1.
Compliance/Affordability Periods

Tax Credit Compliance Period. The tax credit compliance period for any building is the period beginning on the first day of the first taxable year of the credit period of the building and ending 15 years from such date. This period includes ten years of tax credit application toward the owner's tax liability plus five additional years required to be in compliance with I.R.C. Section 42. (*I.R.C. Section 42(i)(1))*

Extended Use Period. The term extended use period means the period beginning on the 1st day in the compliance period on which such building is part of a qualified low income housing project and ending on the date which is 15 years after the close of the compliance period. The extended use period is usually 30 years unless terminated as set forth in the IRC code.) *(I.R.C. Section 42 (g) (6)(D)*

Minimum Period for Tax Credit Rent and Income Restrictions. Section 42 Rent and Occupancy Restrictions shall remain in effect throughout the "extended use period." In accordance with Section 42, the extended use period shall commence with the first day in the compliance period on which any building that is part of the Project is placed in service and end on the date which is 15 years after the close of the compliance period. (Generally a period of 30 years).

Minimum Period for GHFA Rent, Income and Occupancy Restrictions. Many projects have additional rent and occupancy restrictions as a result of the DCA scoring process. These restrictions remain in effect through the "Compliance Period."

Termination of Rent and Income Restriction prior to end of Extended Use Period. The extended use period for any building that is part of the Project shall terminate:

- On the date the building is acquired by foreclosure or instrument in lieu of foreclosure except that for a period of three years following the termination of the extended use period, the Owner shall not evict the tenant of a Low-Income Unit or terminate the tenancy of an existing tenant of any Low-Income Unit other than for good cause and shall not increase the gross rent above the maximum allowed under the Code with respect to any such Low-Income Unit.

- On the last day of the one-year period that begins on the date Owner properly submits a written request to the Authority, asking the Authority to assist in procuring a "qualified contract," as defined in Section 42(h)(6)(F), for the acquisition of the low-income portion of the building, but only if the Authority is unable to present a qualified contract during such one-year period; provided, however, such request may not be made before the end of the 14th year of the compliance period or as agreed to by the Owner in its application.

NOTE: GHFA will be posting its policy and requirements for procuring a Qualified Contract on the website. The posting should occur early in 2005.

Waiver of Right to Opt Out. As part of its scoring process, some projects have elected to waive their right to request a qualified contract from the Authority after the end of the 14th year of the compliance period. Project Owners should review their Applications and recorded Land Use Restriction Agreements to determine whether there has been such a waiver for the project.

HOME Periods of Affordability. All HOME-assisted rental housing must remain affordable pursuant to certain rent and occupancy restrictions for a requisite period of time. The affordability period will begin on the date that the project is marked as "completed" in the HUD reporting system for the HOME Program. This beginning date will occur after all federal HOME funds for the activity have been expended. The affordability period will be specified in the recorded LURA.

The affordability period may be terminated under certain circumstances related to foreclosure or a transfer in lieu of foreclosure. However, certain protections are afforded existing tenants for a three year period. Also, in certain circumstances this affordability period may be revived. For example, in a foreclosure situation, where the owner of record prior to the foreclosure obtains an ownership interest in the project or property after the foreclosure is complete, the LURA may be revived.

HOME assisted units carry minimum rent and occupancy restrictions for varying lengths of time, depending upon the average amount of HOME funds invested per unit. These minimum periods are as follows:

Rehabilitation or Acquisition of Existing Housing (per Unit)	
(Less than $15,000)	5 years
($15,000-$40,000)	10 years
($40,000 or more)	15 years
New Construction or Acquisition of New Housing	20 years

Affordability restrictions under HOME regulations remain in force regardless of transfer of ownership or repayment of the HOME loan. The above referenced HOME affordability periods are minimum requirements. DCA policies may require longer terms of affordability. It is generally DCA's policy that the period of affordability will be as long as the term of the HOME loan.

Section 2.
Land Use Restrictions

DCA will enforce income, rent and occupancy requirements and agreement through covenants running with the property. For all projects allocated Housing Credit, the owner is required to execute a Declaration of Land Use Restrictive Covenants for Low Income Housing Tax Credits with DCA. For projects receiving HOME loans, the Owner is also required to execute a Land Use Restrictive Agreement for the HOME program. Both of these documents must be recorded with the local county clerk's office and is a

deed restriction that carries forward to all subsequent owners of the property... When there is more than one financing source imposing land use restrictions on a project, e.g., a HOME Loan and Credits, there may be restrictions from one program that are more restrictive than similar restrictions in the other program(s). In such instances, the most restrictive requirements will apply to the project Extended low-income housing commitment means any agreement between the owner and DCA in which the owner agrees to all terms and conditions in regard to the IRS compliance period of 15 years, the additional 15 year extended use period. An owner may also make additional commitments during the application phase. These commitments may include occupant restrictions, structural restrictions, additional rent and income restrictions, single-family dwelling lease to purchase or that a local public housing authority will sponsor the project. Owners must adhere to all pledges made during the application phase throughout the compliance and extended use periods.

Both Land Use Restriction Agreements will be enforced by DCA. The Extended Use Agreement will not be removed until the agreement has expired.

Section 3.
Tax Credit and HOME Record Keeping Requirements

DCA asserts the right to perform an on-site inspection of tenant records on any project receiving Credits and/or HOME Rental Housing Loan Program funding at any time from initial allocation, through the end of the Compliance Period, the Period of Affordability, or the term of the HOME Loan, whichever is longer. Copies of Tenant records on any project receiving credits and/or HOME Rental Housing Loan funds may be requested at anytime during the compliance period or period of affordability, whichever is longer. The following are the records that must be kept for each program:

Tax Credit Record Keeping (*Treas. Reg. 1.42-5(b)(1))*

Under the tax credit record keeping provision, the owner of a low-income housing project must keep records for each qualified low-income building in the project that show for each year in the compliance period:

> (i) The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);
>
> (ii) The percentage of residential rental units in the building that are low-income units;
>
> (iii) The rent charged on each residential rental unit in the building (including any utility allowances);
>
> (iv) The number of occupants in each low-income unit, but only if rent is determined by the number of occupants in each unit under I.R.C. Section 42(g)(2)

(as in effect before the amendments made by the Omnibus Budget Reconciliation Act of 1989);

(v) The low-income unit vacancies in the building and information that shows when and to whom, the next available units were rented;

(vi) The annual income certification of each low-income tenant per unit. For an exception to this requirement, see I.R.C. Section 42(g)(8)(B) (which provides a special rule for a 100 percent low-income building);

(vii) Documentation to support each low-income tenant's income certification (for example, verifications of income from third parties such as employers or state agencies paying unemployment compensation, a copy of the tenant's federal income tax return, or Forms W-2 Tenant income is calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937 (Section 8), not in accordance with the determination of gross income for federal income tax liability. In the case of a tenant receiving housing assistance payments under Section 8, the documentation requirement of this paragraph (b)(1)(vii) is satisfied if the public housing authority provides a statement to the building owner declaring that the tenant's income does not exceed the applicable income limit under I.R.C. Section 42(g);

(viii) The eligible basis and qualified basis of the building at the end of the first year of the credit period; and

(ix) The character and use of the nonresidential portion of the building included in the building's eligible basis under I.R.C. Section 42(d) (e.g., tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities or facilities reasonably required by the project).

Tax Credit Record Retention *(Treas. Reg. 1.42-5(b)(2))*
Under the record retention provision, the owner of a low-income housing project is required to retain the records described in Treas. Reg. 1.42-5(b)(1) for at least six years after the due date (with extensions) for filing the federal income tax return for that year. The records for the first year of the credit period, however, must be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building. Owners must retain first year records for a minimum of 21 years.

Tax Credit Inspection Report Retention (*Treas. Reg. 1.42-5(b)(3))*
Under the inspection record retention provision, the owner of a low-income housing project is required to retain the original local health, safety or building code violation reports or notices that were issued by the state or local government unit. Retention of the original violation reports or notices is not required once DCA reviews the violation report or notices and completes its inspection, unless the violation remains uncorrected.

DCA requires that an owner must attach a statement summarizing the violation report or notice or a copy of the violation report or notice to the annual certification submitted to DCA. In addition, the owner must state whether the violation has been corrected.

HOME Record Keeping *(CFR 92.508*)
Owners must establish and maintain sufficient records to enable DCA to determine whether the HOME requirements for each project have been met. The owner must keep both project and tenant records. Records must be maintained for various periods depending on the nature of the documents. In compliance with state and local laws regarding privacy and confidentiality, records must also be available for review by HUD, the Comptroller General, DCA and other interested parties. When applicable, the owner must keep records including but not limited to the following:

- Documentation to back up rent and utility allowance calculations. If the project's HOME assisted units are "floating" the owner should also keep records to show how HOME occupancy targets were met.

- Each tenants application, initial income verification documents, subsequent income re-certification documents and the tenant's lease

- A full description of each project assisted with HOME funds, including the location, form of HOME assistance and the units or tenants assisted with HOME funds

- The source and application of funds for each project, including, supporting documentation in accordance with 24 CFR 85.20

- Records demonstrating that each rental housing project meets the minimum per unit subsidy amount of 92.205(C), the maximum per unit subsidy amount of 92.250 (a) and the subsidy layering guidelines adopted in accordance with 92.250(b)

- Records demonstrating that each project meets the property standards of 92.251 and the lead based paint requirements of 92.355

- Records demonstrating that each family is income eligible in accordance with 92.203

- Records demonstrating that each tenant based rental assistance project meets the written tenant selection policies and criteria of 92.209 (c), including the tenant preference requirements, the rent reasonableness requirements of 92.209(f), the maximum subsidy provisions of 92.209(h) HQS inspection reports and calculation of the HOME subsidy.

- Records demonstrating that each rental housing project meets the affordability and income targeting requirements of 92.252 for the required period. Records must be kept for each family assisted.

- Records demonstrating that each lease for a tenant receiving tenant based rental assistance and for an assisted rental housing unit complies with the tenant and participant protections of 92.253. Records must be kept for each family.

- Records demonstrating that any pre award cost charged to the HOME allocation meets the requirements of 92.212

- Equal opportunity and fair Housing records

- Records demonstrating compliance with the affirmative marketing procedures and requirements

- Records demonstrating compliance with environmental review requirements

- Records demonstrating compliance with the requirements of 92.353 regarding displacement, relocation, and real property acquisition, including project occupancy lists identifying the name and address of all persons occupying the real property, moving into the property and completion of the project

- Records demonstrating compliance with the labor requirements of 92.354 including contract provisions and payroll records

- Records demonstrating compliance with the lead based paint requirements of 92.355

- Records supporting exceptions to the conflict of interest prohibition pursuant to 92.356

- Records concerning intergovernmental review, as required by 92.357

HOME RECORD RETENTION *(CFR 92.508(c))*

For rental housing projects, records may be retained for five years after the project completion date, except that records of individual tenant income verifications, project rents and project inspections must be retained for the most recent five year period until five years after the affordability period terminates.

Records covering displacements and acquisition must be retained for five years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with 92.353.

Contractor Records. Projects funded with GHFA HOME funds must also provide an audit of Contractors Costs for each project. HUD and the Georgia Department of Community Affairs shall have access to the Contractor's records for the project and for his/her cost certification for five years after project completion in order to conduct audits of project costs.

Section 4
Property Standards

Tax Credit Properties-Non-transient Occupancy and Suitable for Occupancy Requirement (*I.R.C. Section 42(i)(3)(B)*. A unit shall not be treated as a Housing Credit unit unless the unit is suitable for occupancy and used other than on a transient basis. For purposes of clause, the suitability of a unit for occupancy shall be determined under regulations prescribed by the Secretary of the Treasury taking into account local health, safety and building codes. A unit is considered to be used on a non-transient basis if the initial lease term is six months or greater. Therefore, owners may meet this requirement by executing a minimum six months' lease with Housing Credit occupants. The only exceptions are Single Room Occupancy (SRO) and transitional housing units supported under the Stewart B. McKinney Homeless Assistance Act. All Housing Credit units must be suitable for occupancy at all times to be deemed eligible for credit. Owners are encouraged to make periodic inspections of vacant and occupied Housing Credit units utilizing the HUD Uniform Physical Condition Standards to ensure that the units are suitable for occupancy.

General Public Use – Treas. Reg. 1.42-9

(a) If a residential rental unit in a building is not for use by the general public, the unit is not eligible for Housing Credit.
(b) If a residential rental unit is provided only for a member of a social organization or provided by an employer for its employees, the unit is not for use by the general public and is not eligible for Housing Credit. In addition, any residential rental unit that is part of a hospital, nursing home, sanitarium, lifecare facility, trailer park or intermediate care facility for the mentally and physically handicapped is not for use by the general public and is not eligible for Housing Credit.

If DCA determines that a project does not meet these requirements, it is required to report the noncompliance and whether or not the problem is corrected, to the Internal Revenue Service on IRS Form 8823. Failure to maintain a building will result in the loss of tax credits. All incidents of non-compliance will be reported.

HOME Property Standards. Projects that are rehabilitated or constructed with HOME funds must meet all applicable state and local codes, standards and ordinances. If no state and local codes apply, the project must meet one of the following national model codes:

International Building Code (January 1, 2000)

Or

Minimum Property Standard at 24 CFR 200.25

DCA Property Standards. In addition, to the property standards required under the IRC and HOME regulations, the property must also meet all DCA standards including, but not limited to the appropriate accessibility requirements and DCA architectural requirements.

Section 5.
Tax Credit Rent and Income Requirements

Minimum Section 42 Set aside Elections. For every tax credit project, the Owner must covenant and agree to one of the following tax credit set asides ("Section 42 Rent and Occupancy Restrictions"):

-At least 20% of the Units in the Project **[are and]** will continuously be maintained as both rent-restricted and occupied by individuals whose income is 50% or less of Area Median Gross Income. (If an Owner makes this election, all tax credit units will be rent and income restricted to 50% or less of Area Median Gross Income).

(or)

At least 40% of the Units in the Project **[are and]** will continuously be maintained as both rent-restricted and occupied by individuals whose income is 60% or less of Area Median Gross Income. (If an Owner makes this election, all tax credit units will be rent and income restricted to 60% or less of Area Median Gross Income).

In addition, if a project has a HOME loan which is included in the project's eligible basis, at least 40% of the units in ***each building*** will be rent and income restricted at the 50% or less level. DCA's requirement is more restrictive than Section 42 in that these units must be rent restricted as well as occupied by tenants earning 50% of AMI or less. Special care should be given by an Owner of a multi family project comprised of single family style units. In this case, each dwelling is considered a building. Therefore the project's rent and income limitation would apply to all units.

The owner has until the end of the first year of the tax credit period for the building to lease the specified number of units to eligible low-income tenants necessary to meet the minimum low-income occupancy requirements (20 percent or 40 percent based on the minimum percentage elected). **For projects consisting of more than one building, low-income occupancy compliance for the entire project must be met within this same time period.** [Section 42 (g)(3)]

A property is in compliance if the elected minimum set aside test is met by the end of the first year of the owner's credit period and continues to be met throughout the compliance period. In an acquisition and rehabilitation project in which a tenant is living in the unit prior to acquisition and plans to remain in the unit after the rehabilitation is completed, the tenant should be certified for the unit at the time of acquisition.

If the project does not meet the minimum set aside by the end of the first year of the credit period, the property does not qualify as a low income housing project and the credit cannot be claimed in any year. Non compliance also occurs if the project falls below the minimum set aside anytime during a subsequent year in the compliance period. In this case, the entire credit is lost for that year.

HOME Program Rents. There are two types of rents associated with the HOME Program.

- Low HOME Rents - If the project consists of three or more rental units, at least 20 percent of the HOME assisted units must have rents equal to or less than the rent affordable to a household at 50 percent of area median income (AMI) **or** the area Fair Market Rent (FMR), which ever is less. Additionally, the Low income HOME units must be distributed comparably across unit sizes, types and buildings e.g. 20% of the one bedroom, two bedrooms and three bedrooms must be Low HOME units in each project.

- High HOME Rents - DCA requires that the remaining HOME-assisted units have rents equal to or less than the rent affordable to a household at 60 percent of AMI or the area FMR.

  In determining the maximum rent that can be charged to a tenant for a HOME-assisted unit remember that tenant-paid utility allowances must be subtracted from both low and high HOME rents.

GHFA Rent, Income and Occupancy Requirements. In a Application submitted by the Owner of a project, the Owner may make additional representations to GHFA regarding rent, income and occupancy restrictions which may be more restrictive than those required by Section 42. These limitations may include by are not limited to:

- Very Low Rent and Income Restrictions where the Applicant agrees to reserve a specified number of units for occupancy by households earning annual gross incomes greater than 30%, but less than or equal to 50% of AMI and to set rents for those units at or below 30% of 50% of the area gross median income.

- Very, Very Low. Applications that propose dwelling units with rents set at the 30% rent level and reserved for occupancy by very-very low-income (those earning annual gross incomes of 30% or less of the AMI)

- Mixed income projects in which a specified percentage of the units are designated as market rate units which are not subject to any rent or income restrictions.

The use of Project Based Rental Assistance is not prohibited for Very Low and Very, Very Low units, but an owner cannot accept PBRA in excess of the applicable restricted rent amount for those units if points have been received for the deeper targeting.

These additional rent and income restrictions will be referenced in the Land Use Restrictive Covenant for the project.

Minimum Period for Rent and Income Restrictions. Section 42 Rent and Occupancy Restrictions shall remain in effect throughout the "extended use period." In accordance with Section 42, the extended use period shall commence with the first day in the compliance period on which any building that is part of the Project is placed in service and end on the date which is 15 years after the close of the compliance period. (Generally a period of 30 years). The GHFA Rent, Income and Occupancy Restrictions shall remain in effect through the "Compliance Period." Compliance period shall be the period of fifteen (15) taxable years beginning with the 1st taxable year of the credit period. DCA policy requires that HOME rents be in effect for the minimum period of affordability or the term of the DCA HOME loan, whichever is longer.

Termination of Rent and Income Restriction prior to end of Extended Use Period. The extended use period for any building that is part of the Project shall terminate:

- On the date the building is acquired by foreclosure or instrument in lieu of foreclosure except that for a period of three years following the termination of the extended use period, the Owner shall not evict the tenant of a Low-Income Unit or terminate the tenancy of an existing tenant of any Low-Income Unit other than for good cause and shall not increase the gross rent above the maximum allowed under the Code with respect to any such Low-Income Unit.

- On the last day of the one-year period that begins on the date Owner properly submits a written request to the Authority, asking the Authority to assist in procuring a "qualified contract," as defined in Section 42(h)(6)(F), for the acquisition of the low-income portion of the building, but only if the Authority is unable to present a qualified contract during such one-year period; provided, however, such request may not be made before the end of the 14th year of the compliance period or as agreed to by the Owner in its application.

Combining tax credits/HOME with PBRA. Many projects that receive funding from DCA also have project based rental assistance contracts. Generally, if federally funded PBRA is involved, rent in excess of the tax credit maximum can be collected provided that the tenant's portion of the rent is below the applicable tax credit maximum rent. However, the rules under the Section 8 PBRA program can conflict with tax credit rules. Applicants need to use care in identifying areas of both programs which can conflict so as to avoid situations where the allocated tax credits could be subject to recapture. To initially certify a tax credit unit, the occupant must meet the income election of his designated set aside regardless of whether there is a section PBRA contract. This means that if you have a 40/60 election and 100% of the units are tax credit units, all of the initial tenants in the project must be certified at 60% AMI or less. Problems can arise in an existing tax credit rehab property, if you have a tenant that is receiving PBRA but has income over 60%, but within the 80% PBRA requirement, that tenant would not meet the first year tax credit requirements. However, under Section 8 PBRA rules you could not evict the tenant or refuse to renew his lease. In a 100% tax credit project the conflict requirements under the programs could create an insurmountable problem. Projects combing tax credits and PBRA can also have problems dealing with waiting lists, and with certain tenancies such as students.

In a tax credit low-income unit, if a tenant subsequently goes over income, the tax credit rent (30% of 60% AMI) stays the same. The tenant could stay in the unit as long as the requirements of section 42(g)(2)(D) of the code are met. If that same unit has PBRA, the tenant portion of the rent can exceed the maximum tax credit rent provided that the total contract rent does not exceed the contract rent determined when the tenant was within the income requirements. Theoretically, the tenant portion of the rent could actually go up to 30% of 80 of AMI in a tax credit unit where a 40/60 election has been made.

DCA recommends that Applicants in projects that are 100% PBRA not structure their tax credit project with 100% tax credit units. This gives some leeway in dealing with conflicts between the two programs.

Section 6
Determining Income Limits

Owners and managers must understand how income limits are applied if they are to be successful in maintaining a project in compliance. Each year HUD publishes new income limits with an effective date. The household's total annual gross income must be at or below the applicable income limit as elected by the owner. Revenue Ruling 94-57 states that owners and managers may rely on the list of income limits until 45 days after HUD releases a new list or until HUD's effective date for the new list, whichever is later. Once HUD publishes the new income limits, DCA will complete the necessary calculations and release the new income and rent limits on its Web page and issue written notice to owners and managers that the new limits have been posted.

Household Income Calculation The household's total annual gross anticipated income must be calculated to determine if a household meets the applicable income limit and is income eligible for a Housing Credit unit.

- At initial Tenant certification for any tax credit or HOME Rental Housing Funded Project, the household's annual gross anticipated income should be calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937 (HUD Handbook 4350.3), not in accordance with the determination of gross income for federal income tax liability.

- Under HOME rules, HOME only projects, owners may choose from three definitions of income to determine tenant eligibility:
  - The Section 8 Program definition
  - The IRS definition of adjusted gross income
  - The definition of annual income as defined by the US Census long form.

However, DCA requires project owners to use the Section 8 definition of income for initial qualification. At re-certification, the annual adjusted income is used. Annual

adjusted income is used at the time of tenant re-certification for HOME funded properties.

Qualifying Section 8 Tenants. When an applicant with Section 8 rental assistance applies for occupancy in a Housing Credit unit, the owner may obtain verification of the household's annual gross income from the issuing Housing Authority in lieu of obtaining verifications from each income source. The applicant must give the proper authorization to obtain verification of the household's annual gross income. Then, the property manager should request third party written verification from the issuing Housing Authority of the household's annual gross income. Once the verification is received, the Tax Credit Income Certification must be completed and signed by the applicant and the owner.

Income Types (Sources) in Calculating and Validating Income. The following provide general guidance for determining income that should be included in the household's annual gross anticipated income. Annual gross anticipated income is the gross income the household anticipates it will receive in the 12-month period following the effective date of certification of income. If a particular type of income is not specifically mentioned as being excluded in HUD Handbook 4350.3, then it is included in annual gross income.

- Wages: Types of wages include salaries, hourly wages, overtime, tips, bonuses, holiday pay, shift differential, commissions and other compensation for personal services.

Ensure that:

- Gross income is used instead of net income,
- Income from overtime, tips, bonuses, etc. are included,
- Year-to-date income is compared to hourly wages, and
- Anticipated income changes are considered (i.e., raises)

- Self-employment Income: Types of self-employment may include babysitter or child care provider, handyman, painter, Mary Kay or Avon consultant, small engine repairman or hair stylist.

Acceptable forms of verification include: notarized statements, financial statements prepared by a CPA, affidavits or income tax returns signed by the applicant describing self-employment and amount of income or income from tips and other gratuities. Owners should request a notarized statement or affidavit from the applicant projecting income to be derived from the activity for the next 12 months. This statement must be supported with a copy of the most recent federal tax return with applicable schedules.

When reviewing Schedule C of the tax return, the net income from the business is used to support the income stated on the notarized statement or affidavit. A net loss may not be deducted from the household's annual gross income and should be recorded as zero income derived from the business.

- Child Support: When an applicant has minor children in the household, verification concerning child support income for each minor child should be obtained. Entitlement of child support income must first be established. "Entitlement" means that a written agreement exists between the parties to provide child support. This could be a court order/award or a consensual agreement between two parties, such as a divorce settlement or separation agreement.

  If an applicant is entitled to child support and is receiving the entitled benefit:
  - Obtain a copy of the entitlement documentation and include the entitled benefit in the annual gross income

  If an applicant is entitled to child support but is not receiving the benefit:
  - Obtain a copy of the entitlement documentation and third party documentation of the applicant's efforts to collect the entitled benefit. If efforts are not being made to collect the entitled benefit, the entire entitlement must be included in the household's annual gross income. If efforts are being made to collect the entitled benefit, the entitlement may be excluded from the household's annual gross income.

  If an applicant is entitled to child support but is receiving sporadic benefits or less than the full entitlement:
  - Obtain a copy of the entitlement documentation and third party documentation of the sporadic or varying benefits. An average of the most recent six months' payments should be included in the household's annual gross income.

  If an applicant states that they are not entitled to child support:
  - An attempt must be made to verify this with the State in which the tenant last resided.
  - The applicant must also certify that they are not entitled to child support.

Please refer to Appendix I, Compliance Form 17 for the DCA required child support affidavit.

- Unemployment benefits should be annualized. Even though verification may indicate an ending period, the unemployment benefit should be calculated over 52 weeks.

- Assets are items of value such as checking and savings accounts, real estate and mobile homes. Assets do not include necessary personal items.

- Real Estate. If an applicant indicates they own real estate, the Owner must determine the fair market value of the asset and determine the actual income derived from the asset.

  Documentation: PVA statement or recent appraisal
  Documentation: lease agreement, land contract, etc.

  If the income limits are jeopardized by using the gross rental income, an additional calculation may be completed to determine net rental income.

If the property is not generating income then the applicant must document the status of the property (i.e. vacant and for sale) If an applicant indicates that their previous address was "owned" or "vacated due to sale or separation", etc., then third-party documentation should be obtained to determine if there is possible income from real estate. Owners should be extremely cautious when attempting to document real estate values and income derived from real estate. Additional guidance on calculating income from real estate is provided in HUD Handbook 4350.3.

- **Assets $5,000 or less**. For tax credit properties, if the value of a household's total net assets is $5,000 or less, the tenant may submit a signed, sworn statement to this effect and owners are not required to third-party verify assets. **(For HOME-assisted units, third-party documentation is required for ALL assets.)** However, income derived from the household's total net assets must be included in the household's annual gross income calculation (i.e., the income from an interest bearing checking or savings account). Owners should request asset income on the asset certification form.

- **Assets greater than $5,000.** If the value of the household's total net assets is greater than $5,000, the owner must obtain third-party documentation to support the value of all assets and income derived from those assets. The owner must calculate the imputed income from the assets and compare that number to the actual income derived from the assets. The greater of the two should be included in the household's annual gross income.

Methods of Verification for Income and Assets. The three methods for verifying income and assets are listed below. The most preferred method is written third-party verification.

- Third-party Verification- Written correspondence should take place directly between the third party and the owner/manager. Third-party written verifications are acceptable and valid for 90 days prior to move-in and annual re-certification effective date. A documented verbal update may extend that verification an additional 30 days (up to a maximum of 120 days).

Inasmuch as many agencies have gone to the use of computer-generated forms in responding to requests for "third-party written verification," the owner/developer may

accept all such computer forms as documentation of third-party written verification. Entities known to use such forms include, but are not limited to:

- Social Security Administration
- Veterans Administration
- Department of Family and Children Services
- Department of Labor
- Child Support Recovery Unit

In the event that third-party written verification is not possible due to an unwillingness by the source to respond or in the event that the information is not returned within a four-week period, the owner/developer will note the file accordingly and proceed with third-party oral verification as the primary source.

- Hand carried Verification – Owner or Property representative may not hand carry verification to employers. DCA faxed income verifications should be used.

- Review of Documents – Owners may use documents submitted by the applicant or tenant when every effort to obtain a written third-party verification has been exhausted or cannot be obtained. When utilizing this method, the most recent documentation must be obtained. See Chart 1-4 for examples of acceptable forms of income verification.

Applicant/Tenant Certification – Applicant/Tenant certification is acceptable when other preferred methods of verification cannot be obtained or such certifications are specifically authorized.

When written third-party verification or review of documents is not possible prior to move-in, direct contact with the source will be acceptable only as a last resort. The conversation should be documented in the applicant's file to include all information that would be contained in a written verification. The information must include the name and title of the contact, the name of the on-site management representative accepting the information and the date. The applicant's file must contain evidence that attempts were made to obtain written third-party verification.

In order to verify information about household income and composition, owners/manager must have tenants complete a DCA approved Release and Consent form. This form authorizes the release of certain information to DCA (See Forms Appendix).

Section 7
Over Income Tenant Restrictions

Tax Credit: The Code provides that a tenant's income may increase during tenancy to exceed 140% of the allowable household income. **However, in some years DCA has required that the lease for tenants who exceed this limit for two (2) successive years may not be renewed for the third year. It is important that you check the**

appropriate QAP to determine the requirements for that year. The penalty for failure to adhere to this DCA policy may be forfeiture of the right to participate in all DCA programs in one or more future years depending upon the severity and nature of the particular circumstances. The Housing Credit Program allows for the increase of income for all initially qualified residents in a Housing Credit unit.

If the gross income of the occupants of a qualifying unit increases to more than 140 percent of the applicable income limit, the unit may continue to be counted as a low income unit as long as the unit continues to be rent-restricted and the next unit of comparable or smaller size is occupied by a qualified low-income tenant. When a building is restricted to 100 percent Housing Credit, this rule does not typically affect the building because all units should be rented to Housing Credit qualified households. A violation of this rule could occur in a 100 percent building if the owner inadvertently rents to an unqualified household. For example, the tenant in Unit A exceeds the applicable income limit by more than 140 percent at annual re-certification. Unit A is a 3-bedroom unit with 800 square feet. Unit B is the next available unit in the building and is a 2-bedroom unit with 700 square feet. Unit B must be rented to a Housing Credit qualified household and Unit A must remain rent restricted until it has been replaced with Unit B to ensure compliance with the Next Available Unit Rule. In a 100 percent Housing Credit building, Unit A must remain rent restricted at all times.

HOME/Tax Credit. If DCA HOME Loans are utilized in the financing of a project, additional over-income restrictions shall apply. Upon re-certification of a previously eligible tenant, if it is determined that the tenant's adjusted income exceeds 60% of AMI, the tenant's rent must be increased to the lesser of: 30% of the tenant's adjusted annual income, HUD's fair market rent limitations, or, if the property was also funded with tax credits, the rent amount cannot exceed the maximum amount allowable by the Code, not to exceed limitations set by state or local laws (if any). Any exceptions to this requirement must be approved in writing by DCA.

Section 8
Determining Rents.

Section 42(g)(2)(A) provides that a residential unit is rent restricted if the gross rent for the unit does not exceed 30 percent of the imputed income limitation applicable to the unit. The imputed income limitation applicable to a unit is the income limitation that would apply under section 42(g)(1) to individuals occupying the unit if the number of individuals occupying the unit were as follows:

- in the case of a unit that does not have a separate bedroom, one individual, or
- in the case of a unit that has one or more separate bedrooms, 1.5 individuals for each separate bedroom.

In determining the appropriate rent, Owner must consider the utility allowances, services provided, revisions to HUD Income limits, rent calculation methods, changes in the tenant's income, and section 8 tenants.

Household size. In determining the household income limitation, all applicable income standards are adjusted for family size. For purposes of the LIHTC, all occupants of a unit are considered in the determination of family except for the following (refer to HUD manual 4350.3 for a complete discussion:

- Live in Aides. A person who resides with one or more elderly persons, near elderly persons, or persons with disabilities, and who is determined to be essential to the care and well being of the person, is not obligated for the support of the person and would not be living in the unit except to provide the necessary supportive services. While a relative may be considered to be a live in aid/attendant, they must meet the above requirements.
- Foster children or foster adults
- Guests

When determining family size for income limits, the owner must include the following individuals who are not living in the unit:

- Children temporarily absent due to placement in foster home
- Children in joint custody arrangements who are present 50% or more of the time
- Children who are away at school but who live with the family during school recesses
- Unborn children of pregnant women
- Children who are in the process of being adopted
- Temporarily absent family members
- Family members in the hospital
- Persons permanently confined to a hospital or nursing home

Non-Optional Services. Any charges for services that are not optional to low-income tenants must be included in gross rent. For example, if an owner provides meals to residents but requires the cost for this service as a condition of occupancy, the cost must be included in the calculation of gross rent for the unit or, if the property individually meters, the water any service charge for this service will be considered rent. The cost of services must be included in gross rent even if federal or state law requires that the services be offered to tenants by building owners. An example of charges that DCA does not consider optional are: privately metered utility service charges, cable charges, appliance rental, decorating fees (charged above security deposits). Contact DCA's compliance office for further guidance regarding 'optional 'charges.

Supportive Services Owners may pledge to provide various supportive services in their Application. Owners must provide pledged supportive services through the compliance period or period of affordability whichever is longer. In addition, pledged supportive services will be monitored for existence during compliance monitoring reviews. No change may be made in supportive services without the express written consent of DCA. Fees cannot be charged for supportive services that are provided to the tenants.

HOME Fair Market Rents. FMRs are generally issued in September. Income limits are generally issued very early in the following year. When both of these figures are available, HUD calculates and issues new HOME rents for the fiscal year and establishes an effective date of 30 days later. It is never acceptable for a PJ to use the 2004 income limits and the 2005 FMRs to calculate their own HOME rent. The only valid HOME rents are those issued by HUD and posted on the HOME website.

Rent Modifications. As the AMGI figures are revised, the maximum rent for a particular unit may change. If the AMGI increases, the maximum rent may increase. If the AMGI decreases, a reduction in the gross rent may be required. However, the gross rent is never required to go below the gross rent floor (as defined below). The IRS will treat the gross rent floor in I.R.C. Section 42(g)(2)(A) as taking effect on the date an agency initially allocates a credit dollar amount to the building under I.R.C. Section 42(h)(1). However, the IRS will treat the gross rent floor as taking effect on a building's placed-in-service date if the building owner designates that date as the date on which the gross rent floor will take effect for the building.

For HOME Rental Housing Loan Financed projects, DCA must review and approve the maximum monthly rents annually. The owner must obtain DCA's written approval prior to instituting any rent increases. Any increase in rent for HOME-assisted units is subject to the provisions of current leases. In any event, the owners must provide tenants of those units at least 30 days written notice before implementing any rent increase.

Section 9
Calculating Utility Allowances

Tenant-Paid Utility Allowances

If the cost of any utilities (other than telephone) for a residential rental unit are paid directly by the tenant(s), the gross rent for that unit includes the applicable tenant-paid utility allowance.

For projects submitted in the 2005, Project Owners should establish utility allowances for the property as follows:

1. *USDA–Assisted Buildings* – If a building receives assistance from the USDA (formerly called the Farmer's Home Administration, or FmHA), the USDA-prescribed utility allowance applies to all rent-restricted units in the building. The USDA-approved allowance applies even if the building is assisted by any other program or agency. Examples of USDA assistance include assistance provided under the USDA Section 515 rural rental loan program and USDA rental assistance.
2. *Buildings with USDA-Assisted Tenants*. If any resident of a building receives USDA rental assistance, the USDA-approved utility allowance applies to all rent-restricted units in the building. This is even the case if residents of some

units receive rental assistance from the U.S. Department of Housing and Urban Development (HUD).

3. *HUD-Regulated Buildings*. If neither a building nor any resident in the building receives USDA assistance, and HUD annually reviews the rents and utility allowances for the property (such as for Section 8 and Section 236 projects), the HUD-prescribed utility allowance is used. This rule doesn't apply to buildings that have only FHA-insured mortgages.
4. *DCA HOME/Tax Credit buildings*. If a building is neither an USDA-assisted or HUD-regulated property, and no tenant in the building receives USDA rental assistance, there are two possible methods for establishing the utility allowance. These include:

   A. The allowance established by the local Public Housing Agency (PHA) for the Section 8 Program in the locality where the property is located. However, the electric allowances may be calculated as outlined in Section B below.

   B. A written project specific estimate by a Utility Provider for the electric allowance only may also be used. If a private estimate is obtained, it must be prepared in accordance with DCA Energy Simulation Tool Criteria requirements as outlined in the DCA Compliance Manual. The Energy Tool Criteria must be validated by a source acceptable to DCA as identified in the DCA Compliance Manual. Each year, the Utility Provider will recalculate the Utility Allowance based on the current rate and all other billing inputs to determine if there is any change in the allowance. See DCA Compliance Manual – Utility Allowances. Once this method of choosing a utility allowance is elected, the project must continue using this method during the entire compliance period for the project. However, any unit occupied by a resident with a Section 8 / Housing Choice Voucher must use the PHA utility allowance, even if a private estimate has been obtained.

Prior to 2005, DCA did not allow utility allowances to be established based on the estimate of a Utility Provider for electric service. Projects that received funding prior to 2005 can not utilize this method. Owners should be aware that once they elect to determine the electric utility allowanced based on such an estimate, the project must continue using this method during the entire Compliance Period for the project.

DCA Energy Simulation Requirements. Before a Utility Provider can prepare an estimate for an electric utility allowance, the Energy Simulation System it will utilize must be approved by DCA. DCA requires that Utility Providers must be able to perform an energy analysis for a building by calculating energy consumption associated with heating and cooling loads, HVAC systems and other loads (lighting, water heating, office equipment, and other internal loads). The Simulation program must be tested according to ANSI/ASHRAE Standard 140 (HVAC Equipment Performance Tests E100 – E200 only). The Simulation system must provide favorable results compared with the

analytical solutions provided with this Standard. The Simulation tool must also have the capability to predict building envelop loads within the 90% confidence interval of reference results provided with the HERS BESTEST Tier 1 validation procedure. A sample data sheet with information that the Utility Provider will need to prepare the Utility Allowance Estimate can be found in the Form 18 Appendix I.

Initial Estimate and Required Updates

1. The initial Utility Estimate must be prepared by the Utility Company and submitted at the time of project Application.

2. The Estimate must be updated by the Utility Company at the time all buildings are placed in service.

3. Owner should request the Utility Company to prepare an update at least thirty days prior to the filing of the property's 2nd year annual report. This update must compare the actual usage at the property with the current estimate. The updated estimate should be attached to the report when it is submitted to DCA.

4. The Utility Company must prepare an update within 90 days of any rate or tax change.

5. DCA reserves the right to require that an estimate be updated at any time upon 60 days written notice to the Owner.

6. Owner must implement any updated estimate received by the Utility Company within 90 days of receipt.

Utility Providers. Estimates must be prepared by a utility company provider. Qualified electric providers in the State of Georgia can be located on a list at http://www.psc.state.ga.us.

Process for obtaining DCA approval of a Utility provider and its Energy Simulation Tool. Utility Providers and their Energy Simulation Tool must be approved by DCA prior to the time that an estimate is requested for calculation of an electric Utility Allowance.

In order for DCA to approve the Utility Provider and its Energy Simulation Tool, the Utility Provider conducting the energy simulation must provide a completed Certification on company letterhead stating the following:

1. Name and description of energy system used.

2.Statement that the energy simulation system has been tested according to ANSI/ASHRAE Standard 140 and that the results received from the Tool compared favorably with the analytical solutions provided by the standard.

3. Statement that the simulation tool has the capability to predict building envelope leads within the 90% confidence interval of reference results provided within the HERS BESTEST Tier I validation procedure.

4. Statement that the utility provider is committed to accurate quality data.

5. Statement that the utility provider will update the utility allowance within 90 days of any rate change when required information is provided by the Owner or as requested by DCA.

6. Contact name, phone number and e-mail address that may be used by DCA if clarification or additional documentation is needed.

7. Statement that a copy of all estimates prepared by the Utility Company for the Owner will also be sent to DCA at the following address:

Nan Maddux, Compliance Manager
DCA
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2231

Upon receipt of the required certification and review and approval of all required documentation, DCA will issue a letter directly to the Utility Provider stating that it has been approved to issue an estimate for DCA Utility Allowances.

Application Stage. At Application, the Owner must provide the actual specification sheet submitted to the Utility Provider along with a signed Certification on Provider's letterhead stating the following:

1. The name of the proposed Utility Provider

2. The Utility Provider and Energy Simulation Tool were approved by DCA for use in preparing Utility allowance and the date of said approval. (A copy of the DCA approval letter should be attached).

3. All materials provided to the Utility Company for use in the utility simulation system were true and complete to the best of the Owner's knowledge.

4. Applicant understands that it is his responsibility to ensure that the utility allowance is updated according to Federal and State regulations and in accordance with DCA requirements.

5. Applicant understands that failing to update the utility allowance according to Federal and State regulations will be considered a property wide major instance of non compliance and will be reported to the Internal Revenue Service on IRS Form 8823.

6. If at any time during the building's compliance period, the applicable utility allowance for a unit changes, the new utility allowance must be used to compute gross rents of rent-restricted units no later than 90 days after the effective date of the change.

7. Applicant understands that if any unit is occupied by a resident with a Section 8/Housing Choice Voucher, Owner must use the PHA utility allowance, even if a private estimate has been obtained.

8. Applicant understands that the project must use this method of calculating the utility allowance for the entire compliance period.

9. Applicant understands that it is his responsibility to review the utility estimate quarterly and to contact the Utility Provider to determine whether there have been any rate or tax increases which will affect the utility allowance estimate.

10. Applicant understands that he must obtain an annual utility estimate from the Utility provider which must be attached to the project's annual owners' certification.

11. Applicant understands that in order to obtain an "actual usage" and estimate comparison from the providing utility company, he must submit his request and required documentation to the Utility Company no later than 30 days prior to submitting the property's 2nd year annual report.

Questions regarding utility allowances can be directed to the DCA Compliance Department.

Section 10
Vacant Unit Rule

A unit may not be counted as a tax credit unit until it is occupied by a qualified tenant. A vacant unit cannot be counted as a tax credit unit if the unit did not qualify as a tax credit unit prior to being vacated. In qualifying enough tax credit units before the end of a lease up period, owners and or managers must not improperly terminate the occupancy of in place tenants.

Vacant units that were previously occupied by low-income tenants can continue to be considered a qualified Housing Credit unit if:

- Reasonable attempts are being made to rent the vacated Housing Credit unit(s), and
- That unit or the next available unit of comparable or smaller size is rented to tenants having a qualifying income.

The owner must actively market the vacant unit, retain evidence of the marketing efforts for monitoring purposes (i.e., newspaper, flyers, signage) and the unit must be suitable

for occupancy. In addition, owners are required to annually certify that the project has met this requirement. Owners of mixed-income properties should establish procedures to ensure that when a restricted unit becomes vacant, the next available unit of the same size or smaller as the restricted vacant unit is leased to an eligible household.
(Next Available Unit Rule – I.R.C. Section 42(g)(2)(D)

When households vacate fixed HOME assisted units, they must be replaced by households in appropriate income categories. If a floating HOME assisted unit is vacated, the vacated unit must be reoccupied by an eligible household in the appropriate income category or another comparable unit must be occupied by an eligible household of appropriate income and substituted for the vacant HOME assisted unit.

Section 11.
Transfer of Ownership

All changes in ownership interest or project participant structure require reporting to DCA. Failure to promptly report a change could jeopardize credit or cause a default in the HOME Loan. Current and potential owners are reminded that the Declaration of Land Use Restrictive Covenants for Low Income Housing Tax Credits and Subordination Agreement (Extended Use Agreement) will be enforced by DCA. The Extended Use Agreement will not be removed until the agreement has expired. Early repayment of a HOME loan will not extinguish the LURA. Owners are encouraged to contact their tax consultant prior to the sale of any Housing Credit property. If a transfer is approved, the previous owner must provide a completed Transfer of Ownership Interest form to DCA prior to disposition of the property. In addition, the new owner must submit a completed IRS Form W-9 Request for Taxpayer Identification Number and Certification to DCA within 30 days of acquisition of the property.

If the transfer occurs during the initial 15 year period, the previous owner must secure a satisfactory bond and submit a completed IRS Form 8693 Low-Income Housing Credit Disposition Bond to the IRS for approval within 60 days of disposition of the property. In addition, DCA is required to report the disposition on IRS Form 8823 Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition. If the transfer occurs after the initial 15-year compliance period but during the extended use period, the new owner must operate the property as 4 I.R.C. Section 2(j)(6) a qualified low-income project for the remaining extended use period.

Section 12
Additional Compliance Issues

Employee Units – Revenue Ruling 92-61. According to Revenue Ruling 92-61, the adjusted basis of a unit occupied by a full-time resident manager is included in the eligible basis of a qualified low-income building under I.R.C. Section 42(d)(1), but the unit is excluded from the applicable fraction under I.R.C. Section 42(c)(1)(B) for purposes of determining the building's qualified basis. On-site maintenance personnel are treated similar to managers.

Under Treas. Reg. 1.103-8(b)(4), units for resident managers or maintenance personnel are not classified as residential rental units, but rather as facilities reasonably required by a project that are functionally related and subordinate to residential rental units. Therefore, the project should thoroughly document the need for such a unit to avoid violations and identify the unit as a "Manager's Unit" on the annual Building Status Report. DCA will not issue a written opinion as to the designation of such unit(s) or that the unit(s) will continue to be eligible for Housing Credit.

DCA policy under QAP: For Applicants electing to house management, security, or maintenance personnel in a project unit, the employee unit can be either designated as part of the residential unit count or as part of the common space. If the employee unit is designated as part of the residential unit count, and is also designated as a low-income unit, it must be occupied by an income eligible household that may be the on-site management, security or maintenance personnel and rent can be charged or collected by the Owner for this unit. If the employee unit is designated as part of the common space, it need not be occupied by an income-eligible household, but must be occupied by a full time on-site manager, security or maintenance personnel. **No rent can be charged or collected by the Owner for a unit designated as common space.**

Unit Transfers. Unit transfers can only occur within the building in which the tenant currently resides. Owners must consider the current location and requested destination of any current tenant requesting to be relocated within a project. Consideration must also be given to whether the tenant is an eligible Housing Credit occupant at the time of the transfer.

- If a current resident moves to a different unit within the same building, the newly occupied unit adopts the status of the vacated unit. The vacated unit adopts the status of the newly occupied unit prior to the transfer. Therefore, a tenant that was originally eligible at move-in would not have to be re-certified at the time of transfer.
- If a current resident requests to move to a different unit in a different building, this should be treated as a new move-in and new verifications and certifications must be obtained and the household certified as income eligible at the time of move.

Documenting Transfers on the Building Status Report:
How are unit transfers, within the same building, reported on the DCA Quarterly Occupancy Status Report?

1. Record the transfer date in the move-out column of the unit being vacated.
2. Record the initial move-in date to the building as the move-in date in the new unit being occupied. Also, the move-in and re-certification data should be carried over and recorded as if the transfer never occurred.

How are transfers, not within the same building, reported on the DCA Quarterly Occupancy Status Report?

1. Record the move-out date in the move-out column of the unit being vacated.
2. The newly occupied unit should be treated as a new move-in. A move-in certification should be completed and reported on the Building Status Report and a new re-certification cycle will begin.

Full-time Student Households. A household where all members are full-time students is typically not eligible to reside in a Housing Credit unit. However, I.R.C. Section 42(i)(3)(D) grants four exceptions that can be used to establish eligibility of a household where all members are full-time students. Definition of a full-time student is an

individual, who during each of five calendar months during the calendar year in which the taxable year of the taxpayer begins, is a full-time student at an educational organization. The educational organization normally maintains a regular facility and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. A full-time student may also be an individual who is pursing a full-time course or institutional on-farm training under the supervision of an accredited agent.

Exceptions allowed by I.R.C. Section 42(i)(3)(D):

A unit shall not fail to be treated as a low-income unit merely because it is occupied –

(i) by an individual who is
-a student and receiving assistance under Title IV of the Social Security Act, or
-enrolled in a job training program receiving assistance under the Job Training Partnership Act (JTPA) or under other similar Federal, State, or local laws, or

(ii) entirely by full-time students if such students are –
-single parents and their children and such parents and children are not dependents (as defined in section 152) of another individual, or
-married and file a joint return.

Project owners must maintain documentation to support the student status of each household during the entire term of occupancy. In addition, if the household consists entirely of full-time students at any time during occupancy, documentation must show that one of the four exceptions was met. The applicant must certify the household's student status at move-in and subsequent annual certifications. The required DCA Student Affidavit must be completed by all member of the household that are 18 years of age or older.

In summary,

- If at least one member of the household is not a full-time student (i.e., one member part-time student or one minor child not of school age) No further action is required.
- If all household members are full-time students,

The household must meet one of four exceptions and the exception must be supported with acceptable documentation

Documenting and Monitoring Interpretations for student exceptions:

1. A household member is receiving Title IV benefits.
Documentation: Third-party documentation from the Department from which the Title IV (TANF) benefits are issued showing that a household member receives Title IV benefits. TANF is generally considered to be Title IV benefits.

2. A household member is enrolled in a job training program. Third-party documentation from a caseworker showing that a household member is enrolled and receiving assistance under JTPA or a similar program should be maintained.

3. A household member is a single parent and their children are not dependents of another individual. A copy of the most recent year's signed federal income tax return claiming the dependent tax exemption or a copy of the executed court order should be maintained. DCA finds that a household satisfies this exception if the household member claims the dependent tax exemption in alternating tax years. Documentation should be obtained to support the household's claim to the dependent tax exemption in alternating years (i.e., copy of executed divorce decree).

4. The household members are married and file a joint income tax return. A copy of the most recent year's signed federal income tax return should be maintained. DCA considers a newly married household who has not yet filed a joint tax return does not satisfy the exception rule.

(Please see Appendix I, Compliance Form 18)

Section 13.
Material Participation of a Nonprofit Organization

The Internal Revenue Code requires that 10 percent of the total Housing Credit ceiling amount be available only to projects with qualified nonprofit participants and owners. Applicants must indicate that they are applying for credit from the nonprofit set-aside. The nonprofit organization participating in the project:

- Must be an organization recognized by the Internal Revenue Service as a 501(c)(3) or 501(c)(4) organization (status of an organization can be confirmed using the IRS website www.irs.gov and enter 78 into the Search IRS Site);

- Validly exist and be in good standing

- Have an ownership interest in the project throughout the entire 15-year compliance period. The non profit can own the interest directly or indirectly through a partnership or own stock in a corporation that owns a low income housing property, if the corporation is 100% owned by qualified non profit organizations.);

- Meet the criteria defined as material participation in Treas. Reg. 469(h);

- Must not be affiliated with or controlled by any for-profit entity (Limited partners cannot act without nonprofits concurrence – other than for malfeasance by general); and

• One of the exempt purposes of the nonprofit must include the fostering of low-income housing.

The nonprofit must meet the criteria defined as material participation in Treas. Reg. 469(h) and the owner must maintain documentation to support compliance. The owner must certify on the Owner's Annual Certification of Compliance which of the tests defined in Treas. Reg. 469(h) the nonprofit met in order to satisfy the material participation of the nonprofit (as outlined below). DCA will review the documentation during on-site reviews of the project. Owners should immediately notify DCA of any change in the nonprofit organization who is materially participating in a project.

Treas. Reg. 469(h) Tests for Material Participation

1. Nonprofit participates in the activity for more than 500 hours during the tax year.
2. Nonprofits participation constitutes substantially all of the participation in the activity of all individuals (including non-owners) for the tax year.
3. Nonprofit participates in the activity for more than 100 hours during the tax year, and its participation is not less than the participation of any other taxpayer for such year.
4. Nonprofit activity is a significant participation activity for the tax year, and the taxpayer's participation in all significant participation activities during the year exceeds 500 hours. A significant participation activity is one in which the taxpayer has more than 100 hours of participation during the tax year but fails to satisfy any other test for material participation.
5. The nonprofit materially participated in the activity for any five of the ten tax years immediately proceeding the year in question.
6. Based on all facts and circumstances, the nonprofit participates in the activity on a regular, continuous and substantial basis during the tax year. To satisfy the facts-and-circumstances test, a nonprofit must participate in an activity for more than 100 hours. The nonprofit's management services are not taken into account unless no other individual is compensated for management services and no other individual performs management services exceeding the hourly total of such services performed by the nonprofit.

Section 14.
Additional I.R.C. Section 42 Requirements

IRS Form 8609 Elections

IRS Form 8609 is the document issued by DCA for the final allocation of credit to the owner. Once received, the owner must make important elections for each building that will be in effect during the compliance period of the project. **DCA will not issue an 8609 for a property which is not built in accordance with DCA approved plans and specifications, which do not contain amenities pledged in the project Application and which does not meet DCA or Federal requirements. Prior to issuance of an 8609, a property must also be in compliance with all accessibility requirements. (See DCA Accessibility Manual for a more comprehensive review of these requirements).**

Placed-In-Service Date

The placed-in-service date for new construction is the date the first unit in the building is ready and suitable for occupancy under state or local law and the unit received a Certificate of Occupancy. The placed-in-service date for a rehabilitation development is established by the owner when it is determined that required expenditures have been met, whether or not the building is occupied, but must be no later than 24 months after the credit allocation. The minimum required expenditures are: (1) when 10 percent of the adjusted basis is spent, or (2) a minimum of $3,000 per unit is spent, whichever is greater.

Credit Period

The term "credit period" means the period of time the owner may use the Housing Credit against the owner's tax liability. The 10-year credit period, by building, begins with one of the following:

(A) The taxable year in which the building is placed in service, or
(B) At the election of the taxpayer, the succeeding taxable year, but only if the building is a qualified low-income building as of the close of the first year of such period. The election, once made, shall be irrevocable.

The owner must provide to DCA a copy of the IRS Form 8609 (with Part II completed) as filed with the first tax return on the project. This form should be provided within 30 days of the filing of the return.

Section 15.
Compliance Monitoring Reviews

To determine tenant eligibility, rental housing owners/developers will be required to verify the annual income of families living or applying to live in any tax credit or HOME-assisted housing, using the income determination procedures described in this section. In order to verify information about household income and composition, owners/manager must have tenants complete a DCA approved Release and Consent form. This form authorizes the release of certain information to DCA (See Forms Appendix).

In addition, DCA compliance staff will conduct periodic compliance monitoring reviews of each project funded under the state Qualified Allocation Plan. DCA will contact project staff to schedule the review at least two weeks prior to the on-site review. Prior to the site review, the owner may be requested to submit certain information to DCA. It is the responsibility of the owner to ensure that all tenant income certifications are available and all units are accessible for physical inspection by DCA staff during the on-site review.

Annual Owner Reporting Requirements

Tax Credit Certification (*Treas. Reg. 1.42-5(c)(1))*

Owners are required to annually certify the household's Housing Credit eligibility. The re-certification must be effective no later than 12 months from the date of the last certification. The effective re-certification date is the effective date specified on the Tenant Income Certification form. If a property fails to complete the annual re-certification or completes the re-certification after 12 months, it will be considered an out of compliance issue and will be reported to the IRS on Form 8823.

Owners must obtain third-party documentation to support the household's income eligibility and verification of the household's student status during an annual re-certification. The owner must also maintain evidence to support the gross rent for the unit. Once this information has been obtained a Tenant Income Certification form must be completed and signed by all adult household members. (Treas. Reg. 1.42-5(c))

Under the certification provision, the owner of a low-income housing project is required to certify at least annually to DCA that, for the Proceeding 12-month period, the following items were true:

(i) The project met the requirements of:

(A) The 20-50 test under I.R.C. Section 42(g)(1)(A) or the 40-60 test under I.R.C. Section 42(g)(1)(B), or the 25-60 test under I.R.C. Section 42(g)(4), whichever minimum set-aside test was applicable to the project; and
(B) If applicable to the project, the 15-40 test under I.R.C. Sections 42(g)(4) and Treas. Reg. 142(d)(4)(B) for deep rent skewed projects;

(ii) There was no change in the applicable fraction in the project, or that there was a change, and a description of the change;

(iii) The owner has received an annual income certification from each low-income tenant, and documentation to support that certification; or, in the case of a tenant receiving Section 8 housing assistance payments, the statement from a public housing authority described in paragraph (b)(1)(vii) of this section. For an exception to this requirement, see I.R.C. Section 42(g)(8)(B),which provides a special rule for a 100 percent low-income building;

(iv) Each low-income unit in the project was rent-restricted under I.R.C. Section 42(g)(2);

(v) All units in the project were for use by the general public (as defined in Treas. Reg. 1.42-9), including the requirement that no finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, occurred for the project. A finding of discrimination includes an adverse final decision by the Secretary of the Department of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by substantially equivalent state or local fair housing agency, 42 U.S.C. 3616a(a)(1), or an adverse judgement from a federal court;

(vi) The buildings and low-income units in the project were suitable for occupancy, taking into account local health, safety or building code (or other habitability standards), and the state or local government unit responsible for making local health, safety or building code inspections did not issue a violation report for any building or low-income unit in the project. If a violation report or notice was issued by the governmental unit, the owner must attach a statement summarizing the violation report or notice or a copy of the violation report or notice to the annual certification submitted to the agency under paragraph (c)(1) of this section. In addition, the owner must state whether the violation has been corrected;

(vii) There was no change in the eligible basis (as defined in I.R.C. Section 42(d)) of any building in the project, or if there was a change, the nature of the change (e.g., a common area has become commercial space, or a fee is now charged for a tenant facility formerly provided without charge);

(viii) All tenant facilities included in the eligible basis under I.R.C. Section 42(d) of any building in the project, such as swimming pools, other recreational facilities, and parking areas, were provided on a comparable basis without charge to all tenants in the building;

(ix) If a low-income unit in the project became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income;

(x) If the income of tenants of a low-income unit in the building increased above the limit allowed in I.R.C. Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the building was or will be rented to tenants having a qualifying income;

(xi) An extended low-income housing commitment as described in I.R.C. Section 42(h)(6) was in effect (for buildings subject to Section 7108(c)(1) of the Omnibus Budget Reconciliation Act of 1989, 103 Stat. 2106, 2308-2311), including the requirement under I.R.C. Section 42(h)(6)(B);

(xii) All low-income units in the project were used on a nontransient basis (except for transitional housing for the homeless provided under I.R.C. Section 42(i)(3)(B)(iii) or single-room-occupancy units rented on a month-by-month basis under I.R.C. Section 42(i)(3)(B)(iv)).

(xiii) DCA also requires the Owner to certify that the project meets all required accessibility and fair housing requirements.

(xiv)**The LIHTC Annual report is due within 30 days of the anniversary of the last building placed in service date throughout the LIHTC compliance period beginning immediately following receipt of a final tax credit allocation by DCA.**

(xv)) An owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437f (for buildings subject to Section 13142(b)(4) of the Omnibus Budget Reconciliation Act of 1993, 107 Stat. 312, 438-439); and

Annual HOME Certification. Resident eligibility must be verified for each new occupant of a HOME assisted unit. Incomes of existing tenants must be re-certified annually and verified with source documents every year. Families living in any HOME assisted housing must be income eligible at the time of project completion. Families applying to live in any HOME assisted housing must be income eligible at the time that they sign the lease. Signed income certifications and source documentation or verifications used for income determinations must be in the file and available for review by DCA staff upon request. **In addition, DCA requires that an annual owner certification report be completed and returned to DCA on or before February 28th of each year.**

DCA Quarterly Occupancy Status Reports for HOME and Tax Credit Units. DCA also requires Occupancy status reports be prepared on a quarterly basis for each tax credit and tax credit/HOME property. Quarterly reports will be due on the 15th of each month following the end of the quarter. Therefore, the report for the January through March quarter will be due on April 15th, the report for the April through June quarter will be due on July 15th, the report for the July through September quarter will be due October 15th and the October through December report would be due on January 15th.

The Occupancy status report must be accompanied by Income Certifications for those tenants who moved into the development and those tenants who were re certified during the report period. If a project falls below 90% occupancy and is determined not to be in compliance with program requirements, or there is an indication of possible non-compliance, DCA at its discretion may require reports on a more frequent basis until the issue is resolved.

HOME only properties must provide Occupancy status reports on a semi-*annual* basis.

Tax Credit projects of less than 5 units with 90% occupancy are required to submit the Occupancy Report and Income Certification annually.

Exceptions for Tax Credit Annual Tenant Income Certifications

• Properties that were financed through the Farmers Home Administration (FmHA) Section 515 Program and complete the FmHA Tenant Income Certification Form 1944-8 for each household annually (with all adult household member's signatures) do not have to complete the DCA Tax Credit Certification form.

• Properties that receive project-based Section 8 rental assistance and complete the Form HUD-50059 annually (with all adult household members' signatures) do not have to complete the DCA Tax Credit Certification form. However, owners and managers should remember that the household' student status must be verified and gross tenant-paid rent documented.

While the IRS does allow annual income re-certification waiver, DCA has elected not to allow such a waiver.

<u>On-Site Inspections</u>

Tax credit Properties Physical Inspections *(Treas. Reg. 1.42-5(d)).* DCA will conduct a physical inspection on all buildings in the project by the end of the second calendar year following the year the last building in the project was placed in service and at least every three years thereafter. DCA will conduct a physical inspection on at least 20 percent of the project's low income units, inspect the units and review the low income certifications, the documentation supporting the certifications and the rent records for the tenants in those units. DCA will randomly select which low-income units and tenants' records will be inspected and reviewed. The units and tenant records to be inspected will be chosen in a manner that will not give owners notice of which records will be reviewed. In addition to unit inspections, the site and grounds, all buildings exteriors, common areas and building systems will be physically inspected. However, Owners will be required to notify all residents of possible unit inspections at least two days prior to the scheduled inspection date. Copies of notices should be maintained in tenant files. In addition, the owner must ensure that all units are accessible for physical inspection by DCA.

If tenants are not given proper notice of possible physical inspection or DCA is unable to gain access to a unit during a physical inspection, the unit will be deemed out of compliance and a Form 8823 will be issued. Follow-up visits will not be conducted to merely gain access to a unit and the unit will remain out of compliance until the next regularly scheduled review.

HOME Properties.

Initial HOME inspection.

During DCA's annual on site review, DCA staff will review tenant files to determine whether documentation is adequate and that it supports the information in the certification and compliance reports. The Owner may be required to submit additional documentation to DCA at anytime during the period of affordability.

Additionally, in Projects that receive HOME funds, DCA staff and representatives will make an on site visit when the project is complete to monitor physical compliance. The following requirements are reviewed at project completion to determine that the project has met all HOME requirements:

- Property Standards
- Only eligible costs have been reimbursed
- Construction Management records
- Lien waivers from both general contractor and all subcontractors
- Proper data is collected to prepare women business enterprise and minority business enterprise reports

Frequency of HOME inspections. DCA Compliance staff will inspect the property at least once during the lease up period. In addition, during the period of affordability, DCA will inspect each project on a regular basis to ensure that the project continues to meet or exceed applicable property standards. During an on site visit, DCA will usually inspect 10 to 20% percent of the HOME assisted units in a project and a minimum of one unit in every building. If compliance problems are found, additional units and records may be inspected. Frequency of inspections for HOME properties will be as follows:

1-4 Units – every 3 years
5-25 Units- every 2 years
26 or more units – annually

Additional monitoring or reporting requirements may be established for those properties that DCA considers being at greater risk of performance or compliance problems. Factors contributing to risk of poor program performance or compliance violation include, but are not limited to: lack of progress in spending HOME funds, past difficulty, staff turnover, inexperienced staff, program complexity, inaccurate submissions, audit findings, failure to meet agreed upon schedules, or poor performance or compliance history.

Section 16.
Non Compliance Procedures

Approximately three weeks following a property inspection or review, the owner of a project will receive:

- A letter outlining the findings noted during the inspection or review and requesting additional clarification or documentation; or
- A letter which indicates that there were no reportable findings.

The owner may submit follow-up documentation within 30 days of the date of that letter. DCA reserves the right to request follow up documentation with 72 hours for noncompliance relating to health and safety issues. The follow up documentation must address whether the non-compliance issues have been cured or corrected. The definitions of cure and correct are as follows:

• Cure - Documentation provided clearly supports the eligibility of the household during the time period in question. Cured findings are not reported to the IRS; therefore, no Form 8823 will be issued.
• Correct - Documentation provided establishes the eligibility of the household at a later point in time or a Housing Credit eligible household has later occupied the unit. Corrected findings are reported to the IRS on a Form 8823. The Form 8823 will indicate that the building was out of compliance but was brought back into compliance at a later date.

If an owner of a tax credit project fails to respond to the request for additional documentation or is unable to cure or correct the finding(s), a Form 8823 will be issued to the IRS notifying them of the findings. Non compliance may also be considered a default under DCA's HOME loan documents.

IRS Report of Noncompliance – Form 8823

IRS Form 8823: Low-Income Housing Agencies Report of Noncompliance or Building Disposition is the document used to communicate information concerning the project to the IRS. DCA is required to report all findings of noncompliance to the IRS no later than 45 days after the end of the correction period and no earlier than the end of the correction period, whether or not the noncompliance or failure to certify is corrected. If the noncompliance or failure to certify is corrected within three years after the end of the correction period, DCA will file Form 8823 with the IRS reporting the correction of the noncompliance or failure to certify.

Section 17.
FEDERAL COMPLIANCE

Non Discrimination (tax credit and HOME)

The owner shall not discriminate in the provision of housing on the basis of race, color, sex, national origin, religion, marital status, age or handicap. Additionally, owners of post-1989 allocated projects can not refuse to accept a prospective tenant based solely on the fact that the applicant holds a Section 8 rental voucher or certificate. All owners, managers and staff members should be familiar with both state and federal civil rights and fair housing laws. An adverse finding of discrimination must be reported to DCA on the Owner's Annual Certification of Compliance. **The Owner should include a copy of the finding included with the annual certification.**

A. Fair Housing and Equal Opportunity

All tax credit and HOME recipients must comply with any and all federal laws, state and local laws relating to fair housing and equal opportunity including but not limited to the following:

- **Minority Business Enterprise Executive Orders 11625, 12432, and 12138** relating to use of minority and women-owned business enterprises which provide that owners must make efforts to encourage the use of minority and women's business enterprises in connection with HOME funds by prescribing procedures acceptable to establish and oversee an outreach plan.

- **The Federal Fair Housing Act** (42 U.S.C. §3601 et seq. (1968)) and the **Georgia Fair Housing Act** (O.C.G.A. §8-3-200 et seq., (1992 Supp.)) requires each owner to affirmatively further fair housing. It is illegal to discriminate against any person because of race, color, religion, familial status, sex, handicap, or national origin: in the sale of rental or housing of residential lots; in advertising the sale or rental of housing or residential lots; in the financing of housing or residential lots; in the provision of real estate brokerage services; or in the appraisal of houses or residential lots. Blockbusting, the use of racial fears and prejudices to entice one racial group to flee a neighborhood when members of a disparate racial group move into the area, is also illegal. Normally, "blockbusting" refers to realtor exploitation of racial tensions.

- **Age Discrimination Act of 1975** (42 U.S.C. §6101 et seq.) which prohibits discrimination based on age.

- **Executive Order 11063** which requires that all action necessary and appropriate be taken to prevent discrimination based on race, color, religion (creed), sex, national origin, familial status or disability in the sale, rental, leasing or other disposition of residential property and related facilities, or in the use or occupancy thereof, where such property or facilities are owned or operated by the Federal Government, or provided with HOME funds and in the lending practices with respect to residential property and related facilities of lending institutions insofar as such practices relate to loans insured, guaranteed or purchased by the U.S. Department of Housing and Urban Development.

- **Title VI Civil Rights Act - 1964** (42 U.S.C. 2000d) which provides that no person in the United States may, on the basis of race, color, or national origin, be excluded from participation in, or be denied the benefit of, or be otherwise subjected to discrimination under any program or activity receiving federal financial assistance from the U.S. Department of Housing and Urban Development.

B. Labor Standards (HOME only)

If HOME funds are provided (whether for construction or nonconstruction expenses) to projects involving the construction of affordable housing consisting of 12 or more units, then the contract relating to the new construction or rehabilitation must comply with the following labor standards:

- Davis-Bacon Act, 40 U.S.C. 276(a)-5
- Contract Work Hours and Safety Standards Act, 40 U.S.C. 327-332
- Copeland "Anti Kickback" Act, 40 U.S.C. 276(c) 1982.
- All applicable regulations and HUD Handbook #1344.1

Each developer/owner is required to attend a preconstruction conference. During this conference DCA's Federal Regulations Compliance Officer will distribute applicable forms and instructions relating to labor standards and answer any questions you may have. The following summary of general requirements is intended to be a summary and should not replace direct conversations with DCA staff. Records should be maintained to evidence compliance with all requirements.

GENERAL REQUIREMENTS

Every construction and/or rehabilitation contract or subcontract must have appended to it the labor provisions contained in HUD Form 4010, obtained from DCA at preconstruction conference. The property owner is required to ensure that all contractors and subcontractors comply with this requirement.

The Labor Standards do not apply to individuals who are considered volunteers or to members of an income eligible family who provide "sweat equity."

Davis-Bacon Requirements

DCA will provide the owner/developer with the local prevailing wage rate for the class of laborer/mechanic involved in the project at the preconstruction conference. Wage rate decisions are based on determinations made by the U.S. Dept. of Labor (DOL).
The owner/developer is required to:

- Have a written contract with all contractors and subcontractors on the project;

- Submit to DCA a certification from the Bureau of Apprenticeship and Training for each apprentice employed on the project;

- Ensure that the applicable ratio of apprentices to journeymen is not exceeded;

- Ensure that all apprentices are paid the applicable wage rate;

- Ensure that the applicable wage rate decision, as changed or modified, is used in the contract bidding process, if any, and at the time the contract is awarded;

- Ensure that no party who is debarred/suspended or given limited denial of participation is used as a contractor or employee (see Section 1 of this Manual);

- Ensure that wage decisions and DOL posters are displayed on the project job site (poster will be distributed at the preconstruction conference);

- Attend a pre-construction conference with DCA (mandatory, before you start construction) which is held after loan underwriting and thirty days prior to closing; and

- Allow DCA to monitor the construction and/or rehabilitation and conduct on-the-job interviews with workers on the job site.

Copeland Act Requirements

In general under the Copeland "Anti-Kickback" Act, the owner/developer must:

- Ensure that persons working on the construction and/or rehabilitation of the project are paid weekly and that only those salary deductions which are permissible are taken;

- Submit to DCA, on a weekly basis, payrolls and Statements of Compliance from contractors and subcontractors (the forms will be distributed at the preconstruction conference and must be used to document compliance with this responsibility);

- Retain for at least three (3) years (and sometimes longer) the documents described in the immediately preceding paragraph B;

- Check the payrolls of the contractor and subcontractors for accuracy; and

- Ensure that contractors and subcontractors retain for at least three (3) years the basic records supporting the payrolls.

Contract Work Hours and Safety Standards Act

The property owner/developer must ensure that laborers and mechanics that work in excess of forty (40) hours in any work week receive overtime compensation at a rate at least equal to one and one-half times the basic rate of pay for overtime hours.

Common pitfalls to avoid.

◊ Starting work prior to preconstruction conference and loan closing without written authorization from DCA.
◊ Failure to obtain a wage determination from DCA prior to soliciting construction bids.
◊ Failure to submit weekly contractor/subcontractor payrolls and Statements of Compliance to DCA.
◊ Failure to provide documentation that employees are receiving the compensation reflected on payrolls (i.e. employee interviews).
◊ Failure to pay workers for overtime.

Failure to comply with the items listed above may affect your compliance score and ability to compete in future funding rounds.

C. Affirmative Marketing Plan (HOME only)

Affirmative Marketing requirements and procedures adopted by the DCA require each project owner to provide information to and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familiar status or disability in accordance with the provisions of the Final Rule of the HOME Investment Partnerships (HOME) Program. Each project owner must adopt an affirmative fair housing marketing plan to be utilized by the Owner, Developer and Property Manager in the marketing of the project. Each year, the Owner must submit a copy of the Affirmative Marketing Plan to DCA with the annual HOME Owners certification. If the Plan has undergone any updates or changes, they should be noted and documented.

(A) **REQUIREMENTS**. At a minimum, DCA requires that each project affirmative fair housing marketing plan include the following:

(1) Affirmative marketing requirements and procedures adopted by the Owner detailing methods of informing the public, owners, and potential tenants about Federal Fair Housing Laws and the project's affirmative marketing policy.

(2) The projects Affirmative fair housing marketing practices in soliciting renters, determining eligibility, and concluding all transactions must include that all units are

made available to the "general public" and are not restricted to a particular class of people.

(3) The project Owner must select sites for fair housing posters display (at a minimum in the property management office)
(4) All appropriate project materials distributed to the public by the Owner, Manager, or Developer will contain the equal housing opportunity logo including but not limited to correspondence, notices and advertising, press releases and solicitations for renters.

(5) Project owner must provide to all current tenants of any existing building being considered for assistance through the HOME programs a briefing and a written description of tenants rights relating to federal fair housing laws and the projects affirmative marketing policy.

(6) Project Owners and/or Management Company must make good faith efforts to solicit eligible persons who are not likely to apply for housing assistance, through special outreach efforts, including but not limited to community reorganizations, places of worship, employment centers, fair housing groups, housing counseling agencies, social service agencies, medical service centers, homeless shelters and the use of minority specific media. Outreach efforts can include the distribution of flyers and or brochures at these locations.

(7) To the extent feasible, project related contracts for work on HOME assisted housing should be awarded to business concerns which are located in or owned in substantial part by persons residing in the housing market area where the HOME assisted housing is or will be located.

(8) To the extent feasible, training and employment of low-income persons residing within the housing market of the HOME assisted housing.

Each Project Owner is required to detail the project's Affirmative Fair Housing Marketing Plan in the HUD Affirmative Fair Housing Marketing Plan Form that is included in the Form Appendix to this Manual. Additional information may be included by attachment to that form

Annually, the project owner is required to:

(1) Compile and analyze data showing the race/ethnicity, gender, and household type of each applicant, and the application status, including if the applicant is currently housing, on the wait list, was offered but did not accept housing, or if the application was withdrawn or reject.

(2) Assess the success of affirmative marketing efforts in light of the date above.

(3) Identify any changes and or corrective actions to be taken where affirmative marketing requirements have not been met or affirmative marketing efforts have not been successful.

(4) Complete a new Affirmative Fair Housing Marketing Plan which reflects any plan adjustments necessary to more effectively affirmatively market the project's units.

(5) Report annual to DCA, the results of the previous year's affirmative marketing efforts.

RECORDS. A copy of the approved Affirmative Marketing Plan must be kept at the project site or rental office of the project. DCA compliance staff will request a copy of this form during the annual compliance monitoring. In addition records which describe affirmative marketing activities, including, but not limited to, a record of all published notices and newspaper articles, sales brochures, advertising and press releases shall also be maintained.

D. **Site and Neighborhood Standards for HOME**

The site and neighborhood standards of 24 CFR 983.6(b) apply to the new construction of rental housing which will utilize HOME funds**.** Applicants for HOME funding of new construction projects will be required to meet DCA's site selection and approval process requirements before being approved for HOME funding. Applicants must first determine if the project is located in an area of minority concentration, a racially mixed area, or a non-minority area. An area of minority concentration is an area that has 50% or more minorities. A racially mixed area is an area that has 25% or more minorities. A non-minority area is an area that has less than 25% minorities. For purposes of making this designation, DCA will review the racial make up of the census tract in which the project is located. Applicants must use the applicable DCA Form (B1, B2, or B3) in documenting the appropriate designation for the census tract in which the proposed project will be located. DCA will verify this information upon receipt of application both by reviewing US Census data and by visiting the area of the proposed project.

Areas of Minority Concentration

It is DCA policy not to fund projects located in areas of minority concentration unless the applicant submits specific, detailed information that meets the requirements of the statute. Applicants proposing projects in areas of minority concentration should review these requirements very carefully. The Applicant must submit specific, convincing documentation to show that there is an overriding housing need in the area of the proposed project or that there are sufficient and comparable housing opportunities for minorities outside of the area. DCA will be closely scrutinizing any project submitted in a minority concentration to ensure that this policy is met.

In determining whether a proposed project in an area **of minority** concentration meets HUD's site and neighborhood standards, DCA will review the application **and seek**

HUD's concurrence in determining whether there is an overriding housing need in the area of the proposed project. "Overriding housing needs" means the proposed housing project is intended to preserve or restore housing located in the area of minority concentration, provided that discrimination is not the reason that the housing located outside the area of minority concentration is not available or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice. DCA will look at the following factors to determine whether an overriding housing need exists:

- Is the proposed project a part of an integral overall local strategy for the preservation or restoration of the immediate neighborhood? DCA will review neighborhood redevelopment plans, revitalization strategies and special designations such as enterprise zones in determining whether this standard is met.

- Is the proposed project in a neighborhood experiencing significant private investment that is demonstrably changing the economic character of the area (a "revitalizing area")?

(Documentation and/or evidence of overall strategy and/or revitalizing area must be detailed in the documentation submitted by the Applicant in the Project Application.)

If insufficient information is submitted that an overriding housing needs exists, DCA will review whether there is sufficient documentation that evidences that either "sufficient" and "comparable" housing opportunities exist for minority families (in the income range to be served by the proposed project) in the area outside the area of minority concentration where the proposed project is to be located. "Sufficient" means a reasonable distribution of assisted housing units each year which over a period of years which gives a balance of housing choices within and outside the areas on minority concentration. "Comparable" means:

A. same household type (elderly, family, disabled, etc.);
B. same tenure type (owner/renter);
C. same tenant contribution in rent; or
D. same income group and same standard housing conditions exist in the same housing market area.

DCA will review the following factors to consider whether sufficient and comparable housing opportunities exist:

- Based on analysis and research of the information provided by the Applicant, the DCA-commissioned market study, and other DCA sources of information, are there a significant number of assisted housing units available outside areas of minority concentration?

- Based on analysis and research of the information provided by the Applicant, the DCA-commissioned market study and United States census data, are there racially integrated neighborhoods in the locality of the project?

- Based on analysis and research of the information provided by the Applicant and the DCA commissioned market study, has a significant proportion of minority households been successful in finding units in non-minority areas under the Section 8 certificate and voucher programs?

Application Documentation for areas of Minority Concentration

If a project is located in an area of minority concentration, the applicant must submit the following information to DCA:

1. Map of proposed project site showing location in census tract
2. Site map of proposed neighborhood
3. Census tract data of proposed neighborhood population by:
    a. household type
    b. tenure type
    c. income group and housing conditions
    d. race of residents
4. Narrative on how the percentage of minority residents is determined
5. DCA Site and Neighborhood certification form
6. Documentation that establishes overriding need standard or sufficient and comparable standard.
7. Narrative on why project meets HUD standards for areas of minority concentration

Racially Mixed Areas

Applicants proposing projects in census tracts which are designated as racially mixed must clearly document that the proposed project will not significantly increase the proportion of minority to non-minority residents

Application Documentation for Racially Mixed Areas
If the project is located in a racially mixed area, the following must be submitted to DCA by the applicant for review:

1. Map of proposed project site
2. Site map of proposed neighborhood
3. Census tract data of proposed neighborhood population
    a. household type
    b. tenure type
    c. income group and housing conditions
    d. race of residents

4. Based upon the proposed number of units, show what increase of minority residents to non-minority residents will occur.

Non Minority Areas

For projects located in non-minority areas and areas that are not racially mixed, the following must be submitted to DCA by the applicant:

1. Map of proposed project site
2. Site map of proposed neighborhood
3. Census tract or enumeration district data of proposed neighborhood population by:
    a. household type
    b. tenure type
    c. income group and housing conditions
    d. race of residents

Site standards

DCA will also review application documentation and perform a site visit to determine whether there are any conditions present which may be seriously detrimental to family life. A determination will be made as to whether any of these undesirable conditions predominate in the neighborhood. If DCA determines that there are undesirable conditions present, it will look to determine whether there is evidence of a concerted program to remedy these conditions substandard dwellings, abandoned buildings are examples of such undesirable conditions.

The DCA Compliance Manager is responsible for reviewing the information submitted by the applicant. The DCA Compliance Manager will certify to one of the three statements identified in the Certification of Compliance, HOME Site and Neighborhood Standards. A determination that the project meets these requirements will be made prior to loan commitment.

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E. Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. §171U et seq.) which provides that, to the greatest extent feasible, opportunities for training and employment arising in connection with planning and carrying out any project assisted with HOME funds be given to low-income persons residing within the program service area. In addition, to the greatest extent feasible, contracts for work (of all types) to be

performed in connection with any project must be awarded to business concerns, including but not limited to individuals or firms doing business in the field of planning, consulting, design, maintenance or repair, which are located in or owned in substantial part by persons residing in the program service area.

Section 3 Area Resident – means:

(1). A public housing resident;
(2). An individual who resides in the metropolitan area or nonmetropolitan county in which the Section 3 covered assistance is expended, and who is;

> **(i) a low-income person – any person with a gross household income less than 80% of the area median income (adjusted for household size) as established by HUD**
> (ii) a very low income person – any person with a gross household income less than 50% of the area median income (adjusted for household size) as established by HUD

(3). A person seeking the training and employment preference provided by Section 3 bears the responsibility of providing the evidence (if requested) that the person is eligible for the preference.

Section 3 Business Concern - as defined:

(1). That it is 51% or more owned by Section 3 residents; or
(2). Whose permanent, full-time employees include, persons, at least 30% of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; or
(3). That provides evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of "Section 3 business concern."

Section 3 Service area – means the geographical area in which the persons benefiting from the Section 3 covered project reside. The service area shall not extend beyond the unit of general local government in which the Section 3 covered assistance is expended

What is Section 3?

Section 3 is a provision of the Housing and Urban Development Act of 1968 that requires that programs of direct financial assistance administered by the U.S. Department of Housing and Urban Development (HUD) provide, to the greatest extent feasible, opportunities for job training and employment to lower income residents in connection with projects in their neighborhoods. Further, to the greatest extent feasible, contracts in connection with these projects are to be awarded to local businesses. Section 3 is a tool

for fostering local economic development, neighborhood economic improvement, and individual self-sufficiency.

Who Must Comply with Section 3 Requirements?

Section 3 applies to employment opportunities generated (jobs created) as a result of projects receiving Community Development Block Grant (CDBG) or HOME Investment Partnership Program (HOME) funding through IHFA, whether those opportunities are generated by the grantee, a sub-recipient, or a contractor. The requirements of Section 3 applies to all projects or activities associated with CDBG or HOME funding, regardless of whether the Section 3 project is fully or partially funded with CDBG or HOME.

Section 3 applies to DCA programs as follows:
1. Is the HOME award more than $200,000?
a. If no, Section 3 does not apply to your project.
b. If yes, Section 3 applies to the grantee
2. Are there any contracts or subcontracts for more than $100,000? *(Individual contracts are not aggregated for the $100,000 threshold)*

What Does Section 3 Require?

Grantees, subrecipients, and contractors must make good faith efforts to:
1. Utilize Section 3 area residents as trainees and employees in connection with the project.
2. Award contracts to Section 3 business concerns for work in connection with the project.
The grantee must keep records and submit reports to IHFA, documenting the good faith efforts taken and the results of these actions.

What is a Good Faith Effort?

Good faith effort means that a grantee, sub-recipient, or contractor must take concrete steps to expand resident training and employment opportunities, such as making residents aware of available training and employment positions, encouraging residents to participate in the job application process, and actually employing Section 3 area residents.

With respect to business participation, a good faith effort means identifying small businesses located within the boundaries of the Section 3-covered project area, making them aware of contracting opportunities, encouraging the participation of affected businesses in the procurement process, and actually awarding contracts to these Section 3 business concerns. The law sets forth two criteria for good faith efforts:

1. Greatest extent feasible to use area residents as trainees and employees and to award contracts to local businesses
2. Consistent with existing Federal, State, and local law t additional requirements have been established through regulation:

1. Affirmative actions
2. Actions that can be documented

Examples of Good Faith Efforts

1. Identify the number and type of positions that are needed to undertake the program or project, and that are vacant.
2. Recruit Section 3 residents for all vacant positions through methods such as advertising Through local media, Phase, community organizations, employment development agencies and job training centers, and homeless shelters. Prominently display notices at the project site or other locations where they are likely to be seen by low- and very low-income residents.
3. Where feasible, use trainees on the project.
4. Hire Section 3 residents.
5. Keep records of any Section 3 residents hired and the positions for which they were hired.

Implementation

Section 3 must be implemented in a manner consistent with existing Federal, State, and local laws. Section 3 does not supersede these laws, nor do these laws cancel or override the Section 3 obligation.

A. Employment - Section 3 is race neutral, directed at low-income and very-low income persons.

B. Procurement - Despite the method of procurement used, the solicitation of bids/proposals and the final contract documents must include notice of Section 3 obligations. Preference is based on whether the contractor provides economic opportunities to lower income persons (preference requirements only apply to the grantee).
C. Contracting - Applies to the State's recipients as well as the recipients' contractors.
Examples:
1. Include notice of Section 3 requirements in bid solicitations.
2. Target solicitations to small local businesses.
3. Include Section 3 clause in contract documents.
4. Develop a business outreach plan.
5. Require bidders to indicate how they will comply with Section 3.
6. Award contracts to businesses that provide economic opportunities to low- and very low-income persons.

You must implement procedures during your grant to track for the following:
(1). Total number of employees working on the job/housing award.
(2). Total number of employees working on the job/the-housing award that are Section 3.
(3). Total number of new hires/trainees hired to work on the job/housing award.

(4). Total number of new hires/trainees hired to work on the hob/housing award that are Section
(5). Number of hours worked on the job/the-housing award by all employees.
6). Number of hours worked on the job/the-housing award by all Section 3 employees.
(7). Number of hours worked on the job/the-housing award by Section 3 new hires/trainees.

Reporting Requirements

At the end of the grant period, you will be required to report to DCA on all of the following:
(1). The efforts made to direct employment and other economic opportunities generated by the housing grant.
(2). Total number of employees working on the job/housing award.
(3). Total number of employees working on the job/the-housing award that are Section 3.
(4). Total number of new hires/trainees hired to work on the job/housing award.
(5). Total number of new hires/trainees hired to work on the hob/housing award that are Section
(6). Number of hours worked on the job/the-housing award by all employees.
(7). Number of hours worked on the job/the-housing award by all Section 3 employees.
(8). Number of hours worked on the job/the-housing award by Section 3 new hires/trainees.

F. Tenant Relocation and Displacement Policies
Please see DCA's Uniform Relocation Manual which is attached.

G. Accessibility (Tax Credit and HOME)

Please see DCA's Accessibility Manual which is attached.

H. Environmental (Tax Credit and HOME)

Please see DCA's Environmental Manual which is attached in Appendix

STAFFING BREAKDOWN

Project Name: _____ **Date:** _____

Property Management Co: _____

Property Staffing (Pre-leasing through Stabilization)

Manager: Name: _____ Social Security # _____
Approximate Salary $_____ Add'l Benefits _____
(insurance - rent concession - etc.)
! Full-time ! Part-time ! Employee ! Resident ! Living off site ! Independent Contractor

Assistant Manager: Name: _____ Social Security # _____
Approximate Salary $_____ Add'l Benefits _____
(insurance - rent concession - etc.)
! Full-time ! Part-time ! Employee ! Resident ! Living off site ! Independent Contractor

Maintenance: Name: _____ Social Security # _____
Approximate Salary $_____ Add'l Benefits _____
(insurance - rent concession - etc.)
! Full-time ! Part-time ! Employee ! Resident ! Living off site ! Independent Contractor

Lease-up Specialist: Name: _____ Social Security # _____
Approximate Salary $_____ Add'l Benefits _____
(insurance - rent concession - etc.)
! Full-time ! Part-time ! Employee ! Resident ! Living off site ! Independent Contractor

Other: Name: _____ Social Security # _____
Approximate Salary $_____ Add'l Benefits _____
(insurance - rent concession - etc.)
! Full-time ! Part-time ! Employee ! Resident ! Living off site ! Independent Contractor

Staffing Post Stabilization through Term of Loan

Manager: Name: _____ Social Security # _____
Approximate Salary $_____ Add'l Benefits _____
(insurance - rent concession - etc.)
! Full-time ! Part-time ! Employee ! Resident ! Living off site ! Independent Contractor

Assistant Manager: Name: _____ Social Security # _____
Approximate Salary $_____ Add'l Benefits _____
(insurance - rent concession - etc.)
! Full-time ! Part-time ! Employee ! Resident ! Living off site ! Independent Contractor

Maintenance: Name: _____ Social Security # _____
Approximate Salary $_____ Add'l Benefits _____
(insurance - rent concession - etc.)
! Full-time ! Part-time ! Employee ! Resident ! Living off site ! Independent Contractor

Other: Name: _____ Social Security # _____
Approximate Salary $_____ Add'l Benefits _____
(insurance - rent concession - etc.)
! Full-time ! Part-time ! Employee ! Resident ! Living off site ! Independent Contractor

* Please note DCA Compliance must be notified of any significant changes in property staffing. DCA reserves the right to request staff names and social security numbers for monitoring purposes at anytime during the term of the loan. Changes in a Management Company must have DCA's written approval prior to the proposed change. DCA should be given at least 30 days notice of any proposed change.

DCA OFFICE OF AFFORDABLE HOUSING
MANAGEMENT AGENT QUESTIONNAIRE

Development Name: _____

Name of Management Firm: _____

Mailing Address: _____

City: _____

Name of Principal Contact: _____

Telephone: (____) _____ Fax: (____) _____

Address of Principal Office: _____

City: _____

General Territory Served: _____

Firm's Legal Form (one): ☐ Proprietorship ☐ Partnership ☐ Corporation

☐ Other: _____

Is this firm a subsidiary or affiliate of another firm: ☐ Yes ☐ No

If yes, please provide name, address and relationship with this other firm:

Describe any business activities, other than real estate, engaged in by your firm or its parent. If none, state "NONE".

How long has this firm been managing residential rental properties? _____ years

Does your firm provide the following services in addition to property management?

Real estate sales or brokerage	☐ Yes	☐ No
Mortgage banking or brokerage	☐ Yes	☐ No
Real estate development	☐ Yes	☐ No
Real estate appraisals	☐ Yes	☐ No
Insurance sales or brokerage	☐ Yes	☐ No
Market studies	☐ Yes	☐ No

MANAGEMENT AGENT QUESTIONNAIRE

Complete the following table with information concerning employees working at your Principal Office:

Full Time	Part Time	Job Title	Administrative Functions
☐	☐	_____	_____
☐	☐	_____	_____
☐	☐	_____	_____
☐	☐	_____	_____
☐	☐	_____	_____
☐	☐	_____	_____

Please complete the following table related to employees throughout your organization:

	Current	2 Yrs. Ago
Total number of full-time and part-time employees	_____	_____
Number of executive-level managers	_____	_____
Number of executive-level managers responsible for property management	_____	_____
Number of clerical, accounting, and bookkeeping employees	_____	_____
Number of maintenance employees	_____	_____
Number of site management employees	_____	_____

Total number of rental units currently managed by your firm: _____

Total number of low and very low income units currently managed by your firm: _____
(Affordable Housing Units)

Has a housing development gone into default while under your management? ☐ Yes ☐ No

If yes, identify the development and describe the cause of the default:

MANAGEMENT AGENT QUESTIONNAIRE

Has your firm ever been party to a FHA 2530 proceeding? ☐ Yes ☐ No

If yes, identify the project and outline the details of the proceeding:

List any professional property management organizations of which your firm is a member:

List any property management certifications held by your employees and the number of employees holding each certification:

Has any principal of your firm been involved in a personal or business bankruptcy within the last seven years?
☐ Yes ☐ No
If yes, identify the principal and describe the circumstances:

Does your firm carry fidelity bond coverage for your employees? ☐ Yes ☐ No

If yes, what is the amount of insurance coverage carried? $_____

Has your firm or any of your employees ever been turned down for bonding? ☐ Yes ☐ No

Has your firm or any of your employees ever been accused of a Federal fair housing violation?
☐ Yes ☐ No

If yes, please provide details and disposition:

MANAGEMENT AGENT QUESTIONNAIRE

Have any of your firm's property management contracts been terminated before their expiration within the last five years?

☐ Yes ☐ No

If yes, provide development name and address:

In the last five years, have any of your firm's expiring property management contracts not been renewed?

☐ Yes ☐ No

If yes, provide development name and address:

Please submit the following supporting documents with this questionnaire:

- Resumes of all principals and executive-level employees
- Job Description for Property Manager Supervisor or equivalent
- Job Description for Site Property Manager position or equivalent
- DCA Staffing Breakdown Form

The undersigned owner/officer hereby certifies that the information contained in this document and all attachments are true, correct, and complete, to the best of his/her knowledge.

Date: _____

_____
Name of Firm

By: _____
Authorized Signature

Title: _____

K. PROPERTY MANAGEMENT MANUAL

This Manual outlines the requirements the Borrower is to follow in managing their Georgia Department of Community Affairs financed development. This Manual is organized as follows:

I. Property Manager Selection

II. Management and Occupancy Plan

III. Property Manager Insurance Requirements

IV. Forms

This Manual is applicable to multifamily projects with 12 or more units and not applicable for projects receiving only Low-Income Housing Tax Credits. This Manual also applies to projects funded by the Housing Trust Fund for the Homeless Commission.

Definitions:

The following words and terms, when used in this guide, shall have the meanings shown below, unless the context clearly indicates otherwise:

"Affirmative Fair Housing Marketing Plan" is a plan to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups who would least likely apply for residence;

"DCA" is the Georgia Department of Community Affairs;

"Development" means the rental community, i.e. all the apartments and the common areas under one ownership;

"Elderly family" is one in which the head of household, spouse or sole member is 62 years of age or older, handicapped or disabled;

"Family" is two or more persons sharing residency and related by blood, marriage or operation of law, or who demonstrate a stable relationship over a period of time;

"Housing Trust Fund" is an instrumentality of the State of Georgia created by the General Assembly or the State of Georgia to provide financial assistance to sponsors of housing programs and activities which are designed to mitigate the problem of homelessness in the State of Georgia;

“Housing for Older Persons” means housing intended and operated for occupancy by persons 55 years of age or older (“Older Persons”). According to Georgia law, such housing must also have significant facilities and service serving the Older Persons population even though the requirement has been eliminated from the federal definition of an elderly project. At least 80% of the total occupied units in such a housing project must be occupied by at least one Older Person. Up to 20% of the units may be occupied by others, including the landlord’s employees, the surviving spouses or children of residents who were Older Persons when they died, and caregivers. DCA will monitor the required facilities and services during the applicable Compliance Period or the Period of Affordability whichever is longer.

"Household" is one or more persons who share or will share a residence;

"HUD" is the United States Department of Housing and Urban Development;

"Lease" shall mean the form of agreement between the Borrower and a Tenant under the terms of which said Tenant is entitled to enjoy occupancy of a dwelling unit;

"Minority" is a household in which one or more of whose members are either Black, Hispanic, American Indian or Asian/Pacific Islander;

"Non-Housing Income" shall mean all amounts actually collected by the Manager, other than the rental income from the residential units, including but not limited to (1) vending and laundry machine income, and (2) income received from rental of parking spaces, garage spaces and commercial space;

"Rent" shall mean the monthly amount that a Tenant is obligated to pay the Owner pursuant to the terms of a Lease;

"Restrictive Covenants" refers to the land use restriction agreement executed by Owner which sets forth certain rent and/or occupancy restrictions; and

"Tenant" shall mean a person occupying a dwelling unit in the Development pursuant to a Lease;

I. PROPERTY MANAGER SELECTION

Management Companies who wish to manage developments financed by DCA must be evaluated and approved by DCA. To facilitate the evaluation, the prospective Property Manager must complete a Management Agent Questionnaire, which is attached hereto. The management evaluation includes the following areas:

A. Type of property to be managed;
B. Principals and employees of the management company;
C. Management company portfolio and experience;
D. Financial reporting and operating controls;
E. Maintenance systems;
F. Tenant selection procedures;
G. Tenant/Management relations;
H. Physical condition of sample portfolio properties; and
I. Affirmative Fair Marketing performance.

DCA retains the right to obtain credit reports and other pertinent information on the management company, the company principals and employees. Deficiencies in any of the above areas may need to be corrected or explained before DCA will approve the Property Manager.

In certain instances, a Property Manager may be approved subject to engaging the services of an acceptable consultant or more experienced management company. In these instances, the functions of the consultant/management company must be described in detail in the contract and the contract must be submitted to DCA for review and approval. Based on the results of the management evaluation, DCA will either approve or deny the proposed management company.

Property Managers are generally eligible to manage all types of DCA-financed developments. In the case where a Property Manager is granted limited approval, applicable conditions will be specified. In those cases where the request for approval is rejected, DCA will state the reasons for rejection, and Property Manager may not be eligible to manage any DCA-financed development until deficiencies are corrected. Consequently, the development team may be required to engage another Property Manager acceptable to DCA.

A Property Manager who received limited approval, or whose request for approval was rejected, may reapply for approval status. DCA will review a request for reapplication if the reasons for rejection are corrected or other significant changes have occurred. The period for

reapplying is one year from the date of the decision.

Property Managers who intend to resign property management responsibilities must provide the Borrower with no less than 60 days prior written notice. The Borrower must notify DCA Asset Management of the resignation decision within two business days after receiving such notice. Following the Property Manager's resignation notice, Borrower shall propose a replacement Property Manager and provide DCA Asset Management with such information as outlined in this section within 30 days of receipt.

II. MANAGEMENT AND OCCUPANCY PLAN

The Borrower (a/k/a Owner) and Manager are to submit a comprehensive Management and Occupancy Plan ("Plan") detailing planned management activities. If the rental housing is assisted with HOME funds, the following procedures must comply with Paragraphs 92.203 (Income determinations), 92.252 (Qualification as affordable housing: Rental housing), 92.253 (Tenants and participants protections), and 92.351 (Affirmative marketing; minority outreach program) from the Final Rule of the HOME investments Partnerships Program, 24CFR Part 92, dated September 16, 1996. The Plan should be attached as an exhibit to the Management Agreement and all statements contained in the Plan should be incorporated into the Management Agreement. At a minimum, the Plan must address the areas outlined below:

A. <u>Relationship between Borrower and Property Manager</u>
Items to be addressed in this section of the Plan must include:

1. A description of the Borrower's goals and objectives, including a brief summary of the Borrower's expectations to achieve and sustain lease-up;
2. A description of the legal and corporate relationship between the Borrower and Manager, including a history of all prior services performed by the Manager on the Borrower's behalf;

3. A description of the limitations of management's authority, identifying those requiring the Borrower's prior approval, and the type of authority the Manager has in dealing with emergency situations; and
4. A description of the levels of authority for disbursements and Borrower limitations.

B. Development Characteristics

This section of the Plan should include a description of the project development including location, site, neighborhood characteristics, type/number of building(s), number of stories, number of units, number of bedrooms/distribution, type~~s~~ of financial subsidy(s) and tenant composition (e.g. family, elderly or mixed).

C. Property Manager's Structure of Organization

This section of the Plan should include a description of the Property Manager's organization and history. Items to be addressed in this section of the Plan must include:

1. Names and resumes of personnel (if known) responsible for on-site management activities;
2. Job descriptions for both supervisory and on-site personnel, indicating;
    a. job title;
    b. scope and purpose of job;
    c. specific duties and responsibilities associated with the job;
    d. required qualifications for the position; and
    e. salary (including benefits) to be charged as a project expense.
    f. Completion of the Property Management Staffing Breakdown form.
3. Personnel policies relating to fringe benefits (e.g. medical coverage, vacation, sick leave, overtime, etc.), grievance procedure, termination procedure, hiring procedure (e.g. security check and screening) and training and promotion opportunities, and for employee rent-free or reduced-rent units.

4. First year proposed budget for subject property which details the expenses for staff salaries, fringe benefits by position type. This budget must also include the overall management fee charged to the project and should align with the proposed management fees and staffing proposed in the application budget for the subject property.

D. Policies and Procedures for Occupancy

Items to be addressed in this section of the Plan must include:

1. Plan for advertising (e.g. television, radio, newspapers, signage, etc.);

2. Procedures for implementing an Affirmative Fair Housing Marketing Plan (Form HUD 935.2), including the strategy for marketing the rental units for both initial occupancy and for ongoing occupancy;
3. Policy/procedures for screening and processing applications (including sample of the application and other appropriate forms);
4. Procedures for determining tenant income eligibility;
5. Tenant Selection policy/procedures (including priorities and preferences for admission, limitations on admission for over-income tenants and prohibited conditions for admission);
6. Procedures for income certification, recertification and verification (including sample forms);
7. Procedures for notifying acceptable applicants and rejecting applicants;
8. Procedures for establishing waiting list;
9. Policy/procedures regarding non-discrimination; and
10. Policy/procedures for temporary tenant relocation (DCA has ~~a~~ nondisplacement policy).

F. Leasing Policies and Procedures

Items to be addressed in this section of the Plan must include:

1. Procedures for "Move-in/Move-out" (including samples forms);
2. Procedures for supplemental charges stating amount (e.g. air conditioning, pets, parking, washers);
3. Procedures for handling security deposits;
4. Procedures for lease termination and eviction;
5. Policy and enumerating "House Rules" concerning such issues as NSF checks, car repairs in parking lots, loud music/ television, pool conduct, long term visitors, etc, including procedures for enforcing the rules;
6. Procedures to obtain coverage under federal crime insurance (if applicable); and
7. Standard lease forms.

G. Rent Collection Policies and Procedures

Items to be addressed in this section of the Plan must include:

1. Procedures for rent collection (who, when, where and how);
2. Procedures for collecting late charges and amount charged;

3. Procedures for collecting accounts receivable noting date when delinquent accounts will be referred to an attorney;
4. Samples of collection and other form letters;
5. Collection procedures for laundry and other receivables; and
6. Procedures for rental increases (must comply with contractual and regulatory obligations).

H. Accounting Policies and Procedures

Items to be addressed in this section of the Plan must include:

1. Location of tenant records;
2. Description of the accounting system including the type of software system/program with samples of an income statement, balance sheet and cash flow statement; and
3. Description of internal controls including payables/receivables, cash disbursements; and
4. Statement that the management entity will provide financial statements for the subject project to the Owner and/or DCA annually for Owner and DCA's review.

I. Maintenance and Security

Items to be addressed in this section of the Plan must include:

1. Procedures for conducting and following-up on regular property inspections;
2. Procedures for conducting unit inspections;
3. Procedures and schedules for regular cleaning and maintenance of all project amenities and common areas (e.g. grounds, hallways, clubhouse, etc.);
4. Procedures for apartment/exterior painting and other renovations and for scheduling the work;
5. Procedures for controlling tenant maintenance requests, including samples of work order forms;
6. Procedures and schedules for pest and insect exterminating services and for handling special tenant requests;
7. Standard maintenance requirements to be performed by on-site staff and outside contractors;
8. Procedures and schedules for preventative maintenance programs (mechanical systems); and
9. Procedures for security and safety (e.g. controlling keys, fire prevention plan,

company or outside security).

10. Statement which states management companies agreement to immediately notify DCA of any reportable incidents that occur on the subject property.

J. Tenant Services

Items to be addressed in this section of the Plan must include:

1. Plan and procedures for providing tenant orientation;
2. The role management will take in the tenants' organization, programs, activities and sources of funding (e.g. recreation, social service programs, etc.), if applicable; and
3. Procedures for handling all types of tenant grievances;
4. Plan for providing proposed social services and activities as presented in the application for the subject property. Plan should include frequency of events, marketing strategies, anticipated participation and staffing required.

K. Management Fee

This section of the Plan should include a description of the management fee designed to compensate the Property Manager for directing and supervising project operations in accordance with DCA, HUD and industry guidelines and standards. The management fee should be quoted as a percentage of rental collections.

L. Marketing

This section should include a description of the overall marketing strategy and the associated costs of furnishing a model apartment, hiring/training support staff (if applicable) and advertising (e.g. publications, signage, etc.) the subject project. The section should include the annual marketing budget.

Note: Any changes to the information must be provided to DCA Asset Management for review. Substantive material changes to the information, such as an adjustment in the management fee, may require prior written approval from DCA Asset Management.

III. PROPERTY MANAGER INSURANCE REQUIREMENTS

The Property Management Company shall be required to procure and maintain the insurance coverage in such form and substance specified in the Insurance Guide section of the 2003 Application Manual. The Management Company /Owner shall provide a copy of any claim or notification sent to the Insurance Company to DCA's Multifamily Asset Management Department within 24 hours of the initial correspondence or contact. The Management Company / Owner will continue to provide copies of any correspondence, or communication, between the Insurer and the Management Company /Owner regarding any outstanding issue connected to the property until the issues is resolved.

> Note: The insurance required to be maintained must be fully paid and shall be issued with appropriate coverage in such amounts, in such form and substance, and with such expiration dates as are acceptable to DCA. Such policies are to provide that the insurer shall give DCA at least thirty (30) days prior written notice of cancellation/termination/material change, and to provide that no action by the insured shall invalidate or diminish the insurance or bond(s) provided to DCA. Refer to the Insurance Requirements section of the DCA 2003 Application Manual , the General Requirements section for details.

L. RELOCATION AND DISPLACEMENT POLICIES

STATEMENT OF GHFA POLICY. GHFA requires that all projects funded with a HOME loan or which receive a Federal Tax Credit Allocation must ensure that all reasonable steps are taken to minimize the displacement of persons (families, individuals, businesses, non profit organizations) as a result of the construction or rehabilitation of the project. GHFA's policy in regard to displacement is applicable to HOME applications, 9% Tax Credit Applications and 4% Tax Credit Applications. In order to minimize displacement, Applicants are required to:

- Consider whether displacement will occur during their feasibility determinations
- Identify potential displacement and relocation of tenants by identifying whether existing tenants would be rent burdened, income eligible or over income at the initial Application stage
- Provide adequate information to tenants of their rights and keep tenants informed of the status of the rehabilitation through regular notices and tenant meetings
- Formulate a relocation plan and budget for costs associated with relocation and temporary relocation of tenants before, during and after rehabilitation
- Minimize disruption of tenants lives during construction and rehabitation
- Assure when ever possible that residential occupants of buildings to be rehabilitated are offered an opportunity to return to the project when the rehabilitation is complete.
- Plan rehabilitation in staging in order to minimize displacement
- Consider maintaining rents at an affordable level for existing tenants
- Consider phasing in rent increases
- Provide relocation benefits
- Follow notification and advisory services procedures to assure that families do not leave because they are not informed about plans for the project or their rights
- Foster communication during the work process through regular notices and tenant meetings

GHFA will review the impact of proposed displacement and relocation on the tenants of a proposed project and on the community in determining whether displacement can occur. Any displacement of existing residents is subject to GHFA's approval.

I. RELOCATION AND DISPLACEMENT FOR TAX CREDIT ONLY PROJECTS

Although a tax credit allocation is not considered federal financial assistance under the Uniform Relocation Act and Section 104(d) of the Community Redevelopment Act of 1974, GHFA requires that Owners of projects that receive a Tax Credit Allocation must make every effort to minimize displacement of existing tenants. During the pre Application stage, GHFA requires that each Owner perform a detailed analysis of the existing tenant base to determine those tenants that might be subject to displacement or require relocation as a result of the proposed rehabilitation. GHFA's analysis requires that the Applicant determine which of the existing tenants would be rent burdened under the proposed targeted project rents listed in the Application and which tenants would be displaced as a result of being over income. If an Applicant anticipates displacing tenants or determines that relocation of tenants may be necessary during the rehabilitation, the Applicant must include in the Application, a detailed, project specific displacement and relocation plan which sets forth the specifics of the displacements and relocations, including a projected budget and an explanation of efforts planned by the Applicant to mitigate the impact of the displacement and/or relocation on the Tenants. In addition, GHFA requires owners to provide temporary relocation assistance to tenants that must move or which have a loss of use of their unit or a portion of their unit during the rehabilitation.

A. Temporary Relocation and Displacement Assistance for Income Qualified (including rent burdened) Tenants

1. Temporary Relocation. (Relocation for 30 days or less)

Temporary relocation benefits must be made available for tenants that currently reside in the building and whose lives will be disrupted by the rehabilitation work. GHFA defines temporary

relocation as a situation where a tenant losses the use of a portion of his unit or his entire unit for a period of 30 days or less. The tenant should be temporarily relocated if continued occupancy of the dwelling unit during the proposed work constitutes a substantial danger to the health or safety of a person or the public and/or if the nature of the construction creates an undue burden or unnecessary hardship on the family. If the tenant must vacate the unit, the Owner must pay all reasonable out-of-pocket and increased housing costs as more fully set forth below.

Loss of Use of a portion of the Unit. Temporary relocation assistance may be required if the tenant is unable to occupy or utilize a portion of his unit for as little as one hour during the work. Examples of this type of loss of use include: water shut offs, removal of appliances, replacement of kitchen cabinetry, refurbishing or removal of flooring or other work which causes the tenant to not have full use of his unit. Examples of temporary relocation assistance include meal reimbursement if the tenant is unable to use his kitchen facilities, rental of a local community room or hospitality suite for the family during the day while repairs are ongoing and reimbursement of other out of pocket expenses incurred by the tenant and his or her family as a result of the rehabilitation. It is GHFA's policy that this type of work should be completed within 30 days. If the work cannot be completed within that time, the Applicant must consider relocating the tenant and his family to a comparable unit.

Loss of Use of the entire Unit. If the rehabilitation requires the tenant to vacate his unit for a period of 30 days or less, temporary relocation assistance should include one of the following:

(a) the cost of moving the tenant and his family to a moderately priced hotel in the vicinity of the project for a period not to exceed 30 days. Assistance would include any costs associated with the move, storage of the tenants furniture, if necessary, as well as

payment of other out of pocket expenses including, but not limited to, meal reimbursements;

(b) the cost of moving the tenant and his family to another comparable unit in the project for a period not to exceed 30 days. Assistance would include any costs associated with moving or storing the tenant's furniture to the temporary unit and back, utility hook ups and disconnections, and other out of pocket costs; or

(c) the cost of moving the tenant and his family to a friend or family member's residence. The Owner and Tenant may reach an agreement that the Tenant and his family will temporarily relocate to a friend or family member's residence for a short period of time. Assistance may include the costs of moving the tenant and his family from the unit and back or storing all or a portion of the tenant's furniture, reasonable rental payments to the family member or friend and other out of pocket costs.

Advisory Services. GHFA requires that the Owner provide Advisory services to the tenants to assist in determining the best method for temporary relocating a tenant and to ensure that the tenant understands the purpose of the relocation and the tenant's rights. GHFA encourages Owners to provide regular notices advising tenants of the status of the rehabilitation work, proposed construction schedules and projected relocation dates.

2. Temporary Relocation. (Relocation for more than 30 days)

If the proposed rehabilitation causes the relocation of the tenant and his family for a period in excess of 30 days, the Owner is required to assist the tenant in locating a comparable replacement dwelling either on site or in the immediate vicinity of the project for an affordable rent. The comparable replacement dwelling must be decent, safe, sanitary and functionally equivalent to the displacement dwelling. Owners are encouraged to "stage" rehabilitation work

so that tenants can be relocated within the project. If the tenant cannot be relocated to another unit in the proposed project, the off site unit should, if possible, be located in the same community as the project so as to minimize such impacts as school transfers on the tenants and their children. Relocation assistance for tenants that must relocate for a period in excess of 30 days must include the following:

- Utility disconnection and reconnection charges incurred as a result of the move;
- Actual moving costs (For elderly and special need tenants, moving costs may include packing and unpacking, and assembling and dissembling items of personal property);
- If tenant cannot be relocated to a comparable unit in the project during the rehabilitation, the Owner must also reimburse the tenant for any rent differential between the off site comparable unit rent and project rent at time of relocation. This assistance must be paid for the period from relocation until the completion of the rehabilitation. (Although the tenant may elect to temporarily relocate to a unit outside the immediate vicinity of the project, rent differential will be based on comparable rents within the primary market area of the project); and
- Following completion of the rehabilitation, income eligible tenants can return to the property without a rent increase for a period of one year. However, if a tenant has been relocated off site during the rehabilitation, the Tenant and Owner may agree that the tenant can remain at his current off site unit and continue to receive rent differential payments for a period of one year. This would satisfy the Owner's obligation for assistance.

Advisory Services. GHFA requires that the Owner provide Advisory services to the tenants to assist in determining the best method for long term relocation of tenants to ensure that the tenant

understands the purpose of the relocation and the tenant's rights. GHFA encourages Owners to provide regular notices advising tenants of the status of the rehabilitation work, proposed construction schedules and projected relocation dates.

3. Tenants who remain in the Property during the Rehabilitation

Income Qualified Tenants who remain in the project during rehabilitation must receive the offer of a suitable unit which can be rented at an affordable price. If there is no increase in rent, the unit is considered affordable. In place tenants should be offered a new lease, generally for one year, at the time of rehabilitation completion at the same rent as before the rehabilitation. Owners and tenants can mutually agree to complete the remaining term of a current lease before the new lease is offered.

B. Relocation and Displacement Benefits for Tenants whose Income will exceed the income eligibility requirements for the Project

During the initial feasibility determinations, Applicant must identify those Tenants who will not meet the proposed project's income restrictions because they have incomes that exceed the income restriction requirements. In structuring the project, the Owner should consider the possible displacement of these tenants in determining the number of market units that will be incorporated into the project.

- If it is determined that the over income Tenant can occupy a "market unit" during and after the proposed rehabilitation, the Owner must agree to not increase rent for the remainder of the tenant's current lease. After expiration of the lease, and upon renewal of the lease, the rent can be increased to the targeted rent level proposed in the Application.
- If it is determined that there are no market units available for an over income tenant and the tenant will be permanently displaced from the project before the end of his current lease, the Owner must agree to reimburse the Tenant for moving expenses to a

comparable site in the same area, utility disconnection and reconnection charges, plus the difference between the rent on their original unit (as of the last lease period) and the comparable unit rent. The rent differential would be due for the remaining period of their most current lease on the project unit.

Advisory Services. GHFA requires that the Owner provide Advisory services to these tenants to assist in determining the best method for long term relocation, if necessary and to ensure that the tenant understands the purpose of the relocation and the tenant's rights. GHFA encourages Owners to provide regular notices advising tenants of the status of the rehabilitation work, proposed construction schedules and projected relocation dates.

NON COMPLIANCE: Failure to follow the GHFA requirements for relocation and relocation assistance will be considered a major instance of non compliance.

II. DISPLACEMENT AND RELOCATION REQUIREMENTS FOR GHFA HOME FUNDED PROJECTS.

This portion of the manual is intended as a basic resource tool for Applicants considering utilizing HOME funds for their projects. It is not a conclusive guide to all of the relocation regulations which are required when a project utilizes HOME funds. Applicants are encouraged to seek expert advice from their own relocation professional in ensuring that all of the federal requirements are followed. In addition, if you have questions concerning the affects of the final rule on local program or project activities, please contact the local U. S. Dept. of Housing and Urban Development (HUD) Regional Relocation Specialist, Phillip J. Fortenberry, for assistance at (404) 331-5001, ext. 2550 or Phillip_J._Fortenberry@hud.gov. HUD's Regional Relocation Specialists serve as the primary technical resource for local real estate acquisition and relocation matters.

Projects funded with federal assistance may be covered by relocation requirements contained in:

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)- Relocation requirements are triggered, regardless of the displaced person's income, whenever displacement occurs as a direct result of rehabilitation, demolition or acquisition for a HOME assisted unit. The URA protects all persons who are displaced by a federally assisted project regardless of their income. URA objectives include:

- To provide uniform, fair and equitable treatment of persons whose real property is acquired or who are displaced in connection with federally-funded projects.
- To ensure relocation assistance is provided to displaced persons to lessen the emotional and financial impact of displacement.
- To ensure that no individual or family is displaced unless Decent, Safe and Sanitary (DSS) housing is available within the displaced person's financial means.
- To help improve the housing conditions of displaced persons living in substandard housing.
- To encourage and expedite acquisition by agreement and without coercion.

Section 104(d) of the Housing and Community Development Act- A lower income person (income below 80% of the area median income) is eligible for Section 104(d) assistance if the unit he or she occupies is demolished with HOME funds or the person is displaced as a result of a HOME funded conversion. If a lower income person does not qualify for Section 104(d) assistance, relocation expenses may be available under URA.

HOME Program Regulations. The HOME regulations at 24 CFR Part 92.353 clarify relocation under the HOME program. HUD Handbook 1378 covers the Federal Relocation requirements, including but not limited to the following:

- Written Notices of the right to remain or the need to relocate;
- Advisory services which include notices, information booklets, explanation of assistance, referrals to social services, counseling and advice under the Fair Housing Act;
- Payments for the cost of temporary relocation;
- Reimbursement of moving and related expenses; and
- Replacement Housing Assistance. (42 months if tenant’s income is 80 percent adjustment median income and 60 months if tenant’s income is less than 80 percent AMI).

HUD is currently in the process of updating existing publications and resources affected by the final rule, including HUD's Handbook 1378 - Tenant Assistance Relocation and Real Property Acquisition. HUD grantees and Participating Jurisdictions should exercise caution when using

electronic and printed material impacted by the final rule until such time as the required revisions are completed.

Notice of Issuance of New Final Rule for URA. On January 4, 2005, the Federal Highway Administration as lead Federal Agency for the Uniform Relocation Assistance and Real Property Acquisition Policies Act (Uniform Act or URA), published a final rule revising the government-wide regulations implementing the Uniform Act under 49 CFR Part 24. The Uniform Act applies to the acquisition of real property and the displacement of persons resulting from Federal or federally assisted programs or projects. The Uniform Act affects 18 Federal Agencies including HUD. Project Owners who receive funding under the HOME Partnership Investment Program or other HUD funding must carefully review the significant changes regarding relocation and displacement benefits, which are incorporated into this new final rule. The following is a brief summary provided by the Department of Housing and Urban Development highlighting some of these changes:

Subpart A - General

- Definitions: New definitions added for dwelling site, household income, mobile home, and waiver valuation. The definition of the term mobile home includes both manufactured homes and recreational vehicles used as residences.
- Comparable Replacement Dwelling: Eliminates phrase "style of living"; "Financial means" language made consistent with changes in Subpart E regarding base monthly rent for low income persons; added language clarifying that for persons receiving government housing assistance those program requirements relating to the size of the replacement dwelling shall apply.
- Decent, Safe & Sanitary (DSS): Emphasizes application of local housing and occupancy codes as primary source for defining "standard" housing where appropriate. Clarifies need to address physical attributes of replacement housing beyond those dependent on a wheelchair.
- Displaced Person / Temporary Relocation: Requires any residential tenant who has been temporarily relocated for a period beyond one year be contacted by the agency and offered all permanent relocation assistance.
- Initiations of Negotiations (ION): Establishes for voluntary acquisitions without recourse to the use of eminent domain, ION does not become effective for purposes of relocation eligibility until there is a written agreement between the Agency and owner to purchase

the property. Requires agencies to inform tenant occupants of their potential eligibility for relocation assistance when negotiations are initiated, when and if they become fully eligible, and in the event the purchase will not occur, notifying them that they are no longer eligible for relocation assistance.

Subpart B - Real Property Acquisition

- Appraisal Waiver: Increases threshold for appraisal waivers from $2,500 to $10,000 with an option for the federal agency funding the project to approve an increase in the amount to a maximum of $25,000. Appraisal waivers above $10,000 require offering the property owner the option of requesting an appraisal of the property in lieu of an appraisal waiver.

- Appraisal Standards: Terminology changed to "appraisal requirements" to avoid confusion with Uniform Standards of Professional Appraisal Practice (USPAP) standards rules. Clarifies performance standards such as USPAP do not directly govern programs covered by the Uniform Act.

- Scope of Work: New requirement for scope of work statement in each appraisal. Scope of work replaces former appraisal problem statement and renders obsolete former minimum standards and detailed appraisal requirements.

- Appraiser Qualifications: Strengthens qualification requirements for appraisers and review appraisers.

Subpart C - General Relocation Requirements

- Relocation Planning, Advisory Services and Coordination: Emphasizes relocation assistance planning and adds personal interview requirements for nonresidential displacements including: 1) Replacement site requirements, 2) Need for outside specialists required for move 3) Early identification and resolution of realty/personal property issues, 4) Estimated time needed to vacate, 5) Anticipated difficulty in locating replacement site, 6) Identification of advanced relocation payments required for the move.

- Transportation: Clarifies agencies must offer all residential displaced persons transportation to inspect replacement housing.

- Eviction for Cause: Clarifies an eviction related to non-compliance with a requirement to carry out a project (e.g., failure to move or relocate when instructed, or to cooperate in the relocation process) does not negate a person's entitlement to relocation assistance and payments

- No Waiver of Relocation Assistance: Prohibits agencies from proposing or requesting a displaced person to waive their rights or entitlements to relocation assistance and benefits provided by the Uniform Act and this regulation.

Subpart D - Payments for Moving and Related Expenses

- Reorganized for clarity and ease of use.
- Types of Moves: Clarifies types of moves available to residential and nonresidential displaced persons.
- Residential Self Moves: Prohibits payment based on the lower of two bids or estimates.
- Personal Property Only Move: New category of move for persons required to move personal property only from real property.
- Low Value/High Bulk: Reintroduces provision for determining moving payment when personal property is of low value/high bulk.
- Actual Direct Loss of Tangible Personal Property: Clarifies method for calculating payments.
- Searching Expense: Increases payment from $1,000 to $2,500 for nonresidential displacements.
- Related Nonresidential Eligible Expenses: Establishes new category of eligible moving expense payments. Provides for reimbursement of actual, reasonable and necessary expenses for some former reestablishment expenses previously limited to the $10,000 maximum. Eligible expenses include: 1) Connection to nearby utilities from right-of-way to replacement site, 2) Professional services for site suitability determination, 3) Impact fees or one-time assessments for heavy utility usage.
- Security and Utility Deposits: Clarifies refundable security and utility deposits are ineligible moving expenses.

Subpart E - Replacement Housing Payments

- Professional Home Inspection: Added to list of eligible incidental expenses
- Rental Assistance Payment for 180 Day Homeowner Occupant: Provides for a replacement housing payment to exceed $5,250 for displaced 180 day homeowner occupants (who elect to rent instead of purchase a replacement dwelling) if the difference in the estimated market rent of the acquired dwelling and rent for a comparable replacement dwelling support a higher figure. However, the payment may not exceed the amount the person would have received as a housing (purchase) supplement.
- Base Monthly Rental for Replacement Dwelling (30% rule): Language revised to reflect more closely the statutory requirement that only a low-income displaced person's income be taken into consideration when calculating rental assistance payments for a comparable replacement dwelling. Revision establishes 30% of gross household income standard be applied only to displaced persons who qualify as "low income" under the HUD's Annual Survey of Income Limits.

- Down payment Assistance: Removes language that limited payment to amount ordinarily required for conventional loan financing.

- Adjustment of Asking Price: Removes requirement to adjust the asking price of comparable replacement dwellings when computing a homeowner's replacement housing payment.

DEFINITION OF A DISPLACED PERSON UNDER URA

Any person (family, individual, business, farm or nonprofit organization) that moves personal property permanently from the real property as a direct result of rehabilitation, demolition or acquisition for a project assisted with HOME funds is a displaced person. The term "displaced person" includes, but may not be limited to:

1. A person who moves permanently from the real property after receiving a notice from the property owner that requires such a move, if the move occurs on or after:

   (a) The date of the submission of an application to GHFA if the applicant has site control and the project is later approved; or

   (b) The date that GHFA approved the applicable site, if the applicant does not have site control at the time of the application.

2. Any person, including a person who moves before the date described in 1(a) or (b), if HUD or GHFA determines that the displacement directly resulted from acquisition, rehabilitation or demolition for the HOME-assisted project.

3. An occupant of a dwelling or tenant who moves permanently from the building or complex after execution of the agreement covering the rehabilitation or acquisition, if the move occurs before the tenant is provided written notice offering him or her the opportunity to lease and occupy a suitable, decent, safe and sanitary dwelling in the same building or complex under reasonable terms and conditions upon completion of the rehabilitation. These conditions shall include a term of at least one year at a monthly utility costs that do not exceed the greater of:

   (a) The tenant's monthly rent before the agreement and estimated average monthly utility costs; or
   (b) The total tenant payment (TTP) if the tenant is low income or 30 percent of gross income if the tenant is not low-income.

4. An occupant of a dwelling or tenant who is required to relocate temporarily for the project but does not return to the building or complex, if either;

(a) The tenant is not offered payment for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation (including the cost of moving to and from the temporarily occupied unit and any increased housing costs): or

(b) Other conditions of the temporary relocation are not reasonable.

5. A occupant of a dwelling or tenant who moves from the building or complex permanently after he or she has been required to move to another unit in the building or complex, if either:

(a) The tenant is not offered reimbursement for all reasonable out-of-pocket expenses incurred in connection with the move; or

(b) Other conditions of the move are not reasonable.

DEFINITION OF PROJECT

The HOME program would require URA coverage for all persons displaced as a direct result of rental rehabilitation, regardless of their incomes, even though not every unit in the property was treated with federal funds. If the same property owner rehabilitated another rental property adjacent to the first property, using no federal funds, in place tenants would not be protected by the URA.

DECENT, SAFE AND SANITARY DWELLING UNDER URA AND SECTION 104 (d)

Basic definition (49 CFR 24.2 (f)). The term "decent, safe and sanitary dwelling" means a dwelling that meets the following standards and any other housing occupancy codes that are applicable. It shall:

(a) Be structurally sound, weather-tight and in good repair.

(b) Contain a safe electrical wiring system adequate for lighting and other devices.

(c) Contain a safe heating system capable of sustaining a healthful temperature for the displaced person except in those areas where local climatic conditions do not require such a system.

(d) Be adequate in size with respect to the number of rooms and area of living space needed to accommodate the displaced person. There shall be a separate, well-lighted and ventilated bathroom that provides privacy to the user and contains a sink, bathtub or shower stall and a toilet, all in good working order and properly connected to appropriate

sources of water and to a sewage drainage system. In the case of a housekeeping dwelling, there shall be a kitchen area that contains a fully usable sink, properly connected to potable hot and cold water and to a sewage drainage system and adequate space and utility service connections for a stove and refrigerator.

(e) Contain unobstructed egress to safe, open space at ground level. If the replacement dwelling unit is on a second story or above with access directly from or though a common corridor, the common corridor must have at least two means of egress.

(f) For persons who are mobility-impaired, be free of any barriers that would preclude reasonable ingress, egress or use of the dwelling by such person. This requirement will be met if the dwelling unit meets pertinent standards as prescribed by the American National Standards Institute, Inc. (ANSI A117.1) or the Uniform Federal Accessibility Standards (UFAS). This requirement will also be satisfied if the displaced person elects to relocate to a dwelling that he or she selects (a dwelling not offered by the HOME recipient) and the displaced person determines that he or she has reasonable ingress, egress and use of the dwelling.

(g) Comply with lead-based pain requirements of 24 CFR Part.35.

HOME recipients must also ensure hotels are “decent, safe and sanitary” when utilizing the rooms for temporary relocation dwellings even though the hotel industry has an inspection mechanism for providing decent shelter.

The new Final Rules emphasizes application of local housing and occupancy codes as primary source for defining "standard" housing where appropriate. It also clarifies that physical disabilities other than the mobility impaired must be considered in determining whether the decent, safe and sanitary standard is met.

ADVISORY SERVICES REQUIREMENTS

DISPLACED TENANTS: HOME recipients are responsible for informing occupants of their rights, sending the required information and notices and assisting in finding replacement housing. The HOME recipient should provide the following information to displaced persons:

1. A complete description of the nature and types of activities which will be undertaken;

2. An indication of the availability of relocation payments including the types of payments the general eligibility criteria for residential occupants and a precaution about premature moves;

3. A statement indicating that no person lawfully occupying property will be required to move without at least 90 days written notice from the HOME recipient;

4. A clear explanation (in easy to understand language) of the project;

5. A statement of the purpose of the relocation program and brief indication of the services and aids available;

6. Assurance that displaced persons will not be required to move before they have been given an opportunity to obtain decent, safe, sanitary and affordable housing;

7. A brief description of what constitutes comparable, decent, safe and sanitary housing.

8. A clear, easy to understand description of the Federal Fair Housing Law (Title VIII of the Civil Rights Act of 1968) Executive Order 11063, Title VI of the Civil Rights Act of 1964 and applicable state and local fair housing and anti-discrimination laws. Minority persons must also be referred to comparable housing in non-minority concentrated areas when applicable.

9. A statement that the HOME recipient will provide assistance to persons in obtaining housing of their choice, including assistance in the referral of complaints of discrimination to the appropriate federal, state or local housing enforcement agency.

10. The address, telephone number and office hours of the HOME recipient.

TEMPORARY MOVES: Appropriate advisory services include reasonable advance written notice of the following information:

1. The date and approximate duration of the temporary relocation;

2. The suitable, decent, safe and sanitary housing to be made available for the temporary period;

3. The terms and conditions under which the tenant may lease and occupy a suitable, decent, safe and sanitary dwelling in the building/complex following completion of the repairs (for tenants); and

4. Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporary housing and any increase in monthly rent and utilities.

MOVING COSTS FOR TEMPORARY AND PERMANENT MOVES

All displaced persons are eligible for moving costs if the move occurs after initiation of negotiations. All homeowners and tenants required to make a temporary move shall receive reimbursement of actual moving expenses. The displaced person may choose to receive actual moving and related expenses supported by bills and other documentation for:

1. Transportation up to 50 miles;
2. Packing, crating, uncrating and unpacking personal property;
3. Storage of the personal property for a period not to exceed 12 months,
4. Disconnecting, dismantling, reassembling and reinstalling relocated household appliances and other personal property;
5. Insurance for the replacement value of the property in connection with the move and necessary storage;
6. The replacement value of property lost, stolen or damaged in the process of moving (not through the fault or negligence of the displaced person, his or her agent or employee) where insurance covering such loss, theft or damage is not reasonably available; and
7. Other moving-related expenses as GHFA determines to be reasonable and necessary, except the following ineligible expenses:

   (a) Interest on a loan to cover moving expenses;

   (b) Personal injury;

   (c) Any legal fee or other cost for preparing a claim for a relocation payment or for representing the claimant in appeals procedures;

   (d) The cost of moving any structure or other real property improvement in which the displaced person reserved ownership; or

   (e) Cost for storage of personal property on real property owned or leased by the displaced person before the initiation of negotiations.

The new final rules have reorganized this section and made several significant changes. These changes include that residential self moves cannot be based on the lower of two bids. They must

be based on actual receipts. It also establishes a new category of eligible moving expense payments. It provides for reimbursement of actual, reasonable and necessary expenses for some former reestablishment expenses previously limited to the $10,000 maximum. Eligible expenses include: 1) Connection to nearby utilities from right-of-way to replacement site, 2) Professional services for site suitability determination and 3) Impact fees or one-time assessments for heavy utility usage. It also clarifies that refundable security and utility deposits are ineligible moving expenses.

DISPLACEMENT

Everyone who meets the URA definition of a "displaced" person is eligible to receive relocation assistance. The income of the displaced person is not a factor in determining basic eligibility, but it is a factor in calculating the amount of assistance they will receive. The amount of the Replacement Housing Payment a displaced tenant receives varies depending upon whether the family was in occupancy more or less than 90 days prior to the execution of the agreement. The Replacement Housing payment is intended to provide affordable housing for a 42 month period. The payment that the family is entitled is calculated using the lower of the cost of the family's actual new unit (including estimated utilities) or a comparable replacement dwelling. There have also been significant changes in calculating the base monthly rent for replacement housing payments. Income is only taken into account in the RHP formula for low income person as defined by HUD income limits. For persons not at the low income level, you would compare the old rent to the new rent in determining the base monthly rent for replacement housing payments.

Tenants who are intended to remain in the project must receive the offer of a suitable unit which can be rented at an affordable price. If there is no increase in rent, the unit is considered affordable, even if the percentage of income that the family is paying is quite high. If rent

increases as a result of the project, the grantee must determine whether each household can afford the new rent. In place tenants should be offered a new lease, generally for one year, at the time of rehabilitation completion. Owners and tenants can mutually agree to complete the remaining term of a current lease before the new lease is offered. An owner may not keep rents artificially low at the time of rehabilitation completion and then subsequently raise the rents dramatically to reflect the cost of rehabilitation. This would provide a tenant who moved in with a basis for a claim that he has been displaced by the rehabilitation.

TEMPORARY RELOCATION FOR PROJECTS FUNDED WITH HOME

Note: The new Final rules provide that temporary relocation cannot exceed 12 months or the person must be offered permanent displacement assistance. The rules also provide that temporary relocation for less than 12 months will be very strictly construed to ensure that the relocation is not actually a displacement. A person will not be considered displaced, if and only if, stringent protections are applied. These include covering moving expenses to and from the temporary location, payment of increased housing costs during the period of relocation, the guarantee of a return to the same unit, or to another suitable unit in the same building or complex, and a limitation on a rental increase at the rehabilitated replacement unit.

Temporary relocation benefits must be made available for tenants that currently reside in the building and whose lives will be disrupted by the rehabilitation work or who must relocate from their unit for a period of time. The tenant should be temporarily relocated if continued occupancy of the dwelling unit during the proposed work constitutes a substantial danger to the health or safety of a person or the public and/or if the nature of the construction creates an undue burden or unnecessary hardship on the family. Temporary relocation assistance may be required if the tenant is unable to occupy or utilize a portion of his unit for as little as one hour during the work. Examples of this type of loss of use include: water shut offs, removal of appliances, replacement

of kitchen cabinetry, refurbishing or removal of flooring or other work which causes the tenant to not have full use of his unit. Examples of temporary relocation assistance include meal reimbursement if the tenant is unable to use his kitchen facilities, rental of a local community room or hospitality suite for the family during the day while repairs are ongoing and reimbursement of other out of pocket expenses incurred by the tenant and his family as a result of the rehabilitation.

If the rehabilitation requires the tenant to vacate his unit for a period of 30 days or less, temporary relocation assistance could include the cost of moving the tenant and his family to a moderately priced hotel in the vicinity of the project for a period not to exceed 30 days. Assistance would include any costs associated with the move, storage of the tenants furniture if necessary, as well as payment of other out of pocket expenses including, but not limited to, meal reimbursements as more fully set forth in the URA. If the proposed rehabilitation causes the relocation of the tenant and his family for a period of less than one year, the Owner is required to assist the tenant in locating a comparable replacement dwelling either on site or in the immediate vicinity of the project. The comparable replacement dwelling must be decent, safe, sanitary and functionally equivalent to the displacement dwelling. The new Final rules should be reviewed for the current definition of a comparable unit under the URA. Owners are encouraged to "stage" rehabilitation work, so that tenants can be relocated within the project. If the tenant cannot be relocated to another unit in the proposed project, the off site unit should, if possible, be located in the same community as the project so as to minimize such impacts as school transfers on the tenants and their children. Relocation assistance for tenants that must relocate for a period in excess of 30 days but less than one year is specifically delineated in the ACT and includes but is

not limited to moving expenses, increased temporary housing costs and the return to a suitable unit. Again, it should be noted that the new final rule has changed the base method of calculating temporary housing costs. Applicants considering HOME funding and HOME Recipients should review these changes carefully.

III. NOTICE REQUIREMENTS

General Information Notice (GIN). Informs all occupants of a possible project and of their rights under URA and 104(d). This notice advises that the household should not move at this time. This notice is always needed. GHFA requires that the GIN notice be given prior to the submission of the Application for HOME projects. For competitive tax credit applications, the GIN notice should be given within thirty days of Application award. For 4% bond projects, the GIN notice should be given within thirty days of issuance of the Letter of Determination. (Sample GIN can be found as OAH Form L-6). **(HOME and TAX CREDITS)**

Move In Notice. Informs Households moving into potential projects after the application that they may be displaced and that they will not be entitled to assistance. If this notice is not given, then move ins are eligible for assistance if displaced. **(HOME)**

Notice of Non Displacement. Informs households who will remain in the project after completion of the assisted activity of their rights and of the terms and conditions of their remaining at the property. This notice is delivered in conjunction with the initiation of negotiations which is the signing of the HOME grant or loan agreement for a given project. This

is given to tenants who will stay in the same unit or another suitable unit in the building or complex. **(HOME)**

Temporary Relocation Notice. Informs households who will be temporarily relocated of their rights and of the conditions of their temporary move. Only required when a temporary move is placed. This notice may be combined with the notice of non displacement **(HOME and TAX CREDITS)**

Notice of Eligibility. Informs households to be displaced of their rights and levels of assistance provided by the URA and or 104(d). This notice is delivered in conjunction with the initiation of negotiations, and is always required for displaced households. **(HOME)**

90 Day and 30 Day Notice. Informs displaced households of the earliest day by which they must vacate the property. Displaced households shall not normally be given less than 90 days to vacate their residence. If a specific date is not given with the 90 day notice, a 30 day notice can provide the specific day. This notice should not be issued unless a comparable replacement dwelling is available and the displaced resident is given sufficient opportunity to lease the comparable unit. **(HOME and TAX CREDITS)**

Poster – Subsequent to award, the owner or property manager must post at least one (1) relocation notification poster in the project rental office and one (1) poster in each building. Posters can be obtained from the DCA Compliance Department. **(HOME and TAX CREDIT)**

Notices must be delivered in a timely manner. Notices must be personally served or sent by certified or registered first class mail, return receipt requested.

Copies of all Notices and the Relocation Notification poster will be distributed at the GHFA Pre construction conference (HOME projects). Tax Credit only applicants can obtain copies of required notices from the DCA Compliance Department.

IV. REQUIRED APPLICATION DOCUMENTS **(This paragraph was corrected on March 22, 2005)**

The following documentation must be included in the Application:

- Tenant Data Certification for each Unit (OAH Form L-1)
- Displacement Plan and Budget. The Plan must be detailed and project specific and address issues listed in this Manual. The Plan must have as attachments the Multifamily Tenant Relocation Plan Certification (OAH Form L-7) and the GHFA Temporary Relocation Cost Estimate (OAH Form L-3).
- Proof that all residents legally occupying the units prior to submission of the Application were given a General Information Notice (HOME projects only) (Sample GIN OAH Form L-4). These notices shall be sent by certified mail, return receipt requested or by personal service. Documentation of the method of service, as well as the tenants served, shall be submitted as part of the application. Failure to follow these requirements will result in removal of the application from further consideration. A sample copy of this notice is set forth in this tab and can also be found in the Application Form section of this Manual. (See OAH Form L-6 for sample GIN Notice.)
- Occupancy history for project including current rent roll. (90 day period)
- Relocation/Displacement Project Spreadsheet (See OAH Form L2). **NOTE**: This spreadsheet should be used on an ongoing basis throughout the renovation process

HUD RELOCATION FORM WEBSITES

- **Form HUD-40061, Selection of Most Representative Comparable Replacement Dwelling**
  http://www.hudclips.org/sub_nonhud/html/pdfforms/40061.pdf

- **Site Occupant Record—Residential**
  http://www.hudclips.org/sub_nonhud/cgi/pdf/13780x08.pdf

- **Site Occupant Record—Nonresidential**
  http://www.hudclips.org/sub_nonhud/cgi/pdf/13780x09.pdf

- **Record of Advisory Assistance and Other Contacts**
  http://www.hudclips.org/sub_nonhud/cgi/pdf/13780x10.pdf

- **Form HUD-40054, Claim for Moving and Related Expenses**
  http://www.hudclips.org/sub_nonhud/cgi/pdf/13780x11.pdf
  http://www.hudclips.org/sub_nonhud/html/pdfforms/40054.pdf

  Form HUD-40057, Claim for Replacement Housing Payment for 180- Day Homeowner

  http://www.hudclips.org/sub_nonhud/cgi/pdf/13780x13.pdf

  http://www.hudclips.org/sub_nonhud/html/pdfforms/40057.pdf

- **Form HUD-40058, Claim for Rental Assistance or Downpayment Assistance**
  http://www.hudclips.org/sub_nonhud/cgi/pdf/13780x14.pdf
  http://www.hudclips.org/sub_nonhud/html/pdfforms/40058.pdf

- **Form HUD-52580, Section 8 Existing Housing Program Inspection Checklist**
  http://www.hudclips.org/sub_nonhud/cgi/pdf/13780x15.pdf
  (old Section 8 Program form) or
  http://www.hudclips.org/sub_nonhud/cgi/pdfforms/52580.pdf
  (new Housing Choice Voucher Program form)

- **Form HUD-40055, Claim for Actual Reasonable Moving and Related Expenses**
  http://www.hudclips.org/sub_nonhud/cgi/pdf/13780x16.pdf
  http://www.hudclips.org/sub_nonhud/html/pdfforms/40055.pdf

- **Form HUD-40056, Claim for Fixed Payment in Lieu of Payment for Actual Moving and Related Expenses**
  http://www.hudclips.org/sub_nonhud/cgi/pdf/13780x17.pdf
  http://www.hudclips.org/sub_nonhud/html/pdfforms/40056.pdf

- **Waiver of Relocation Benefits Under The Uniform Relocation Act [and Section 104(d) of the Housing and Community Development Act of 1974]** http://www.hudclips.org/sub_nonhud/cgi/pdf/13780x18.pdf

TENANT HOUSEHOLD DATA FORM

Proposed name of housing development: _____
Current name of housing development: _____

Full name of head of household: _____
Street address: _____Apt #_____
City: _____ Zip Code:_____ County:_____

Unit Type: SRO Eff 1BR 2BR 3BR 4BR

Initial lease start date (original move-in date) __/__/__ Current Lease expiration date: __/__/__
Total monthly rent charge: $_____ Monthly subsidy amount: $_____
Monthly utility allowance: $_____ Rent paid by Tenant: $_____

Subsidy Type: None Section 8 Home TBA Other

Race of the Head of Household? White, not Hispanic Black, not Hispanic
Native American Asian/Pacific Islander
Hispanic

Anticipated combined gross income of all household members over 18 years of age for the next **12 months**, as defined and verified as set forth in the DCA HOME Manual: $_____

Total number of persons in the household, including the head of household: _____

Will any household members need special accommodations due to a handicap or disability? Y/N

Is any member of your household a full- time student or has been a full –time student **5** months out of the last **12** months? Y/ N

List all household members by their ages. (Relationship to head of household should be listed as spouse, son, daughter, mother, grandson, nephew, etc. If a person is unrelated to head, enter "unrelated").

Relation to head of household	Age	Relation to head of household	Age
Head of Household	____	_____	___
_____	____	_____	___
_____	____	_____	___
_____	____	_____	___

By signing this form, I certify that I understand all of the questions on this form, and that all of my answers are true and correct tot he best of my knowledge

Signed: _____ Date: ___/___/___
Head of Tenant Household

WARNING: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of the federal agency.

Relocation / Displacement Project Spreadsheet

	COMMUNITY:																				
	NUMBER OF UNITS:																				
	DATE:																				
							LEASE TERM		MONTHLY	SUBSIDY	MONTHLY	GROSS	MAX	INCOME	PROJECTED	30%	RENT	TEMP UNIT #	ESTIMATED	PERMANTE	ESTIMATED COST
UNIT	BUILDING	BEDROOM	OCC/	#	RESIDENT	*MONTHLY			SUBSIDY	TYPE:	UTILITY	ANTICIAPATED	ALLOWABLE	ELIGIBLE	NEW	INCOME	BURDENED	TENANT	COST PAID	UNIT TENANT	PAID TO TENANT
NO.	NO.	SIZE	VAC	RESIDENTS	NAME	RENT PAID	BEGIN	END	AMOUNT		ALLOWANCE	ICOME	INCOME	Y/N	Rent	RENT	Y/N	MOVED TO/DAT	TO TENANT	MOVE D TO/DATE	PERMANENT RELOC
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			PROJECT NAME			
		TEMPORARY RELOCATION COST ESTIMATE				
TENANTS NAME	UNIT#	MOVING COST	UTILITY COST	RENT INCREASE COST	TEMPORARY HOUSING COST	TOTAL COST

SAMPLE GENERAL INFORMATION NOTICE LETTER
(HOME)

Date: _____

Tenant Name: _____

Apartment Name: _____ Apt. #_____

Street Address: _____

City, State, Zip Code: _____

Dear _____:

On _____(Date), _____(Property Owner) submitted an application to the _____(Grantee) for financial assistance to rehabilitate the building that you occupy.

This notice is to inform you that, when the assistance is provided and the building is rehabilitated, you will **not** be displaced. Therefore, we urge you **not to move** anywhere at this time. (If you do elect to move for reasons of your choice, you will not be provided relocation assistance.)

The application has been approved and Federal assistance will be provided for the rehabilitation, you will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building) upon completion of the rehabilitation. You will be asked to supply management with documentation of income and eligibility in order to continue to live at this housing development. Of course, you must comply with standard lease terms and conditions.

After the rehabilitation, your initial rent, including the estimated average monthly utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30 percent of your average monthly gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs.

Again, we urge you not to move. You can be sure that we will make every effort to accommodate your needs. Because Federal assistance would be involved, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies act of 1970, as amended.

This letter is important and should be kept. You will be contacted soon. In the meantime, if you have any questions about our plans, please contact Joyce Tollison, Compliance Officer/Relocation Specialist, at 404-679-3148 or Nan Maddux at 404-679-0611, Georgia Department of Community Affairs, 60 Executive Park South, NE, Atlanta, Georgia 30329-2231.

Sincerely,

WORK UNIT LOG

UNIT #	TENANT NAME	48 HR NOTICE SENT Y/N	DATE	TYPE WORK TO BE DONE (WINDOWS, ETC)	ACTUAL FINISHED DATE
Reminder : actual copies of notifcations should be kept as documentation in each file.					

LIHTC GENERAL INFORMATION LETTER

Date: _____

Tenant Name: _____

Apartment Name: _____ Apt. #_____

Street Address: _____

City, State, Zip Code: _____

Dear _____:

On _____(Date), _____(Property Owner)was awarded Low Income Housing Tax Credits for the purpose of rehabilitating this property.

This notice is to inform you that, when the building is rehabilitated, you will **not** be displaced. Therefore, we urge you **not to move** anywhere at this time. (If you do elect to move for reasons of your choice, you will not be provided relocation assistance.)

You will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment at the property) upon completion of the rehabilitation. However, you will be asked to supply management with documentation of income and eligibility in order to determine if you are eligible for any relocation assistance and to determine if your income will qualify your household to continue to live at this housing development. Of course, you must comply with standard lease terms and conditions.

After the rehabilitation, your initial rent, including the estimated average monthly utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30 percent of your average monthly gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs.

Again, we urge you not to move. You can be sure that we will make every effort to accommodate your needs.

This letter is important and should be kept. You will be contacted soon. In the meantime, if you have any questions about our plans, please contact Joyce Tollison, Compliance Officer/Relocation Specialist, at 404-679-3148 or Nan Maddux at 404-679-0611, Georgia Department of Community Affairs, 60 Executive Park South, NE, Atlanta, Georgia 30329-2231. Also you may contact management at the following # 24 hours a day for emergencies.

Sincerely,

TENANT RELOCATION CERTIFICATION

The _____ (Developer) hereby certifies that it has planned this project in compliance with the Tenant Relocation Plan and that the budgetary information provide in this plan is sufficient to meet the relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended.

This CERTIFICATION is made this the _____day of _____, 200___ by the Director and Board of _____, Developer, State of Georgia.

ATTEST:

_____ BY: _____
Authorized Developer Official

LIHTC GENERAL INFORMATION LETTER

Date: _____

Tenant Name: _____

Apartment Name: _____ Apt. #_____

Street Address: _____

City, State, Zip Code: _____

Dear _____:

On _____(Date), _____(Property Owner)was awarded Low Income Housing Tax Credits for the purpose of rehabilitating this property.

This notice is to inform you that, when the building is rehabilitated, you will **not** be displaced. Therefore, we urge you **not to move** anywhere at this time. (If you do elect to move for reasons of your choice, you will not be provided relocation assistance.)

You will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment at the property) upon completion of the rehabilitation. However, you will be asked to supply management with documentation of income and eligibility in order to determine if you are eligible for any relocation assistance and to determine if your income will qualify your household to continue to live at this housing development. Of course, you must comply with standard lease terms and conditions.

After the rehabilitation, your initial rent, including the estimated average monthly utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30 percent of your average monthly gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs.

Again, we urge you not to move. You can be sure that we will make every effort to accommodate your needs.

This letter is important and should be kept. You will be contacted soon. In the meantime, if you have any questions about our plans, please contact Joyce Tollison, Compliance Officer/Relocation Specialist, at 404-679-3148 or Nan Maddux at 404-679-0611, Georgia Department of Community Affairs, 60 Executive Park South, NE, Atlanta, Georgia 30329-2231. Also you may contact management at the following # 24 hours a day for emergencies.

Sincerely,

M. Consultant/Partnership Training Agreement Manual

The Georgia Department of Community Affairs (DCA) has a responsibility to ensure that the funds allocated to its funding recipients will be efficiently used to create well-constructed, well-managed affordable housing. Some Applicants do not yet possess the necessary owner and/or developer experience to own, develop, rent up, and provide management oversight of affordable housing projects without additional technical assistance. In this case, the Plan devises a way for inexperienced Applicants to meet DCA experience requirements by engaging the services of an experienced consultant or partnering with an experienced entity that meets the Owner and/or Developer experience requirements. The key to this interim strategy of developing Owner and/or Developer experience for these Applicants is the requirement that intensive training take place during the term of the Consultant/Partnership agreement. The ultimate goal is to have a financially sound Applicant that can initiate, own, develop, and oversee management of future projects independently.
The inexperienced Applicant must materially participate in the decision making regarding the project notwithstanding the involvement of the Consultant/Partner. The Consultant/Partner's role is to assist the inexperienced Applicant in acquiring the necessary expertise to continue owning and developing projects in the future by systemically training the inexperienced Applicant in those areas of the ownership and/or development process in which the Applicant lacks experience. Therefore, all communication between DCA and the ownership entity throughout the project development process must include the inexperienced Applicant.

Consultant/Partnership Agreement
The Consultant/Partnership Agreement between the inexperienced Applicant and the experienced Consultant/Partner must meet the requirements of the Plan. Specifically, the Consultant/Partnership Agreement must have as an exhibit a training plan that:

1. Details the training services the Consultant/Partner will provide;
2. Specifies that the training services will be provided through construction, lease-up, and permanent loan conversion; and,
3. Includes a timetable for each activity's completion, milestones, and deliverable work products.

The training plan will be approved by DCA at its sole and absolute discretion. Beginning with the 2004 round of funding through the Qualified Allocation Plan, DCA will monitor completion of the training plan included in these Agreements to ensure that the inexperienced Applicant is receiving the services agreed to in the Consultant/Partnership Agreement approved by DCA. While the inexperienced Applicant is solely responsible for ensuring that the services for which it has contracted are delivered by the Consultant/Partner, DCA reserves the right to prohibit future participation in DCA funding rounds of Consultant/Partners and/or inexperienced Applicants that DCA determines, at its sole and absolute discretion, are not providing/receiving the services agreed to in the Consultant/Partnership Agreement. DCA also reserves the right to

determine that an inexperienced Applicant has not materially participate in the project. Therefore, the project may not be used to meet experience requirements for the inexperienced entity in future rounds.

The Consultant/Partner and the inexperienced Applicant must retain evidence that each task and milestone of the Training Plan has been completed based on the terms of the Consultant/Partnership Agreement. In addition, where involvement of a not-for-profit's board is required, copies of minutes from the appropriate meeting of the board should be retained by the Consultant/Partner.

Training Plan

In developing the training plan exhibit to the Consultant/Partnership Agreement, the inexperienced Applicant and the Consultant/Partner must develop a division of responsibilities at each stage of the development process: site identification, site evaluation, preliminary economic feasibility analysis, site control, development team selection and feasibility studies, financing identification and application, final design and underwriting, financing closing, construction, and lease-up. Tasks, milestones, and work products for each stage of the development process must be identified, along with timetables for completion. Training must directly involve the staff of the inexperienced Applicant <u>and, if the inexperienced Applicant is a not-for-profit, their</u> board of directors as appropriate. With an inexperienced not-for-profit Applicant, an emphasis throughout the training plan must be the close coordination between the inexperienced Applicant and its board throughout the predevelopment and development of the project. The board is responsible for making all policy decisions and authorizing the project to move forward at each stage of the process. The not-for-profit staff is responsible for warranting that the information, understandings, and the decisions reached are understood by and have the support of the board. Therefore, this emphasis on staff/board coordination is essential for efficient not-for-profit administrative functioning.

Following are the stages of the development process with sample objectives, tasks, milestones, and the division of responsibilities between the inexperienced Applicant and the Consultant/Partner in accomplishing each stage. This is an example of a division of responsibilities for illustration purposes only. The Consultant/Partner and the inexperienced Applicant will divide time and responsibilities between each of the stages depending on the complexity of the proposed project and the expertise each brings to the project.

Appendix A contains a matrix that may be used as a scope of services or Appendix to a Consultant/Partnership agreement.

1. Site/Building Identification

The site search may be guided by the desire to serve a particular client population, implement a neighborhood redevelopment strategy, or to meet the community's affordable housing need. The site search can be accomplished by driving around the community to identify available potential sites (windshield survey), or through contact with community leaders, local public agencies or financial institutions, or local Realtors.

Objective: To familiarize the inexperienced Applicant with the various ways to identify possible development opportunities.

Tasks: Consultant/Partner and inexperienced Applicant jointly conduct several of the tactics above to identify potential sites concentrating on developing contacts with local players (Realtors, bankers, public officials).

Milestone(s): A report that lists potential sites and the process used to identify them.

2. Site Evaluation

Once identified, a site(s) should be evaluated to determine if it is suitable for development. Is the site suitable for the client group, and acceptable to the funding agency and to the community? In answering these questions, the following factors must be evaluated:

- Environmental factors: flood plain, suitable soil, slope, drainage, noise, odors, pollution, visual blight.
- Government infrastructure: water, sewer, electricity, roads, proper zoning.
- Services: public transportation, schools, shopping, health facilities, jobs, recreation, etc.
- Character of neighborhood: scale of buildings, architectural style, density, and commercial/industrial/residential zone mix.
- Appropriateness to client population: meets the needs of families, seniors, mixed income, or individuals with disabilities or other special needs.
- Price: can the land be donated, does the bank hold it for liquidation, is it in a redevelopment zone, can a portion be developed commercially or subdivided and sold.

Objective: To systemically review possible sites and focus in on one that will be most promising.

Task: Consultant/Partner and inexperienced Applicant jointly evaluate site options that best fit with strategic mission of the inexperienced Applicant.

Milestone(s): A report in a matrix format that assigns values to the factors above, as well as additional factors as needed, leading to the identification of a preferred site.

3. Preliminary Economic Feasibility Analysis

A properly designed economic feasibility analysis will provide the cost and income parameters of the project, and will identify the ideal cost/income balance. There are several components of a preliminary feasibility analysis:

A. Development Budget:

Predevelopment, Acquisition, Site Improvements, Construction, Construction Financing, Contractor Services, Professional Services, Local Government Fees, Financing Fees, Equity Costs, Developer's Fees, and Reserves.

B. Project Income:

Number of units multiplied by net rent (adjusted for utilities). See the Application and Application Manual for the appropriate rent limits.

C. Operating Expenses Budget:

- Management (day-to-day financial administration, supervision of maintenance and repairs, advertising);

- Maintenance (costs involved in keeping the property and grounds in good condition, repairing and replacing structures and systems, and maintaining insurance); and,
- Operations (utilities, wages and payroll taxes, taxes, and insurance).

See the Policy Guide for operating cost requirements.

D. Proforma Cash Flow:

Projecting income and operating expenses for the length of the loan (adjusting for annual increases), and debt service (amount of money that is required on a monthly basis to debt borrowed to finance all of the costs prior to and including construction less any equity contribution) with a minimum debt coverage ratio of 1.10 for each year. See the Policy Guide for trending, debt coverage ratio requirements.

If the inexperienced Applicant is a not-for-profit, its board should be clearly informed and approve of any financial commitments involved in moving the project forward. Consultant/Partner fees will most likely be tied to moving the project along that may or may not be in the best interest of the inexperienced Applicant. The board must decide with the assistance of its own staff.

In addition, the board should also review and approve any impact the project will have on the not-for-profit's capacity to continue existing programs. Specifically, does staff have the time and resources to carry out the responsibilities this project will impose on the organization? Are the financial and organizational controls in place to manage existing programs as well as any additional burdens the project will create? The board should approve an amended internal budget, recognizing the impact the project will have on the not-for-profit organization.

Objective: To prepare the preferred site's initial feasibility analysis that provides information sufficient to make a decision on the projects merits.

Task: Consultant/Partner and inexperienced Applicant jointly prepare a preliminary economic feasibility analysis detailing each element (Development Budget, Project Income, Operating Expenses, & Proforma) and, if the inexperienced Applicant is a not-for-profit, its effect on the organization's mission and other programs.

Milestone(s): If the inexperienced Applicant is a not-for-profit, a report to not-for-profit's board of directors that explains the initial selection of potential sites, the process used to identify them, the process used to narrow the search to the most promising, and a detailed review of the Preliminary Economic Feasibility Analysis. The inexperienced Applicant's staff should present the document to the board. The board of directors should decide, based upon the report, to move the project forward or to seek other alternatives.

If the inexperienced Applicant is a for-profit organization, a summary report prepared by the Consultant/Partner that explains the initial selection of potential sites, the process used to identify them, the process used to narrow the search to the most promising, and detailed review of the Preliminary Economic Feasibility Analysis. Based on the summary of the sites analyzed, the inexperienced Applicant should make a decision to move the project forward through selection of a site or to seek other site alternatives.

4. Site Control

Upon notice to proceed from the inexperienced Applicant, the next step is to gain control of the site. The property must be under the inexperienced Applicant's control to pursue any further preliminary design or due diligence reviews. There are various ways to gain control: the most common is an option to purchase. Negotiations to establish site control must be contingent on obtaining any required permits, resolving any access and environmental issues, and securing adequate permanent financing.

Objective: To gain site control with all necessary contingencies at the least cost to the inexperienced Applicant.

Task: Consultant/Partner and inexperienced Applicant jointly conduct all negotiations with property owner in consultation with the inexperienced Applicant's attorney.

Milestone(s): A site control document (option) approved by the inexperienced Applicant's attorneys and, if the inexperienced Applicant is a not-for-profit, the not-for-profit's board of directors.

5. Development Team Selection & Feasibility Studies

The creation of the development team and the commissioning of necessary predevelopment studies move the project forward. The development team includes an architect and engineer (design development and environmental review), attorney(s) for real estate closing and tax compliance issues, general contractor, property manager, and physical needs assessor (rehabilitation). Once the team is assembled, the following studies should be commissioned: market study, title search, property survey, environmental reports, soil borings (new construction), physical needs assessment (rehabilitation), and conceptual architectural plans.

Objective: To select a qualified cohesive development team and the commissioning of all necessary predevelopment studies.

Task: Consultant/Partner prepares scope of services for each required development team member and assists the inexperienced Applicant in selecting the most experienced and best qualified to further the interests of the project.

Milestone(s): An objective matrix of those prospective team members interviewed indicating a preferred candidate for each required specialty. If the inexperienced Applicant is a not-for-profit, the staff of the not-for-profit should present the document to the board. The board of directors must approve the selections.

6. Financing Identification and Application

With the development team in place and predevelopment studies completed, the project budgets become more refined and accurate. The architect prepares preliminary plans with the added knowledge gained from the survey, environmental, and engineer's reports. Budgets are adjusted to take into account the work from the development team. The Consultant/Partner's knowledge and expertise is brought to bear in selecting the most appropriate financing and the preparation of any required funding applications.

Objective: To apply to all funding sources that best fit the financial viability of the project with the most recent and accurate information possible.

Task: Consultant/Partner and inexperienced Applicant jointly select the financial resources most suitable to the viability of the project and prepare all necessary financial applications.

Milestone(s): A report that lists possible funding sources with a description of each program's requirements, advantages, disadvantages, and application timetables. The report will also detail the reasons for selecting the one(s) chosen and state progress on completing the application(s).

7. Final Design & Underwriting

Should the application(s) prove to be successful, construction plans and specifications need to be completed and all conditions placed by the funders need be completed prior to loan closing.

Objective: To obtain a completed set of construction plans and specifications and resolve all issues and conditions prior to loan closing.

Task: Consultant/Partner and inexperienced Applicant jointly monitor the progress of the architect and resolve any final design changes. The Consultant/Partner and inexperienced Applicant will jointly resolve any outstanding issues imposed by the funders prior to loan closing.

Milestone(s): Completed set of construction plans and specifications, signed architect and contractor agreements, and list of required outstanding underwriting closing documents with assigned responsibilities and timetables for completion.

8. Financing Closing

With all of the issues and conditions eliminated, a loan closing is held and all legal documents executed. It is imperative that the Consultant/Partner, the inexperienced Applicant, and the inexperienced Applicant's attorney conduct a training session prior to loan closing and review the meaning of the loan closing documents. This process can be challenging with the inexperienced Applicant's attorney, funders, Consultant/Partner, and the inexperienced Applicant intensely focused on this critical legal step. The site is purchased, and money becomes available to pay for predevelopment costs, some developer's fees, and to begin construction of the project.

Objective: To transfer the site's ownership to the inexperienced Applicant and receive the funds necessary to begin the project's construction/rehab.

Task: Consultant/Partner and inexperienced Applicant jointly coordinate the loan closing activities closely with the funder's underwriters and attorneys and with the inexperienced Applicant's attorney.

Milestone(s): Ownership of the site, all financial loans and commitments signed, and "notice to proceed" with construction from the ownership entity to the contractor.

9. Construction

The architect's contract (standard AIA contract) should contain construction management provisions to monitor and certify that the general contractor is building the project as

designed. However, inevitable construction related problems that arise, change orders, and normal progress payments require management by the inexperienced Applicant.

Objective: To see that the project is completed within budget and on-time, free and clear of any mechanics liens.

Task: Consultant/Partner and inexperienced Applicant jointly monitor contractor progress and payments to warrant that the project is within budget and on-time.

Milestone(s): A completed project, with all buildings having received a certificate of occupancy or substantial completion, within budget and on time per the budget and timetable in the contractor agreement.

10. Lease-Up

Prior to granting of a certificate of occupancy to the project, all the management, financial/accounting, reporting, and income verification procedures need to be in place and staff trained in performing those procedures. The marketing plan, advertising, and intake of potential tenants should be implemented.

Objective: To attain full lease-up of the project when placed in service in the allotted time with all the procedures for financial and site operations in place.

Task: Consultant/Partner creates an operations guide and financial/accounting structure consistent with the funder's program requirements. The Consultant/Partner should thoroughly reviewed the operations guide and financial/accounting structure with the inexperienced Applicant.

Milestone(s): Operations guide covering day-to-day management of the project, financial/accounting processes, income verification procedures, and any other reporting requirements imposed by the funders. The inexperienced Applicant should also sign an affidavit that the operations guide was prepared, reviewed, and understood.

	Site Identification	Site Evaluation	Economic Feasibility Analysis	Site Control	Team & Studies
Objective	Familiarize various ways to identify possible development opportune-ivies.	Systemically review pos-sible sites and focus in on one	Prepare initial feasibility analysis	Gain site control	Selection of a qualified development team & commissioning predevel-opment studies
Tasks	Contact and discuss with Realtors, bankers, local officials possible devel-opment sites.	Evaluate development op-tions based on Inexperienced Applicants/funder's criteria	Preparation of necessary financial plan for the project and it's effect on the Inexperienced Applicant	Negotiate site control with owner and coordinate w/ Inexperienced Applicant's attorney	Preparation & negotiation of development team and predevelopment studies
Milestone(s)	Report that lists possible development sites.	Matrix of site criteria that identifies the preferred site	Preliminary Feasibility Analysis report to the Board of Directors	Site control option	Process used to identify best qualified team and study consultants
Timetable for Completion					
Work Product	Contact List Methodology Used * Windshield * Personal Contacts * Financial Institutions * Realtors * Other Site Development List	List of factors and values used to identify site. * Environmental * Infrastructure * Character neighborhood * Community needs * Price	Preliminary Feasibility * Development Budget * Project Income * Operating Expenses * Proforma cash flow for project * Minutes of Not-for-profit Board Meeting where presented	Site control option Board Minutes	Criteria used to identify team members & consul-tants. Team contracts Consultant contracts

	Financing/ Applications	Final Design/ Underwriting	Closing	Construction	Lease-Up
Objective	Successful applications to best fit funding sources	Completion of plans and resolution of all pre-closing issues	Loan closing and owner-ship of project	Complete construction of project on time & within budget-free and clear of any liens	Full lease up
Tasks	Selection of funders and preparation of applica-tions.	Monitor completion of final designs and studies including funders pre-conditions	Coordination w/Inexperienced & Applicant's & funder's attorney, must have training session to review all closing documents.	Administer contractors progress payments	Creation of operations & financial guide consistent w/funders
Milestone(s)	Report of all possible funding sources and applications	Complete set of plans w/ construction specs	Loan Closing	Conversion of construction to permanent financing	Operations guide & financial management guide
Timetable for Completion					
Work Product	Report of funding sources * Advantages of each * Disadvantages of each Completed Applications	Set of plans Completion of predevelop-ment studies	Signed closing agreements * Site, loans, partnership * Construction	Progress payments Review of any mechanics liens Certificate of occupancy	Operations guide & financial management guide
Total Cost					

	Site Identification	Site Evaluation	Economic Feasibility Analysis	Site Control	Team & Studies
Objective	Familiarize various ways to identify possible development opportune-ivies.	Systemically review pos-sible sites and focus in on one	Prepare initial feasibility analysis	Gain site control	Selection of a qualified development team & commissioning predevel-opment studies
Tasks	Contact and discuss with Realtors, bankers, local officials possible devel-opment sites.	Evaluate development op-tions based on Inexperienced Applicants/funder's criteria	Preparation of necessary financial plan for the project and it's effect on the Inexperienced Applicant	Negotiate site control with owner and coordinate w/ Inexperienced Applicant's attorney	Preparation & negotiation of development team and predevelopment studies
Milestone(s)	Report that lists possible development sites.	Matrix of site criteria that identifies the preferred site	Preliminary Feasibility Analysis report to the Board of Directors	Site control option	Process used to identify best qualified team and study consultants
Timetable for Completion					
Work Product	Contact List Methodology Used * Windshield * Personal Contacts * Financial Institutions * Realtors * Other Site Development List	List of factors and values used to identify site. * Environmental * Infrastructure * Character neighborhood * Community needs * Price	Preliminary Feasibility * Development Budget * Project Income * Operating Expenses * Proforma cash flow for project * Minutes of Not-for-profit Board Meeting where presented	Site control option Board Minutes	Criteria used to identify team members & consul-tants. Team contracts Consultant contracts

	Financing/ Applications	Final Design/ Underwriting	Closing	Construction	Lease-Up
Objective	Successful applications to best fit funding sources	Completion of plans and resolution of all pre-closing issues	Loan closing and owner-ship of project	Complete construction of project on time & within budget-free and clear of any liens	Full lease up
Tasks	Selection of funders and preparation of applica-tions.	Monitor completion of final designs and studies including funders pre-conditions	Coordination w/Inexperienced & Applicant's & funder's attorney, must have training session to review all closing documents.	Administer contractors progress payments	Creation of operations & financial guide consistent w/funders
Milestone(s)	Report of all possible funding sources and applications	Complete set of plans w/ construction specs	Loan Closing	Conversion of construction to permanent financing	Operations guide & financial management guide
Timetable for Completion					
Work Product	Report of funding sources * Advantages of each * Disadvantages of each Completed Applications	Set of plans Completion of predevelop-ment studies	Signed closing agreements * Site, loans, partnership * Construction	Progress payments Review of any mechanics liens Certificate of occupancy	Operations guide & financial management guide
Total Cost					

N. SERVICES MANUAL

This Manual contains the following:

- **Required Format for the Memorandum of Understanding for Special Needs Services**
- **Certification Forms for Services (Family, Elderly and Housing for Older Persons)**

Introduction:

The Georgia Department of Community Affairs ("DCA") is responsible for allocating resources toward the development of affordable rental housing, including special needs housing, family housing, elderly housing and housing for older persons. In order to qualify for special needs housing points, the Application must contain an executed Memorandum of Understanding ("MOU") between the Applicant/Property Owner and the Support Service Provider to provide the services at the proposed development. The MOU must follow the required format for the Memorandum of Understanding for Special Needs Services. Detailed instructions, where needed, are in *Italics* in the body of the required format. All supporting documentation must be included at the end of the Memorandum of Understanding as attachments. A services certification form for special needs housing is not required.

In order to qualify for family housing, elderly housing and housing for older persons points, detailed letters of intent from experienced service providers for each basic and, if applicable, optional service proposed must be included in the Application. These letters must contain: 1) a comprehensive description of the service to be provided; 2) an explanation of how said service is to be managed, including frequency (which must be at least monthly); 3) a commitment to providing the service for a term of no less than six (6) months; and (4) a detailed budget. In addition, the appropriate basic and optional services certification form for family housing, elderly housing and housing for older persons must be completed and included with the letter of intent. A MOU for family housing, elderly housing and housing for older persons is not required.

CERTIFICATION FORM N-1
Tenancy Characteristics
Family Basic and Optional Services

Property Name: _____

Location: _____

Basic Services: Must include two (2) on-going services designed for the physical or social needs of the tenant population.

1. Service: _____
2. Service: _____

Optional Services: One (1) point each, for a maximum of three (3) points:

1. _____
2. _____
3. _____

Signature and Certification:

I hereby certify to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that each of the attached letters of intent for basic and optional services provided pursuant to the 2005 Qualified Allocation Plan (QAP) promulgated by DCA are from experienced service providers and include the following:

_____ A statement that the services will be provided at least weekly.

_____ A statement that the services will be provided for a period of at least six (6) months and specifies the term over which the service will be provided.

_____ A comprehensive description of the service to be provided.

_____ An explanation of how said service will be managed.

_____ A commitment letter signed by the service provider.

I also certify that the statements contained in this certification are a true, correct and accurate description of the proposed development's services. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Signed: _____ Date: _____
Applicant's Signature

REQUIRED FORMAT FORM N-2
Memorandum of Understanding
for Special Needs Services

Section 1
Parties

This Memorandum of Understanding sets forth the respective plans and agreements regarding the provision of supportive services for Special Needs Housing between _____ (the Property Owner) and _____ (the Support Service Provider) for the project to be known as _____.

Section 2
Statement and Purpose/Recitals

WHEREAS, Special Needs Households are defined by the Georgia Department of Community Affairs ("DCA") in the 2005 Qualified Allocation Plan ("QAP") as Homeless, Elderly, Older Persons, persons with disabilities (mental, developmental), abused persons and their children, persons with alcohol or other drug addictions and persons living with HIV/AIDS.; and

WHEREAS, DCA desires to expand the number of safe, decent, and affordable supportive housing units made available to those with Special Needs by directing preference to projects funded under the QAP that sponsor supportive special needs housing and desires to accomplish this task by fostering cooperation between the Support Service Provider and Property Owners; and

WHEREAS, the Property Owner is a (group/individual) whose mission it to _____; and

WHEREAS, the Support Service Provider is a (group/individual) whose mission is to _____; and

WHEREAS, the Property Owner and the Support Service Provider desire to create a binding relationship ("Partnership") through this Memorandum of Understanding to accomplish this objective, establish the responsibilities of each entity within the Partnership, and establish the terms and conditions under which the Partnership will operate if said project is awarded tax credits and/or HOME funds during the 2005 competitive round.

NOW, THEREFORE, in consideration of the above shared interests, the Property Owner and Support Service Provider agree as follows:

Section 3
Services

Services Provided: The following supportive services appropriate for special needs populations will be provided:

(A description and detailed discussion of each supportive service, including the rationale as to why the service is appropriate for the target population, must be included in the Memorandum of Understanding. Supportive services include, but are not limited to the following: Alcohol and Drug, Case Management, Child Care, Education and Instructional, Employment, Home and Health Related, HIV/AIDS, Housing, Information and Referral, Legal, Life Skills, Mental Health and Counseling, Outreach and Transportation.)

Responsibilities: The Property Owner is responsible for _____. The Support Service Provider is responsible for _____.

(A detailed discussion of the responsibilities of the parties should be discussed, for example, for Service Providers, employ service staff, provide appropriate services, etc.; for Property Owners, fund services, coordinate services with service providers, etc.)

Location: All services are to take place at locations appropriate to facilitate the successful execution of those services. Supportive services will be provided at: _____.

(*Location details must include the name, address and contact person of the location provider, along with the frequency of use by the Service Provider*)

Frequency: All supportive services must be provided at least monthly and be performed for a term of no less than 6 months. *This statement must be included in the Memorandum of Understanding.*

Section 4
Capacity/Experience

The Property Owner and the Support Service Provider acknowledge and agree that the Support Service Provider is capable of providing the services (*the Support Service Provider must provide evidence of its technical expertise and experience as it relates to the services to be provided. Documentation of the service provider's capacity must be attached to the Memorandum of Understanding*).

Section 5
Budgeting

A detailed annual budget for services, including a projection for expenditures for all line items (*including, but not limited to location, wages, supplies, etc.*) during the period of services, includes: _____ (*Budget documentation must be attached to the Memorandum of Understanding*).

Section 6
Contacts

All communications required or permitted under this Memorandum of Understanding shall be in writing and addressed to the parties set forth in this section. Communications shall be deemed to have been given and received when delivered by the party or by courier service. The following addresses shall be used:

Property Owner:
Name:
Address:
Phone/Fax/Email:
Attention:

Support Service Provider:
Name:
Address:
Phone/Fax/Email:
Attention:

Section 7
Termination

This Partnership is for a term of not less than one year and cannot be terminated within said year. After one year, the Partnership may terminate at the mutual agreement of both parties.

Section 8
Signatures

The parties agree that this Partnership is mutually beneficial and agree to be bound by the specific terms specified herein. This Memorandum of Understanding is agreed upon on this date between:

Property Owner: By: _____

Title: _____

Date: _____

Support Service Provider: By: _____

Title: _____

Date: _____

CERTIFICATION FORM N3
Tenancy Characteristics
Elderly Basic and Optional Services

Property Name: _____

Location: _____

Basic Services: Must include one (1) activity in at least two (2) of the following categories: recreation/social, transportation, health/wellness, education, counseling and security.

1. Category: _____ Service: _____
2. Category: _____ Service: _____

Optional Services: Including optional amenities (See Certification Form D-5), a maximum of 14 points:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

Signature and Certification:

I hereby certify to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that each of the attached letters of intent for basic and optional services provided pursuant to the 2005 Qualified Allocation Plan (QAP) promulgated by DCA are from experienced service providers and include the following:

_____ A statement that the services will be provided at least weekly.

_____ A statement that the services will be provided for a period of at least six (6) months and specifies the term over which the service will be provided.

_____ A comprehensive description of the service to be provided.

_____ An explanation of how said service will be managed.

_____ A commitment letter signed by the service provider.

I also certify that the statements contained in this certification are a true, correct and accurate description of the proposed development's services. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Signed: _____ Date: _____
Applicant's Signature

CERTIFICATION FORM N4
Tenancy Characteristics
Housing For Older Persons Basic and Optional Services

Property Name: _____

Location: _____

Basic Services: Must include four (4) activities and/or services designed to meet the physical or social needs of tenants aged 55 or older in three (3) of the following categories: recreation/social, transportation, health/wellness, education, counseling and security.

1. Category: _____ Service: _____
2. Category: _____ Service: _____
3. Category: _____ Service: _____
4. Category: _____ Service: _____

Optional Services: Including optional amenities (See Certification Form D-6), a maximum of 14 points:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

Signature and Certification:

I hereby certify to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that each of the attached letters of intent for basic and optional services provided pursuant to the 2005 Qualified Allocation Plan (QAP) promulgated by DCA are from experienced service providers and include the following:

_____ A statement that the services will be provided at least weekly.

_____ A statement that the services will be provided for a period of at least six (6) months and specifies the term over which the service will be provided.

_____ A comprehensive description of the service to be provided.

_____ An explanation of how said service will be managed.

_____ A commitment letter signed by the service provider.

I also certify that the statements contained in this certification are a true, correct and accurate description of the proposed development's services. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Signed: _____ Date: _____
Applicant's Signature

CERTIFICATION FORM N-1
Tenancy Characteristics
Family Basic and Optional Services

Property Name: _____

Location: _____

Basic Services: Must include two (2) on-going services designed for the physical or social needs of the tenant population.

1. Service: _____
2. Service: _____

Optional Services: One (1) point each, for a maximum of three (3) points:

1. _____
2. _____
3. _____

Signature and Certification:

I hereby certify to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that each of the attached letters of intent for basic and optional services provided pursuant to the 2005 Qualified Allocation Plan (QAP) promulgated by DCA are from experienced service providers and include the following:

_____ A statement that the services will be provided at least weekly.

_____ A statement that the services will be provided for a period of at least six (6) months and specifies the term over which the service will be provided.

_____ A comprehensive description of the service to be provided.

_____ An explanation of how said service will be managed.

_____ A commitment letter signed by the service provider.

I also certify that the statements contained in this certification are a true, correct and accurate description of the proposed development's services. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Signed: _____ Date: _____
Applicant's Signature

REQUIRED FORMAT FORM N-2
Memorandum of Understanding
for Special Needs Services

Section 1
Parties

This Memorandum of Understanding sets forth the respective plans and agreements regarding the provision of supportive services for Special Needs Housing between _____ (the Property Owner) and _____ (the Support Service Provider) for the project to be known as _____.

Section 2
Statement and Purpose/Recitals

WHEREAS, Special Needs Households are defined by the Georgia Department of Community Affairs ("DCA") in the 2005 Qualified Allocation Plan ("QAP") as Homeless, Elderly, Older Persons, persons with disabilities (mental, developmental), abused persons and their children, persons with alcohol or other drug addictions and persons living with HIV/AIDS.; and

WHEREAS, DCA desires to expand the number of safe, decent, and affordable supportive housing units made available to those with Special Needs by directing preference to projects funded under the QAP that sponsor supportive special needs housing and desires to accomplish this task by fostering cooperation between the Support Service Provider and Property Owners; and

WHEREAS, the Property Owner is a (group/individual) whose mission it to _____; and

WHEREAS, the Support Service Provider is a (group/individual) whose mission is to _____; and

WHEREAS, the Property Owner and the Support Service Provider desire to create a binding relationship ("Partnership") through this Memorandum of Understanding to accomplish this objective, establish the responsibilities of each entity within the Partnership, and establish the terms and conditions under which the Partnership will operate if said project is awarded tax credits and/or HOME funds during the 2005 competitive round.

NOW, THEREFORE, in consideration of the above shared interests, the Property Owner and Support Service Provider agree as follows:

Section 3
Services

Services Provided: The following supportive services appropriate for special needs populations will be provided:

(A description and detailed discussion of each supportive service, including the rationale as to why the service is appropriate for the target population, must be included in the Memorandum of Understanding. Supportive services include, but are not limited to the following: Alcohol and Drug, Case Management, Child Care, Education and Instructional, Employment, Home and Health Related, HIV/AIDS, Housing, Information and Referral, Legal, Life Skills, Mental Health and Counseling, Outreach and Transportation.)

Responsibilities: The Property Owner is responsible for _____. The Support Service Provider is responsible for _____.

(A detailed discussion of the responsibilities of the parties should be discussed, for example, for Service Providers, employ service staff, provide appropriate services, etc.; for Property Owners, fund services, coordinate services with service providers, etc.)

Location: All services are to take place at locations appropriate to facilitate the successful execution of those services. Supportive services will be provided at: _____.

(*Location details must include the name, address and contact person of the location provider, along with the frequency of use by the Service Provider*)

Frequency: All supportive services must be provided at least monthly and be performed for a term of no less than 6 months. *This statement must be included in the Memorandum of Understanding.*

Section 4
Capacity/Experience

The Property Owner and the Support Service Provider acknowledge and agree that the Support Service Provider is capable of providing the services (*the Support Service Provider must provide evidence of its technical expertise and experience as it relates to the services to be provided. Documentation of the service provider's capacity must be attached to the Memorandum of Understanding*).

Section 5
Budgeting

A detailed annual budget for services, including a projection for expenditures for all line items (*including, but not limited to location, wages, supplies, etc.*) during the period of services, includes: _____ (*Budget documentation must be attached to the Memorandum of Understanding*).

Section 6
Contacts

All communications required or permitted under this Memorandum of Understanding shall be in writing and addressed to the parties set forth in this section. Communications shall be deemed to have been given and received when delivered by the party or by courier service. The following addresses shall be used:

Property Owner:
Name:
Address:
Phone/Fax/Email:
Attention:

Support Service Provider:
Name:
Address:
Phone/Fax/Email:
Attention:

Section 7
Termination

This Partnership is for a term of not less than one year and cannot be terminated within said year. After one year, the Partnership may terminate at the mutual agreement of both parties.

Section 8
Signatures

The parties agree that this Partnership is mutually beneficial and agree to be bound by the specific terms specified herein. This Memorandum of Understanding is agreed upon on this date between:

Property Owner: By: _____

Title: _____

Date: _____

Support Service Provider: By: _____

Title: _____

Date: _____

CERTIFICATION FORM N-3
Tenancy Characteristics
Elderly Basic and Optional Services

Property Name: _____

Location: _____

Basic Services: Must include one (1) activity in at least two (2) of the following categories: recreation/social, transportation, health/wellness, education, counseling and security.

1. Category: _____ Service: _____
2. Category: _____ Service: _____

Optional Services: Including optional amenities (See Certification Form D-5), a maximum of 14 points:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

Signature and Certification:

I hereby certify to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that each of the attached letters of intent for basic and optional services provided pursuant to the 2005 Qualified Allocation Plan (QAP) promulgated by DCA are from experienced service providers and include the following:

_____ A statement that the services will be provided at least weekly.

_____ A statement that the services will be provided for a period of at least six (6) months and specifies the term over which the service will be provided.

_____ A comprehensive description of the service to be provided.

_____ An explanation of how said service will be managed.

_____ A commitment letter signed by the service provider.

I also certify that the statements contained in this certification are a true, correct and accurate description of the proposed development's services. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Signed: _____ Date: _____
Applicant's Signature

CERTIFICATION FORM N-4
Tenancy Characteristics
Housing For Older Persons Basic and Optional Services

Property Name: _____

Location: _____

Basic Services: Must include four (4) activities and/or services designed to meet the physical or social needs of tenants aged 55 or older in three (3) of the following categories: recreation/social, transportation, health/wellness, education, counseling and security.

1. Category: _____ Service: _____
2. Category: _____ Service: _____
3. Category: _____ Service: _____
4. Category: _____ Service: _____

Optional Services: Including optional amenities (See Certification Form D-6), a maximum of 14 points:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

Signature and Certification:

I hereby certify to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that each of the attached letters of intent for basic and optional services provided pursuant to the 2005 Qualified Allocation Plan (QAP) promulgated by DCA are from experienced service providers and include the following:

_____ A statement that the services will be provided at least weekly.

_____ A statement that the services will be provided for a period of at least six (6) months and specifies the term over which the service will be provided.

_____ A comprehensive description of the service to be provided.

_____ An explanation of how said service will be managed.

_____ A commitment letter signed by the service provider.

I also certify that the statements contained in this certification are a true, correct and accurate description of the proposed development's services. The undersigned acknowledges that this certification will be relied upon by DCA/GFHA and that any misrepresentation of information or failure to comply with any conditions proposed in this certification could result in penalties, including the disbarment of Applicant for a period of time from participation in other DCA/GHFA administered programs.

Signed: _____ Date: _____
Applicant's Signature

O. WAIVERS

DCA accepts waivers for certain activities as is prescribed in the 2004 Qualified Allocation Plan. Applicants should review the applicable section of the QAP prior to submitting a waiver form. All requests for waivers must include the appropriate waiver fee. The followings waiver forms are included in this section:

1. Waiver form for Unit Cost Limitations
2. Waiver Form for Architectural Standards
3. Waiver form for Payment and Performance Bonds
4. Waiver form for Operating Expenses
5. Request for Owner Experience Waiver (Utilize Form P- 1)
6. Request for Developer Experience Waiver (Utilize Form P- 2)
7. Request for Manager Experience Waiver (Utilize Form P- 3)

2005 MAXIMUM PER UNIT COST LIMITATION WAIVER FORM O-1

PLEASE NOTE THE FOLLOWING:

- A per unit cost limitation waiver is only required where the total development costs exceed the published DCA per unit cost limitations in the 2005 Qualified Allocation Plan (QAP) AND the applicant/owner is requesting funding from DCA resources that would exceed the DCA funding allowable under the DCA per unit cost limitations.
- If a cost limitation waiver is required, in no cases may the total developer fee exceed the calculation based on the published DCA per unit cost limitations in the 2005 QAP.

Instructions:

1. Specify the DCA Funding Source:_____
2. Attach the Waiver fee made payable to the Georgia Department of Community Affairs
3. Submit form, support documents and waiver fee before or no later than the date published in the Qualified Allocation Plan, or no later than 30 days prior to the submittal of the 4% application to Georgia Department of Community Affairs, Attention: Joy Fitzgerald, 60 Executive Park South, N.E. Atlanta, Georgia 30329

APPLICANT/OWNER INFORMATION:

Entity Name: _____

Address: _____

City: _____ State: _____Zip Code: _____

Contact Person: _____ Phone: _____

Fax: _____ Email: _____

PROJECT INFORMATION:

Project Name: _____

Street Address: _____

City: _____, County_____

Rehab _____ New_____No. of Buildings: _____No of Units: _____

Total Units per Type: Eff:___ 1BR: ___ 2BR: ___ 3BR:___ 4BR+: _____

Tenancy Type: Family:_____ Elderly:_____ Special Needs:_____ HOP:_____

Total Square Footage Residential Uses: _____

Total Square Footage - Support/Community Uses: _____

Proposed Total Development Budget: _____

Proposed Developer Fee (subject to the limitation above): _____

Proposed Construction Hard Costs: _____

(Identify Contractor Overhead, Contractor Profit, and General Conditions on a separate sheet.)

PROPOSED PER UNIT COST:

Unit Type: Eff: _____ 1BR: _____

2BR: _____ 3BR: _____ 4BR+: _____

2005 DCA PER UNIT COST LIMITATION:

Unit Type: Eff: $71,000 1BR: $82,000

2BR: $95,000 3BR: $98,000 4BR+: $103,000

2005 MAXIMUM PER UNIT COST LIMITATION WAIVER FORM O-1

ELIGIBILITY FOR THE WAIVER REQUEST:
Check the appropriate box and include the documentation as required to illustrate each factor or condition. Ensure sufficient information is included for review.

☐ **Upgraded amenities for marketability in projects w/ at least 25% market rate units:**
Include the Amenities Certification Form and appropriate support documentation.

☐ **High land costs:**
Include a copy of the site control documents including the site diagram and purchase price and other appropriate documentation to justify the site selection.

☐ **Projects claiming points for EPA Energy Star construction certification:**
Must be certified on the Energy Certification Form and include all appropriate information to document cost increase request.

☐ **Projects designated as Historic or building in/near an Historic district:**
Support documentation must come from the governing authorities such as Park Service, SHPO etc. and include the work scope and costs certified by the architect of record to justify the cost increase request.

☐ **Costs due to unsuitable subsoil conditions:**
Include a copy of the soils report, the site preparation work scope and structural designs necessary because of the soil conditions as certified by the engineer of record, to justify the cost increases request.

☐ **Costs due to environmental remediation:**
Include a copy of the Phase I (& Phase II as applicable) Environmental Report and the remediation work scope with associated construction hard costs, to be certified by the environmental design professional and architect of record.

☐ **Costs due to construction of more than 3 stories:**
Include conceptual design documents, building code requirements etc. and certified by the architect of record, to justify the cost increase request.

☐ **Costs due to the construction of parking decks:**
Include the conceptual site plan, and the site limitations to indicate that deck parking is necessary. All documentation must be certified by the architect of record to justify the cost increase request.

☐ **Costs where the total climate controlled common space exceeds 10% of the total climate controlled square footage, for projects with only one and two bedroom units**
Include the conceptual building plans, and other appropriate documentation which must be certified by the architect of record, to justify the cost increase request.

☐ **Costs due to the construction of "extra" amenities, provided no DCA funds are required to fund these amenities:**
Include appropriate documentation certified by the applicant and architect of record to justify the request.

2005 MAXIMUM PER UNIT COST LIMITATION WAIVER FORM O-1

JUSTIFICATION FOR THE WAIVER REQUEST:
It is necessary to provide sufficient information to clearly document and justify the reasons for this request. Please ensure all pertinent statements and certifications from qualified professionals are included with this request. Please do not limit the documentation to the minimum recommendations on the previous page, this is not an all inclusive list and is for guidance only.

Requests for additional information will delay the consideration of your waiver request. Any requests for maximum per unit cost limitation waivers that are insufficiently documented may be declined at DCA's sole and absolute discretion.

SIGNATURE:
By signing this form, I certify that I understand all of the statements on this form, and that all of my answers represent a truthful and informed statement of conditions and costs.

Signed: _____ Date:_____

Applicant/Owner

2005 ARCHITECTURAL STANDARDS WAIVER FORM O-2

Instructions:

1. SPECIFY DCA FUNDING SOURCE: _____
2. Please complete the Architectural Standards Waiver form in its entirety.
3. Attach the Waiver fee made payable to the Georgia Department of Community Affairs
4. Submit form, support documents and waiver fee on or before the date published in the Qualified Allocation Plan, or no later than 30 days prior to the submittal of the 4% application to Georgia Department of Community Affairs, Attention: Joy Fitzgerald, 60 Executive Park South, N.E. Atlanta, Georgia 30329

APPLICANT/OWNER INFORMATION:

Entity Name: _____
Address: _____
City: _____ State: _____ Zip Code: _____
Contact Person: _____
Phone: _____
Fax: _____
Email: _____

PROJECT INFORMATION:

Project Name: _____
Street Address: _____
City: _____, County_____ Zip Code: _____
Rehab_____ New_____No. of Buildings: _____ No of Units: _____

Total Square Footage:_____

BASIS FOR THE WAIVER REQUEST:

1) Identify each specific factor or condition that is the basis for this waiver. Please include reference to the Architectural Standards as contained in the Application Manual to indicate which requirement you are requesting a waiver for. Attach additional sheets as necessary.

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

2005 ARCHITECTURAL STANDARDS WAIVER FORM O-2

2) Please describe in detail why you need to request a waiver for each specific factor and each specific condition noted above. Attach additional sheets to further illustrate each factor or condition to ensure sufficient information is included. You may include cost information, manufacturers cut sheets and any other pertinent information.

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

SIGNATURE:

By signing this form, I certify that I understand all of the questions on this form, and that all of my answers represent a truthful and informed statement of conditions and costs.

Signed: _____ Date:_____
Applicant/Owner

2005 PAYMENT & PERFORMANCE BONDS WAIVER FORM

PROPOSED PROJECT INFORMATION:

Project Name: _____
Street Address: _____
City: _____ County: _____

Instructions:

1) Please complete the Payment & Performance Bonds Waiver form in its entirety and submit with the application.
2) Make an election below as to whether you will provide (a) a letter of credit in an amount of not less than 50% of the Contract Sum of the Construction Contract to secure guarantees of payment, performance and completion, or (b) a construction loan from private sources which will replace the GHFA HOME loan until full and final completion (with the exception that GHFA will disburse funds during the construction period in an amount not to exceed $2,500 per draw).

APPLICANT/OWNER INFORMATION:

Owner Name: _____
Address: _____
City: _____ State: Georgia Zip Code:_____
Contact Person: _____
Telephone: _____ Fax: _____ Email: _____
Contractor Name: _____

ELECTION OF CONSIDERATION IN LIEU OF BONDS:

1) Provide a Letter of Credit: _____

Proposed Contract Sum: $_____
Required Amount of Letter of Credit: $_____ (not less than 50% of the Contract Sum of the Construction Contract)

2) Provide Construction Financing: _____

REASON FOR REQUESTING WAIVER:
Please provide a narrative describing the reason such waiver is requested (attach additional sheets if necessary).

_____
_____
_____
_____
_____
_____
_____
_____
_____

SIGNATURE:

By signing this form, I certify that all of the representations made on this waiver form are truthful and informed statement of fact.

Signed: _____ Date: _____
Applicant/Owner

2005 OPERATING COST WAIVER FORM

For 9% Application Waiver due no later than March 1, 2004 or with the Application
For 4% Applications Waiver due 30 days prior to submittal of the Application

PROPOSED PROJECT INFORMATION:

Project Name: _____
Street Address: _____
City: _____ County: _____

Instructions:

1) Please complete the Operating Cost Waiver form in its entirety;
2) Attach any additional documentation that supports your waiver request in the form of 1) Audited Financial Statements for at least 3 consecutive years for a similar project (size, type, etc.), 2) contracts for service that disclose the cost of services that would substantially reduce the annual operating costs for the proposed project as of the time of the projected placed in service date, and 3) any other documentation that demonstrates the project's ability to operate at costs that are less than the operating cost minimums required in the 2004 Qualified Allocation Plan.
3) Attach $1,000 Waiver fee made payable to the Georgia Department of Community Affairs if waiver request is submitted prior to application. If the waiver is submitted with the application, please bring the check for payment at the time of application submission.
4) Submit form, additional documentation and waiver fee no later than (a) March 1, 2004 for 9% Tax Credit Applications, or (b) 30 days prior to the submittal of the 4% Tax Credit Application to Georgia Department of Community Affairs, Attention: Joy Fitzgerald, 60 Executive Park Drive South, N.E., Atlanta, Georgia 30329. Notwithstanding the above, Applicants may choose to submit this waiver along with the 9% Tax Credit Application.

APPLICANT/OWNER INFORMATION:

Entity Name: _____
Address: _____
City: _____ State: GA Zip Code: _____
Contact Person: _____
Telephone: _____ Fax: _____ Email: _____

PROPOSED ANNUAL OPERATING COST: $_____ per unit/per year

REASON FOR REQUESTING WAIVER:
Please provide a narrative describing the reason such waiver is requested (attach additional sheets if necessary).

_____
_____
_____
_____
_____
_____

Check all that apply:

Rural _____ USDA _____ Rural _____
Rehab _____ New _____

Total number of units: _____

Type: SRO: _____ Eff: ____ 1 BR: _____ 2 BR: _____ 3 BR: _____ 4 BR: _____

SIGNATURE:

By signing this form, I certify that I understand all of the questions on this form, and that all of my answers represent a truthful and informed statement of conditions and costs.

Signed: _____ Date: _____
Applicant/Owner

P. Other Forms

1. Request for Owner Experience Determination (Preapplication or Application Submission) or Experience Waiver

2. Request for Developer Experience Determination (Preapplication or Application Submission) or Experience Waiver

3. Request for Manager Experience Determination (Preapplication or Application Submission) or Experience Waiver

4. Neighborhood Redevelopment Certification Form

5. Local Governmental Support Certification Form

2005 Neighborhood Redevelopment Certification

For scattered site projects, any non contiguous site or multifamily project may be used to meet the criteria in any category in this section. In no case, may more than one site per category be used, nor can the maximum points per category be exceeded.

Project Name: _____

Project Location: _____**Site**_____

Date of Certification: _____

Directions: If the Applicant is seeking points under Sections 7. A (1), (2), or (3) of Neighborhood Redevelopment, Question 1 must be completed. Documentation supporting this portion of the Certification must be included in the appropriate Application Tab.

1. The proposed site is located in the following:
(Check each that applies)

_____Difficult to Develop Area

_____Qualified Census Tract (Tract Number_____)

_____Federal enterprise zone

_____State enterprise zone

_____Federal empowerment zone

_____Renewal community

_____Georgia Better Hometown

_____Georgia Mainstreet Community

Directions: If the Applicant is seeking points under Section 7. A (4) of Neighborhood Redevelopment, questions 2- 11 must be completed. A copy of the entire plan must be included in the Neighborhood Redevelopment Tab of the Application. (Note that municipal zoning, land use plans, Comprehensive plans filed with DCA and short term work plans do not qualify for points). The Applicant must identify the page of the Redevelopment plan which supports each statement on this Certification. Citing incorrect page numbers may result in organization or incomplete points being deducted from the Applicant's DCA score.

2. Name of submitted Redevelopment Plan_____

3. Name of Local Government or Non profit that adopted Plan

_____

4. Date Plan was adopted: _____
(Date of adoption must be at least six months prior to Application Submission)

5. Describe the area covered by plan (If site is located in an Urban area, the plan should be for the city or municipality in which the site is located. If the site is located in a rural area, the plan may be for an area as large as a county.)

_____

Page of Plan that references area covered: _____

6. Plan includes an assessment of existing physical structures and infrastructure of community

Page of Plan that includes assessment:
_____

7. Plan includes strategy to address the social service needs in the community. Please list the social service needs and the proposed strategy to address that need.

_____

_____

_____

Page(s) of Plan that address social service needs and strategy:_____

8. List potential funding sources for Plan: _____

_____

Page(s) of Plan that references above funding sources:_____

9. Plan clearly delineated target area that include the proposed project site

Page(s) of Plan that shows propose site in target area: _____

10. Plan Detailed policy goals (one of which must be housing);

Page(s) of Plan that reference policy goals including housing._____

_____

11. Describe implementation measures along with specific time frames for the achievement of such policies and housing activities in the plan:_____

_____

_____

_____

Page(s) of Plan that references implementation measures and time frames:_____

Directions: If the Applicant is seeking points under Section 7 A (5) of Neighborhood Redevelopment, Question Number 12 must be completed. Documentation supporting this portion of the Certification must be included in the Neighborhood Redevelopment Tab of the Application.

12. Describe off site improvements: _____

Is commitment for improvements which are adjacent to site?_____

Page that documents that improvements are adjacent:_____

Projected completion date for improvements_____

Describe what commitment will provide:_____

commitment amount:_____

Describe method for calculating amount of commitment for adjacent improvements:

_____

_____

_____

Name of Government entity that will provide off site improvements: _____

The undersigned certifies to the Georgia Department of Community Affairs (DCA)/Georgia Housing and Finance Authority (GHFA) that the statements contained in this certification are true and correct.

Applicant Signature: _____

SAMPLE LOCAL GOVERNMENTAL SUPPORT LETTER

[to be submitted on Local Government Body's Letterhead]

<<Date>>

Office of Affordable Housing
Georgia Department of Community Affairs
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2231

RE: **<<name of project>>**
<<address or lot number>>
<<city, state>>

Dear Sir or Madam:

<<name of developer>>, the developer of the referenced proposed development, has notified the **<<official name of local government body or chief elected official>>** of its intention to develop and to apply to the Georgia Department of Community Affairs (DCA) for Low Income Housing Tax Credit (Credit) and/or financing through the HOME Investment Partnerships Program (HOME) for the development of units affordable to low income residents.

The purpose of this letter is to convey our understanding of the details of the project, as stipulated in the State of Georgia's 2002 Qualified Allocation Plan. The details are as follows:

Project Name:
Project Address and/or Lot Number:
Owner/Developer Name:
Owner/Developer Address:
Total Number of Units:
Total Number of Units Set Aside for Low Income Residents:
Project Type (New Construction/Rehabilitation):
Tenancy (Family/Elderly/Special Needs):

I hereby certify that I am the chief elected official of this jurisdiction, or the person duly authorized to speak on behalf of the elected person or body constituting the government of this jurisdiction, as specified in the attached copy of the charter or bylaws of the governmental body. In this capacity, I hereby state that the **<<official name of local government body or chief elected official>>** ***(check one):***

___ Opposes the proposed development as presented.

___ Is unopposed to the proposed development as presented.

___ Supports the proposed development as presented, as evidenced by the attached **<<resolution of support>>** ***or*** **<<letter of support** ***[if local jurisdiction is governed by only one elected official]*****>>.**

Finally, I understand that I will also be notified by DCA when the Owner/Developer submits its application for Credit and/or HOME funding, and be given 30 days to provide additional comments on the application.

Sincerely,

<<name of chief elected official>>
<<title>>

Attachments: Copy of Local Charter or Bylaws Authorizing Signer
[Resolution of Support]
[Letter of Financial Assistance]

P. Other Forms

1. Request for Owner Experience Determination (Preapplication or Application Submission) or Experience Waiver

2. Request for Developer Experience Determination (Preapplication or Application Submission) or Experience Waiver

3. Request for Manager Experience Determination (Preapplication or Application Submission) or Experience Waiver

4. Neighborhood Redevelopment Certification Form

5. Local Governmental Support Certification Form

REQUEST FOR
DEVELOPER EXPERIENCE DETERMINATION
(PREAPPLICATION SUBMISSION OR APPLICATION SUBMISSION)
OR
EXPERIENCE WAIVER

(Check one)

___ **Request for Determination of Developer Experience by Pre-application Submission (Pre-application Submissions are due by February 2, 2005)**

___ **Request for Determination of Developer Experience by Application Submission**

___ **Request for Waiver of Developer experience requirements (Requests for Waivers must include a check in the amount of $1,000) Waivers are due on March 4, 2005.**

Entities or Principals that were determined to be an experienced Developer in 2003 and 2004 will be deemed experienced in 2005 and do not have to complete this form.

A Determination of Developer experience can be used by an applicant in one or more of the following ways:

- An individual who has been determined to be experienced in the developer category, can bring that experience to an developer entity structure as a principal
- An individual or entity that has been determined to be experienced in the developer category can contract with an entity that does not meet the developer experience requirements to provide consulting services
- An individual or entity that has been determined to be experienced in the developer category can partner with an entity that does not meet the developer experience requirements as set forth in the 2005 QAP.
- An developer structure that has been determined to be experienced in the developer category can be utilized for a 2005 application

Developer Experience Requirements under 2005 Qualified Allocation Plan

1. A proposed project Developer must demonstrate successful Developer experience as follows.

   - The proposed Developer must demonstrate successful development experience in at least two multifamily rental housing projects of similar size (number of dwelling units) to the proposed project.
   - Only Developer experience that occurred subsequent to January 1, 1995 will be considered under this criterion.
   - This Developer experience requirement may be met either through the experience of the proposed Developer entity or through the individual experience of one of the Developer's principals as set forth below.
   - In a non-profit corporation, the executive director's experience will be considered for the purpose of determining whether the Developer has met the Developer experience requirements

- A non-profit Developer may also meet the experience requirements through the experience of a sponsoring non-profit.

2. For purposes of determining experience, a principal shall be defined as an individual who has a direct or indirect minimum ownership interest in the Developer entity and who will materially participate in the development of the project through regular, continuous and substantial involvement.

3. In order for previous project experience to be considered, the principal must show a direct or indirect ownership interest in the Developer entity of the project and that that the principal materially participated in the development of the project from project inception through construction completion through regular, continuous and substantial involvement.

I. Directions

This form must be completed in order for DCA to determine whether an individual, entity or proposed develop entity structure for a 2005 project (collectively hereafter referred to as "Requestor") meets the threshold developer experience requirements of the 2005 Georgia Allocation Plan. Request for experience waivers must also complete this form prior to DCA's issuance of an experience waiver. If this Request is for an Developer Entity or structure, you must also **provide a detailed organizational chart of the entity or structure requesting the developer experience determination**. The organization chart should show each entity and individual that holds an interest in the Developer as well as their percentage of ownership. This form and the organization chart are the only documents required to demonstrate experience. **Do not send individual resumes, company brochures, or any other document unless requested by DCA staff.** Once the form is completed and signed, no further information should be required. However, DCA reserves the right to request additional information if it deems it necessary.

- The Requestor is only required to list projects sufficient to meet the DCA developer experience requirements.
- A determination that a Requestor is experienced in this category may have project size limitations.
- Principals experience should only be listed if the Principal materially participated in the developement and operation of the projects through regular, continuous and substantial involvement.
- A Request by an individual or entity that is submitting this form for purposes of determining whether it is experienced to act as a consultant to an developer entity is not required to submit proposed project information. However, if no specific project information is provided, the experience determination may contain limitations on the size of the project for which the Requestor is considered experienced.

Part I

1**. Please provide the Legal name, address, contact name, phone number and e mail address for the Individual, Principal or Entity that is requesting a determination of their developer experience:**

Name	
Mailing Address	
Contact Name	
Phone Number	
Email Address	

2. **If the Requesting Entity is experienced through the experience of one of its principal(s), executive directors or a non profit sponsor, please provide each name below. (An experience summary must be completed for each individual or entity named below.)**

1.	4.
2.	5.
3.	6.

3. **Please provide preliminary information on proposed 2005 projects. If you are submitting an application for more than one project, additional information can be provided on a separate sheet. ***

Proposed Development Name:

(if known) _____

Proposed Location: _____

Estimated # of Units _____

Proposed GP/Developer (if known)

***Entities or individuals completing this form for purposes of determining whether they can act as a developer consultant do not have to complete this section.**

Part II Previous Developer Experience Summary

.(Please provide the name of the Entity or Principal for which this summary was prepared. A separate summary should be prepared for each principal, executive director, sponsor or entity)

Name_____

1. Please indicate whether this summary is for an entity or principal that is a:

Non profit Entity	For profit Entity
Principal of Developer Entity	Sponsor of Non-Profit Developer Entity
Consultant to Developer Entity	Executive Director of a Non Profit

2. Summary sheets should be prepared as follows:

A. Non Profit Developer entity can satisfy experience by completing a summary sheet(s) for:
   1) a Non-Profit Developer Entity, or 2) a Non-Profit Sponsor, or
   3) a For Profit Partner, or 4) an Executive Director of the Non-Profit Developer Entity

B. For Profit Developer Entities can satisfy experience by completing a summary sheet(s) for:
   1) For-Profit Developer Entity, or 2) Each Principal of Developer Entity which has experience

C. An Entity or Individual that will serve as the Consultant to a Developer Entity **or** as the Principal for a yet to be established Developer Entity should also complete this summary form.:

Project Name (multifamily only)	**Location (City, State)**	**Name of Developer for Project**	**Role in Developer Entity***	**No. of Units**	**Period of Developer involvement Period Mm/y Thru mm/y**	**Date of Project inception**	**Project completion**

- Information provided should reflect the name of the individual or entity for which this form is being completed.

CERTIFICATION

The undersigned does hereby certify that I have read the foregoing Request for Experience Determination and/or Request for Waiver of Experience and do hereby certify that, to the best of my knowledge, all of the information set forth is correct, complete and accurate.

Signature: _____ Date: _____

REQUEST FOR
MANAGER EXPERIENCE DETERMINATION
(PREAPPLICATION SUBMISSION OR APPLICATION SUBMISSION)
OR
EXPERIENCE WAIVER

(Check one)

____Request for Determination of Manager Experience by Pre-application Submission (Pre-application Submissions are due by February 2, 2005)

____Request for Determination of Manager Experience by Application Submission

____Request for Waiver of Manager experience requirements (Requests for Waivers must include a check in the amount of $1,000). Waivers are due on March 4, 2005.

Entities or Principals that were determined to be an experienced Manager in 2003 or 2004 do not have to complete this form.

Manager Experience Requirements under 2005 Qualified Allocation Plan

A proposed project Manager can meet this Threshold criteria by demonstrating successful project Manager experience as follows.

- The proposed Management Entity must demonstrate prior experience in the management of at least two multifamily rental housing projects of similar size (number of dwelling units) to the proposed project.
- To be considered, the manager's experience with a project must extend for at least two years and include project lease up experience
- Only Management experience that occurred subsequent to January 1, 1995 will be considered under this criterion.
- This Management Experience requirement may be met through the experience of the Management Entity or through the experience of a principal**.**

I. Directions

This form must be completed in order for DCA to determine whether a proposed manager or management company meets the threshold manager experience requirements of the 2005 Georgia Allocation Plan. Once this form is completed and signed, no further information should be required. However, DCA reserves the right to request additional information if it deems it necessary.

- The proposed management company is only required to list projects sufficient to meet the DCA manager experience requirements.
- Principals' experience should only be listed if the Principal materially participated in the management of the projects through regular, continuous and substantial involvement.

Part I

1. **Please provide the Legal name, address, contact name, phone number and e mail address for the Individual, Principal or Entity that is requesting a determination of their manager experience:**

Name	
Mailing Address	
Contact Name	
Phone Number	
Email Address	

2. **If the Requesting Entity is experienced through the experience of one of its principal(s), please provide each name below. (An experience summary must be completed for each individual or entity named below.)**

1.	4.
2.	5.
3.	6.

3. **Please provide preliminary information on proposed 2005 projects. If you are planning on providing management services to more than one project, additional information can be provided on a separate sheet. ***

Proposed Development Name:

(if known) _____

Proposed Location: _____

Estimated # of Units _____

Proposed GP/Manager (if known)

Part II Previous Manager Experience Summary

.(Please provide the name of the Entity or Principal for which this summary was prepared. A separate summary should be prepared for each principal or entity)

Name of Management Company or Principal_____

Project Name **(multifamily only)**	**Location (City, State)**	**Name of Manager for Project**	**Role in Manager Entity***	**No. of Units**	**Period of Manager involvement Period Mm/y Thru mm/y**		

*Information provided should reflect the name of the individual or entity for which this form is being completed.

CERTIFICATION

The undersigned does hereby certify that I have read the foregoing Request for Experience Determination and/or Request for Waiver of Experience and do hereby certify that, to the best of my knowledge, all of the information set forth is correct, complete and accurate.

Signature: _____ Date: _____

PART III

TABLES

DCA UTILITY ALLOWANCES

Section 8 Utility Allowances must be used in calculating the maximum allowable tenant-paid rent in HOME, Housing Trust Fund-assisted projects, and in most cases Low-Income Housing Tax Credit-assisted projects. The utility allowances for those utilities that the tenant is responsible to pay must be subtracted from the maximum gross rent to determine the maximum allowable tenant-paid rent.

For projects assisted with HOME, Housing Trust Fund, and Tax Credits, **applicants must use the Utility Allowances of the local housing authority** which administers the Section 8 program in the jurisdiction in which the project is located. Those projects also receiving assistance from the U.S. Department of Agriculture's Rural Housing Service (RHS) must use the RHS utility allowances.

DCA administers the HUD Section 8 Tenant-Based Rental Assistance Program in 149 of the 159 counties in Georgia; local Public Housing Authorities administer the Program in the other locations. For projects located in counties in which DCA administers the Section 8 Program, the DCA Utility Allowances are used to calculate the maximum allowable tenant-paid rent. The current Utility Allowances used in that program are attached. If the project is located in a jurisdiction in which a local Public Housing Authority administers the Section 8 Program, contact the Local Public Housing Authority to obtain the current utility allowances which should be used in calculating the maximum allowable tenant-paid rent. If the Public Housing Authority's utility schedule does not include an allowance for air conditioning, an allowance must be obtained from the utility company.

The DCA Utility Allowances are divided by geographic region, utility type, and unit type. To calculate a unit's utility allowance, first determine in which geographic region the project is located using the Utility Regions Map. Then, identify whether the unit is in a single-family property (single-family detached house) or multifamily property (duplex, triplex, and larger). Use the appropriate region and property type table to calculate the utility allowance, finding the relevant unit size and appliance type (e.g., gas, electric, heat pump) for the tenant-paid utilities. Allowances for water, sewer, and trash removal are now also included.

Georgia Department of Community Affairs
Office of Affordable Housing
Program Maximum Gross Rent Tables

HUD HOME Rents, HUD Fair Market Rents and HUD Area Median Income Limits, Qualified Census Tracts, and Difficult Development Areas are available at http://www.huduser.org.

The DCA Program Maximum Gross Rent Charts (which are based on the HUD HOME Rents, HUD Fair Market Rents and Area Median Incomes) that must be used for this year's application round will be posted on DCA's OAH website at http://www.dca.state.ga.us/housing/rentalfin.html shortly after the HUD HOME Rents, HUD Fair Market Rents and HUD Area Median Incomes have been released this winter.

For initial project financial feasibility estimation purposes only, applicants may use last year's Program Maximum Gross Rent Charts, located at the web site above. However, do not use last year's Program Maximum Gross Rent Charts in your final application – they must be updated to reflect the new Program Maximum Gross Rent Charts.

For final project financial feasibility determination and actual application submission, all applicant's must use the new Program Maximum Gross Rent Charts that will be posted on DCA's OAH website at http://www.dca.state.ga.us/housing/rentalfin.html shortly after the HUD HOME Rents, HUD Fair Market Rents and HUD Area Median Incomes have been released this winter.

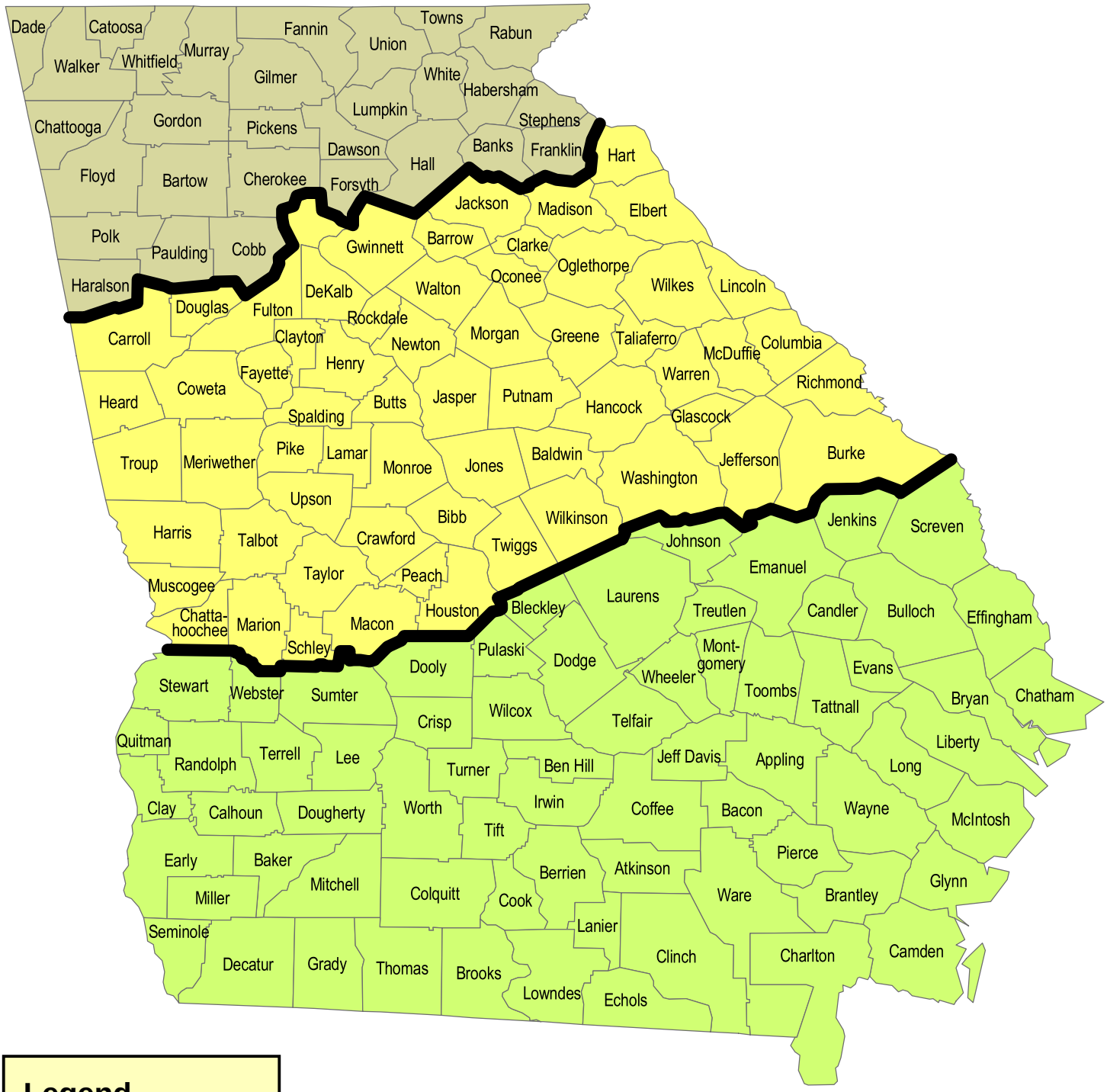
Georgia Department of Community Affairs
Office of Affordable Housing
DCA Utility Allowances Tables

The DCA Utility Allowances that must be used for this year's application round will be posted on DCA's OAH website at http://www.dca.state.ga.us/housing/rentalfin.html shortly after they have been released this spring. Their effective date will be June 2004.

For initial project financial feasibility estimation purposes only, applicants may use last year's DCA Utility Allowances, located at the web site above. Their effective date will be June 2003. However, do not use last year's DCA Utility Allowances in your final application – they must be updated to reflect the new DCA Utility Allowances.

For final project financial feasibility determination and actual application submission, all applicant's must use the new DCA Utility Allowances that will be posted on DCA's OAH website at http://www.dca.state.ga.us/housing/rentalfin.html shortly after they have been released this spring.

DCA UTILITY REGIONS



Legend

- Middle Region
- Northern Region
- Southern Region