

2007 Taxable Debt and Subsidy Financing

MaineHousing is making the following resources available under the Rental Loan Program (Program) to be used in conjunction with the 9% low income housing tax credit (LIHTC) competitively awarded under the 2007 Qualified Allocation Plan (QAP) to finance the development of multi-family affordable housing:

- Taxable bond proceeds
- Federal Home Investment Partnership Program subsidy (FedHOME)
 - Subsidy allocations will not exceed the lesser of \$20,000 per low-income unit or \$600,000 per project. Subsidy allocations for Housing for Persons who are Homeless (as defined in the QAP) projects will not exceed the lesser of \$25,000 per low-income unit or \$750,000 per project, regardless of whether the application was awarded under the Housing for Persons who are Homeless Set-aside under the QAP.
 - MaineHousing, in its sole discretion, may allocate CHDO set-aside funds to eligible projects. CHDO set-aside funds are FedHOME funds set aside for projects that are owned, sponsored or developed by Community Housing Development Organizations (CHDO).

These resources are available to successful applicants under the 2007 Qualified Allocation Plan. MaineHousing will award subsidy in order of the scores under the QAP starting with the highest scoring project until the subsidy available has been fully expended. The subsidy is a scarce resource and MaineHousing will maximize the efficient use of this resource by maximizing the use of alternate resources, including without limitation amortizing debt.

Applications that, in MaineHousing's sole opinion, request excessive subsidy including tax credits will be rejected. Developments that propose a higher percentage of units with rents at 50% of the area median income than the Program requires must secure non-MaineHousing subsidy resources to fund the cost of the reduced rents.

MaineHousing reserves the right to award all, a portion, or none of the available subsidy during any offering, depending on the quality and merits of the applications received.

In the event that a request for subsidy and tax credits proposes conventional financing instead of taxable debt from the Rental Loan Program, MaineHousing will base the final determination of subsidy on whichever debt underwriting criteria provide the most efficient use of MaineHousing resources. In addition, MaineHousing requires the lender providing the debt financing to enter into an intercreditor agreement that subordinates the lender's debt financing and lien position to MaineHousing's affordability covenants and defines the relative rights of the lender and MaineHousing in the event of a default. If the lender's debt

financing has priority over the MaineHousing funding, MaineHousing will require, at a minimum, written notice of and an opportunity to cure the default. If the lender's debt financing is junior to MaineHousing's funding, MaineHousing will require the lender to subordinate its financing and security interest and to forbear from exercising its right to collect against the project and/or collateral.

Program Requirements

Eligible Projects:

- Minimum project size: 5 units.
- Maximum of three non-contiguous sites per project.

Minimum Affordability:

- 60% at 50% AMI; balance at 60% AMI and market.
- Term of affordability is 90 years

Application Process and Timetable:

- Single application process for debt, subsidy and tax credits.
- Applications for 2007 credit and subsidy will be due by 5:00 PM on Friday, December 1, 2006.
- Sponsors who have a valid Carryover Allocation, Conditional Reservation, or Standby Reservation who did not request subsidy at the time of their initial tax credit application may be eligible to seek, on a walk-in basis, subsidy resources up to the Program maximums.

Applicants are subject to and must comply with all other terms and requirements of the Rental Loan Program, to the extent not in conflict herewith, the 2007 Qualified Allocation Plan and Chapter 29 of MaineHousing's rules, *Multifamily Development and Supportive Housing Loans and Grants*.