



2008 Taxable Debt with Subsidy Financing

MaineHousing is making the following resources available under the Rental Loan Program to finance the development of multi-family affordable housing in conjunction with the 2008 Competitive (9%) Low Income Housing Tax Credit Program (LIHTC):

- Taxable bond proceeds
- MaineHousing subsidy resources (FedHOME)
 - Subsidy allocations will not exceed the lesser of (i) \$20,000 per low-income unit or (ii) \$600,000 per project for projects eligible for the 130% adjustment in credit or the lesser of (i) \$30,000 per low-income unit or (ii) \$900,000 per project for other projects. Subsidy allocations for projects eligible for the Housing for Persons who are Homeless set-aside will not exceed the lesser of \$25,000 per low-income unit or \$750,000 per project, regardless of whether it was submitted under the Housing for Persons who are Homeless set-aside or not.
 - In addition, MaineHousing may designate that the FedHOME subsidy be CHDO set-aside funds for eligible applicants.
 - Total subsidy awarded will not exceed \$3,600,000.

Applicants must comply with all of the requirements of the Rental Loan Program not specifically addressed in this document. The Rental Loan Program Guide can be found at MaineHousing's website www.mainehousing.org.

These resources are available only to successful applicants under the Qualified Allocation Plan (QAP) for 2008 low income housing tax credits. 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 try to maximize the efficiency of these resources by maximizing the use of alternate resources, include without limitation tax credits and amortizing debt. MaineHousing will assume during underwriting that all rental revenue will be applied toward real estate operating costs, debt service and the funding of reserves prior to the funding of service expenses. In addition, MaineHousing will use the maximum allowable tax credit rent unless the independent market study approved by MaineHousing indicates that the comparable market rents are less than or equal to the applicable LIHTC rents. If a project is underwritten at rents that are less than the maximum allowed, the project will be committed to these lower rents.

Applications that, in MaineHousing's sole opinion, request excessive subsidy including tax credits will have the resources reduced and may be rejected if the project is no longer feasible. Developments that propose a higher percentage of units with rents at 50% of the area median

income than the program requires must demonstrate additional subsidy resources from an alternate source to ensure project feasibility.

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.

Projects will receive a taxable amortizing loan from MaineHousing at the current program rates outlined in the Rental Loan Program Guide. In the event that a request for subsidy and tax credits proposes conventional financing instead of taxable debt from the Rental Loan Program, the developer must demonstrate that rate and terms of the financing will provide a more 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 Extended Use Agreement 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

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| Eligible Projects: | <ul style="list-style-type: none">• Maximum of three non-contiguous sites per project. |
| Minimum Affordability: | <ul style="list-style-type: none">• 60% at 50% AMI; balance at 60% AMI and market.• Term of affordability is 90 years |
| Subsidy Financing Terms: | <ul style="list-style-type: none">• Subsidy loans will have an effective interest rate of 3%, with interest to accrue until maturity.• Term will be 30 years, at which time principal and all accrued interest will be due and payable. |
| Application Process and Timetable: | <ul style="list-style-type: none">• Single application process for debt, subsidy and tax credits.• Applications for 2008 credit and subsidy will be due by 5:00 PM on Thursday, November 1, 2007.• 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 maximum. |

The following rules and guidelines apply: MaineHousing's Rental Loan Program Guide (to the extent not in conflict with this Program), Chapter 16 of MaineHousing's Rules, Allocation of State Ceiling for Low-Income Housing Tax Credit, and Chapter 29 of MaineHousing's Rules, Multifamily Development and Supportive Housing Loans and Grants.

Please call the Development Division at (207) 626-4600 if you have any questions or need additional information.