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BOARD OF DIRECTORS  
OF THE CALIFORNIA HOUSING FINANCE AGENCY

RESOLUTION NO. 19-02

RESOLUTION TO APPROVE THE CalHFA MIXED-INCOME PROGRAM

WHEREAS, historically there has been limited resources available to incentivize the development of multifamily rental units for households whose incomes exceed 60% of Area Median Income (“AMI”); and

WHEREAS, the State’s affordable housing polices and regulations generally incentivize projects to restrict 100% of the units at lower income levels at or below 60%; and

WHEREAS, the absence of State resources to serve low (61-80% AMI) and moderate income (81-120% AMI) residents (collectively “Mixed-Income Households”) contributes to an inadequate supply of homes available to Californians at all income levels, which is critical to the economic prosperity and quality of life in the state; and

WHEREAS, in 2017 Governor Edmund G. Brown Jr. signed Senate Bill 2 (Atkins), the Building Homes and Jobs Act (the “Act”), to provide an ongoing funding source for affordable housing to stabilize the state's housing development and construction marketplace; and

WHEREAS, beginning on January 1, 2018, a recording fee of \$75 per instrument, up to a maximum of \$225, is paid on real estate documents, excluding those recorded in connection with the sale of a property. The estimated \$200-\$300 million that will be generated annually from this fee will be placed into the Building Homes and Jobs Trust Fund; and

WHEREAS, beginning in 2019, and continuing on an annual basis, the proceeds will be divided between local and state government entities, including 15%—approximately \$30-\$45 million—to be allocated to the Agency, for the purpose of supporting the creation of mixed-income multifamily rental housing for low to moderate income households.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors (the “Board”) of the California Housing Finance Agency as follows:

Section 1. Approval of the CalHFA Mixed-Income Program (“Program”). The Board approves the Program to provide subordinate debt financing utilizing SB-2 funds to incentivize the construction of new multifamily rental housing developments with restricted units ranging from very low (30% AMI) to moderate (120% of AMI) income, subject to the Program Term Sheet attached as **Exhibit “A”** and Program Procedures and Guidelines attached as **Exhibit “B.”**

1 Section 2. Authorization to Select Preferred Lenders. The Agency is authorized to  
2 select Preferred Lenders, and subject to an agreement with the Agency (“Preferred Lenders”),  
3 may provide the first-lien construction financing and either the Agency or Preferred Lenders may  
4 provide the first-lien permanent financing for developments receiving the subordinate Program  
5 financing.  
6

7 Section 3. Authorization of Program-Related Agreements. The Executive Director or  
8 her designee, is hereby authorized to enter into, for and in the name and on behalf of the Agency,  
9 any and all agreements and documents designed to implement the Mixed-Income Loan Program.  
10 Such agreements include, but are not limited to, Preferred Lender agreements, and Program-  
11 related agreements with other parties which, as the Executive Director determines, is necessary  
12 for implementation of the Program.  
13

14 Section 4. Delegation of Authority to Approve Program Loans, Program Loan  
15 Documents and to Amend Program Term Sheet and Program Procedures and Guidelines. The  
16 Executive Director is authorized to approve loan commitments for loans made in conjunction  
17 with the Program, or in the absence of the Executive Director, the Chief Deputy Director. Loans  
18 made pursuant to this delegation and pursuant to the attached Program Procedures and  
19 Guidelines shall not require additional approval by the Board of Directors. Such delegation  
20 includes the authorization to execute all documents deemed necessary or appropriate in connection  
21 with the Program loans including, but not limited to, regulatory agreements, loan agreements,  
22 origination and servicing agreements, developer agreements, operating subsidy agreements,  
23 subordination agreements, loan commitments, inter-creditor agreements, refunding and loan  
24 modification agreements, in each case with such other parties as may be necessary in furtherance of  
25 the objectives of the Program. The Executive Director may make modifications to the Program  
26 Term Sheet and Program Procedures and Guidelines to meet market demands that are  
27 commercially reasonable to ensure the effective implementation of the Program.  
28

29 Section 5. Reporting Requirements. The Agency shall report annually on the  
30 expenditure of funds pursuant to California Health and Safety Code section 50471, and quarterly  
31 to the Board for any loans approved under this authority.  
32

33 Section 6. Any amount of Program subordinate financing approved under the  
34 authority provided by this resolution shall not limit or expand the authority of the Executive  
35 Director to approve loan commitments for first lien or other subordinate loans pursuant to and in  
36 the aggregate amounts approved by Resolution 01-37, for certain small projects, as such  
37 resolution may be amended or replaced.  
38

39 This resolution shall constitute full, separate, complete and additional authority for the  
40 execution and delivery of all agreements and instruments described in this resolution, without  
41 regard to any limitation in the Agency’s regulations and without regard to any other resolution of  
42 the Board that does not expressly amend and limit this resolution.  
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SECRETARY'S CERTIFICATE

I, Claire Tauriainen, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution No. 19-02 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 10th day of January 2019, at which meeting all said directors had due notice, a quorum was present and that at said meeting said resolution was adopted by the following vote:

AYES: AVILA FARIAS, MA, GUNN (for IMBASCIANI), HUNTER,  
METCALF, HOFFMAN (FOR PODESTA), GUNNING

NOES: NONE

ABSTENTIONS: NONE

ABSENT: GALLAGHER, JOHNSON HALL, PRINCE, RUSSELL, SOTELO

IN WITNESS WHEREOF, I have executed this certificate hereto this 10th day of  
January 2019.

ATTEST:

  
\_\_\_\_\_  
CLAIRE TAURIAINEN  
Secretary of the Board of Directors of the  
California Housing Finance Agency

# Exhibit A

## California Housing Finance Agency Mixed-Income Program Term Sheet

## TERM SHEET FOR MIXED-INCOME PROGRAM

<p><b>Program Description</b></p>	<p>The <b>CalHFA Mixed-Income Program (“MIP”)</b> provides competitive long-term financing for newly constructed multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income (“AMI”).</p> <p>The MIP must be paired with CalHFA’s Conduit Bond Issuance Program and a CalHFA Mixed-Income Preferred Construction Lender. Additionally, the program must be paired with CalHFA’s Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Preferred Permanent Lender. The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income California renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.</p>
<p><b>Program Qualifications</b></p>	<ul style="list-style-type: none"> <li>• Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements.</li> <li>• Subsidy resources must be used in conjunction with CalHFA’s Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Preferred Construction Lender.</li> <li>• Subsidy resources must also be used in conjunction with CalHFA’s permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Preferred Permanent Lender.</li> <li>• Financing Structure: 1) Tax-exempt Bond and 4% tax credit projects where at least 51% of the units in each project must be tax credit financed or 2) Qualify as a mixed-income project under the California Debt Limit Allocation Committee’s (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) and use an allocation of private activity bonds to finance the project.</li> <li>• Projects must have site control and be prepared to submit to CDLAC and TCAC by no later than the December 2019. CDLAC Allocation meeting and will only receive funds if bonds are issued within the issuance timeframes outlined in the CDLAC resolution.</li> </ul>
<p><b>CalHFA Mixed-Income Preferred Construction Lender Qualifications</b></p>	<ul style="list-style-type: none"> <li>• Selected annually through a CalHFA Request for Qualification process</li> </ul>

<b>CalHFA Mixed-Income Preferred Permanent Lender Qualifications</b>	<ul style="list-style-type: none"> <li>Selected annually through a CalHFA Request for Qualification process</li> </ul>
<b>Permanent First Lien Loan</b>	<ul style="list-style-type: none"> <li>Provided by CalHFA or a CalHFA Mixed-Income Preferred Permanent Lender.</li> <li>Minimum loan amount of \$5 million</li> <li>Minimum 1.15x for debt service coverage ratio</li> </ul>
<b>Construction First Lien Loan</b>	<ul style="list-style-type: none"> <li>Provided by a CalHFA Mixed-Income Preferred Construction Lender</li> </ul>
<b>Limitations</b>	<ul style="list-style-type: none"> <li>Use cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program.</li> <li>Use cannot be combined with the Department of Housing and Community Development's (HCD) State programs except for those programs that are administered by HCD on behalf of local jurisdictions including HOME and CDBG.</li> <li>Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an Inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.)</li> <li>At the time of application to CalHFA, a project must not have already received an allocation of 4% tax credits from TCAC or bonds from CDLAC.</li> <li>Projects will not be eligible for subsidy resources from CalHFA in addition to this program.</li> </ul>

<p><b>Preferences/ Limitations (if competitive)</b></p>	<ul style="list-style-type: none"> <li>• Projects restricting at least 10% of the units to moderate income households, 81% to 120% AMI (CalHFA restricted), will be prioritized over other projects.</li> <li>• Of the projects that restrict 10% of the units for moderate income households, preference will be given to projects with the lowest CalHFA subsidy request per unit.</li> <li>• No one sponsor may receive more than 33% of the total subsidy awarded per year.</li> <li>• No one county may receive more than 33% of the total subsidy awarded per year.</li> <li>• 25% of the total subsidy awarded per year will be for projects that are age restricted.</li> </ul>
<p><b>Mixed-Income Project Occupancy Requirements</b></p>	<ul style="list-style-type: none"> <li>• Must maintain either (a) 20% of the unit must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size (<i>"20% @ 50% AMI"</i>), OR (b) 40% or more of the units must be both rent restricted and occupied by individuals whose incomes are 60% or less of the AMI with adjustments for household size (<i>"40% @ average 60% AMI"</i>): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI (<i>"10% @ 50% AMI"</i>).</li> <li>• Tax credit transactions that are income-averaged must meet the above minimum criteria</li> <li>• For tax credit transactions not considered mixed-income by CDLAC, at least 20% of the tax credit restricted units must be restricted at 80% AMI subject to a market study demonstrating the 80% is 10% below market.</li> <li>• These restrictions will remain in effect for up to 55 years.</li> </ul>
<p><b>Mixed-Income Subordinate Loan</b></p>	<ul style="list-style-type: none"> <li>• Maximum loan amount of \$5 million, exceptions considered</li> <li>• Maximum loan amount of \$40,000 per restricted (tax credit or CalHFA) units (30%-120% AMI)</li> <li>• Loan size based on project need but cannot be more than 50% of the permanent loan amount</li> </ul>

<p><b>Mixed-Income Subordinate Loan</b></p> <p><b>Rates &amp; Terms</b></p>	<ul style="list-style-type: none"> <li>• <b>Interest Rate</b> – 3.00% simple interest</li> <li>• <b>Loan Payment</b> – Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Of the 50% residual lender split, CalHFA's payment equals to proportionate share of total subordinate debt. Potential deferment possible for up to 15 years.</li> <li>• <b>Loan and Affordability Term</b> – Up to 55 years</li> <li>• <b>Assignability</b> – Consent will be considered</li> <li>• <b>Prepayment</b> – May be prepaid at any time</li> <li>• <b>Subordination</b> – A subordination request in conjunction with a resyndication, refinance, or ownership transfer will be considered. To the extent a longer loan term is requested, subordination will be negotiated.</li> <li>• <b>Funded</b> – Only at permanent loan conversion</li> </ul>
<p><b>CalHFA Conduit Bond Program</b></p>	<ul style="list-style-type: none"> <li>• For more information on CalHFA's Conduit Issuer Program and the fees associated with it, visit CalHFA's website <a href="http://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf">http://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf</a></li> </ul>
<p><b>CalHFA First Lien Permanent Loan</b></p> <p><b>Rate &amp; Terms</b> (subject to change)</p>	<p>For more information on CalHFA's Permanent Loan Program and the fees associated with it, visit CalHFA's website <a href="https://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf">https://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf</a></p>



<p><b>Program Fees</b> (subject to change)</p>	<ul style="list-style-type: none"> <li>• <b>MIP Fees</b> <ul style="list-style-type: none"> <li>• Program Application Fee: \$5,000 non-refundable, due at time of CalHFA application submittal.</li> <li>• Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at loan close).</li> <li>• Legal Fee: \$15,000, due at loan closing (applicable if CalHFA is not providing permanent financing).</li> <li>• MIP Fee Paid to CalHFA: 0.35% ongoing annual fee, commencing at permanent loan conversion, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55-year level-amortization; ii) start date, interest rate and the loan amount consistent with Permanent First-Lien Loan. (applicable if CalHFA is not providing permanent financing)</li> </ul> </li> <li>• <b>Conduit Bond Program Fees</b> <ul style="list-style-type: none"> <li>• Program Application Fee: Paid via MIP Application Fee</li> <li>• Issuance Fee: 1) The greater of \$15,000 or 0.2% of the Bond amount if less than \$20 million or 2) If more than \$20 million: \$40,000 + 0.10% of the amount above \$20 million</li> <li>• Public Sale: \$5,000-\$10,000 when bonds are sold to the public</li> <li>• Monitoring Fee: \$7,500 per year</li> <li>• Required CDLAC Fees</li> </ul> </li> <li>• If CalHFA is selected as the permanent lender, please see CalHFA terms sheet for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees <a href="https://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf">https://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf</a></li> </ul>
<p><b>Questions</b></p>	<p>Questions regarding the MIP can be directed to:</p> <ul style="list-style-type: none"> <li>• Jeree Glasser-Hedrick, Director of Business Development and Government Relations</li> <li>• 500 Capitol Mall, MS 1420, Sacramento, CA 95814</li> <li>• Phone: 877.922.5432 or directly at 916.326.8093</li> <li>• Email address: <a href="mailto:JGlasser@calhfa.ca.gov">JGlasser@calhfa.ca.gov</a></li> </ul>

**IMPORTANT DISCLOSURE INFORMATION:**

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities.

# Exhibit B

## California Housing Finance Agency Mixed-Income Program Procedures and Guidelines

# California Housing Finance Agency

## Mixed-Income Program Procedures and Guidelines

Effective date: January 2019

(For Internal Use)

### Sacramento Headquarters

P.O. Box 4034  
Sacramento, CA 95812  
916.326.8000

[www.calhfa.ca.gov](http://www.calhfa.ca.gov)

### Los Angeles Office

100 Corporate Pointe, Suite 250  
Culver City, CA 90230  
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# Table of Contents

Glossary .....	13
Program Overview.....	14
1. General Timeline: How will the program be rolled-out and operated?.....	15
2. Eligible Projects: what can this funding be used for? .....	19
3. Program Prohibitions: what is specifically not an allowable use of program funds? .....	21
4. Preferences: among eligible projects, which is CalHFA most looking to support? .....	23
5. Affordability: what are the characteristics of eligible households and units? .....	26
6. Fees: what fees are associated with receiving these funds? .....	26
7. Preferred Lender Process & Qualifications .....	27
8. Development Team Experience: what constitutes an eligible developer?.....	29
9. Subordinate Loan Terms: what are the terms of the funds that will be provided?.....	29
10. Underwriting Criteria: how will CalHFA assess viability of projects and size the loans? .....	30
11. Reserve Requirements: what projects reserves will be required? .....	30
12. Compliance / AM Requirements: what will CalHFA require for post-closing capacity and processes? .....	30
13. Subordinate Loan Assumptions & Subordinations: when will CalHFA agree to subordinate its lien? .....	31
14. Exceptions to MIP Guidelines.....	31
MIP Document and Reference Links .....	32

# Glossary

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BMR	Below Market Rent
CDLAC	California Debt Limit Allocating Committee
FA	Financial Analysis Tool
LO	Loan Officer
LOI	Letter of Interest
MFPM	CalHFA Multifamily Lending Division Procedure Manual
MIP	Mixed-Income Loan Program
NOFA	Notice of Funding Availability
RFQ	Request for Qualifications
SLC	Senior Loan Committee
TCAC	Tax Credit Allocating Committee
USRM	CalHFA Multifamily Loan Underwriting Standards & Reference Manual

## Program Overview

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The Building Homes and Jobs Act (the “**Act**”) was signed into law in late 2017 and became effective in 2018. The purpose of the Act is to establish a permanent, ongoing source of funding for the development of affordable housing.

Beginning on January 1, 2018, a recording fee of \$75 per instrument, up to a maximum of \$225, is paid on many real estate transactions. According to legislative staff estimates, \$200-\$300 million will be generated annually from this fee will be placed into the Building Homes and Jobs Trust Fund, then appropriated by the legislature to provide an ongoing funding sources for affordable housing to stabilize the state’s housing development and construction marketplace.

Beginning in 2019, and continuing on an annual basis, the proceeds will be divided between local and state government entities, including 15%—approximately \$30-\$45 million—to be allocated to CalHFA, for the purpose of providing residential housing with unit restrictions between 30% and 120% of the area median income. In furtherance of the legislation, CalHFA has developed the Mixed-Income Loan Program (MIP) to distribute these funds. The program is structured as a long-term subordinate loan and requires CalHFA to be the conduit bond issuer. Project sponsors/developers are required to select a CalHFA Preferred Construction Lender and a CalHFA Preferred Permanent Lender if CalHFA is not selected as the first-lien permanent lender. All MIP subordinate loan payments will go back into the Mixed-Income Loan Program to support the development of mixed-income housing in California. The goals of CalHFA’s Mixed-Income Loan Program are as follows:

1. Increase supply of affordable housing in mixed-income multifamily developments.
2. Create new housing stock to address housing needs throughout the state.
3. Improve utilization of the available tax-exempt bond volume cap and 4% LIHTC.

## 1. General Timeline: How will the program be rolled-out and operated?

The following table is a timeline and roll out schedule of the Mixed-Income Loan Program (MIP) in its initial year of operation (CY 2019).

Summer/Fall, 2018	Stakeholder outreach and listening sessions
November 6, 2018	Preferred Lender RFQ posted to CalHFA website
December 3, 2018	Preferred Lender RFQ responses due
December 21, 2018	Notification to Lenders if they met the criteria to be a Preferred MIP Lender
January 10, 2019	Board meeting – request approval of Mixed-Income Loan Program
Est. January 14, 2019	Notice of Funding Availability is released and program information is posted to CalHFA website
January 31, 2019	Execution of Preferred Lender Agreements
February 4, 2019	Listing of CalHFA Preferred Construction and Permanent MIP Lenders issued
February 5, 2019	Pre-application discussion, requests accepted and structuring conversations commence
Thru April 30, 2019	Applications accepted
Est. June 30, 2019	All Initial Commitments
By October 11, 2019	Applications to CDLAC due for December meeting (or earlier)
December 11, 2019	CDLAC meeting & allocations made
Est. June 2019	Pursuant to CDLAC Resolution, all transactions must issue bonds

For MIP schedules in proceeding years, refer to the document pathway below.

**MIP Schedule:** <H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Schedule>

The following outlines the MIP application review and approval process.

1) NOTICE OF FUNDING AVAILABILITY (NOFA)

- a) CalHFA will announce through a Notice of Available Funding (NOFA) the opening of the application period.
- b) MIP allocations will occur on an annual basis, generally in the spring.
- c) CalHFA intends to commit all MIP funds in a given year and will adjust application requirements, where possible, to ensure that all funds are utilized should there be leftover funds following an application cycle.
- d) MIP applications will be considered based on a project's financial viability. No preference or special considerations will be made for applications seeking a CalHFA first-lien permanent loan.

2) PRE-APPLICATION DISCUSSION

- a) Where a project aims to utilize a MIP subordinate loan, pre-application discussion requests will be accepted by the Director of Business Development and Government Affairs and/or the LOs. LOs should be familiar with MIP requirements and may be able to answer questions about a project's suitability.
- b) Applicants are required to choose a CalHFA Preferred Construction Lender. Applicants will have the choice to select CalHFA as the first-lien permanent lender or a CalHFA Preferred Permanent Lender. If CalHFA is being considered as the first-lien permanent lender, it should be raised as part of pre-application discussions and, if requested, may be memorialized in a CalHFA Letter of Interest (LOI) which will be necessary for the application submittal. The LOI will not indicate or suggest having any ability to unilaterally commit MIP subordinate loan funds.
- c) An applicant may request a pre-application discussion with CalHFA as soon as the Preferred Permanent Lender list is released to the public.

3) APPLICATION STAGE

- a) The Application Checklist identifies all materials needed to complete an application. Refer to the document below for MIP checklists.

**MIP Checklists:** [I:\Forms\Multifamily\Program Checklists](#)

- b) An applicant must decide in the application if s/he is applying for an MIP subordinate loan only OR a combined CalHFA first-lien permanent + MIP subordinate loan.



- c) An applicant seeking a combined CalHFA first-lien permanent + MIP subordinate loan will submit a single application to CalHFA. The application will be assessed and underwritten for both sources simultaneously.
- d) A uniform MIP Application Checklist will be used for a MIP subordinate loan and combined CalHFA first-lien permanent + MIP subordinate loan. However, certain items/materials will only be applicable if CalHFA is the first-lien permanent lender.
- e) Critical information must be submitted by the application deadline (Items 1-22 on the MIP Application Checklist). Additional materials (Items 24-47 on the MIP Application Checklist) must be submitted once an Initial Commitment has been issued by CalHFA memorializing the commitment of MIP subordinate loan funds and, if requested, a CalHFA first-lien permanent loan. Submission of the additional documentation (Items 24-47 on the Application Checklist) must occur one (1) month in advance of the proposed Senior Loan Committee approval.
- f) An application that does not include all required information by the deadline will not be processed.
- g) To the extent there is less demand than availability of MIP funds, all completed applications will advance to the Initial Commitment phase. If there is more demand than availability of MIP funds, applications will be reviewed for completeness and then ranked using the MIP Ranking Tool referenced in Section 4.
  - (1) Applications will be sorted based on the ranking criteria. The top ranked projects that do not exceed the funding available will be reviewed further in the Initial Commitment phase.
  - (2) CalHFA may decide to further review the next three top ranking projects that missed the funding cutoff to ensure that another project is ready to be recommended for funding when a higher ranking project is determined to be ineligible to proceed.

#### 4) REVIEW BEFORE INITIAL COMMITMENT

- a) CalHFA's Permanent Loan Financial Analysis (FA) and Senior Loan Committee (SLC) Write-up templates will be used to review MIP project applications. Refer to the documents below for FA and SLC report templates.

**Financial Analysis Templates:** I:\Forms\Multifamily\Financial Analysis  
**SLC Report Template (initial and final):** I:\Forms\Multifamily\SLC-Board

- b) Projects moving forward for an Initial Commitment will be reviewed for consistency in accordance with MIP requirements and CalHFA's Multifamily Loan Underwriting Standards (USRM). Projects that meet these requirements will advance to receive an Initial Commitment. The existing Subsidy Fund Policy contained in the USRM will not apply unless noted because the Subsidy Fund addresses different funding sources than the funds used for the MIP.

**USRM:** I:\Forms\Multifamily\Manuals\\_USRM - Underwriting Standards & Reference Manual

- c) It is estimated that CalHFA will require two (2) months from the application deadline to issue an Initial Commitment.

#### 5) INITIAL COMMITMENT

- a) Initial Commitments will be conditional and will be made based on an assessment of the eligibility and economic feasibility of a deal including but not limited to project readiness, developer and property management experience, marketability of units, program preferences and unit type and housing type goals. As indicated above, if more applications are received for subordinate funding than is available, the Initial Commitments will be predicated on the MIP Preferences identified in Section 4 of this document.
- b) Initial Commitments for MIP funds will be issued after the Senior Loan Committee has reviewed all applications submitted for a given program year. CalHFA will issue a single award letter for applications seeking CalHFA first-lien permanent + MIP subordinate loan funds. Initial Commitments will specify conditions required to move on to Senior Loan Committee, final approval, and closing. All Initial Commitments will be conditioned on submitting an application to CDLAC not later than October 11, 2019 for the first year of the MIP Application cycle and issuing bonds in a timeframe consistent with the CDLAC resolution. In addition, projects will be subject to project specific conditions determined by Senior Loan Committee. Applicants will receive draft loan documents at the time of initial commitment.
- c) CalHFA recommends that applicants plan for a two (2) month turnaround time from the application due date (not the date of submission) for Initial Commitment of MIP subordinate financing and CalHFA first-lien permanent funds, if applicable.

#### 6) BOND APPLICATION SUBMITTAL

- a) Bond applications will be submitted two (2) weeks in advance of the CDLAC funding round deadline. Materials will be reviewed to ensure there are no material changes to the project(s) from the time of Initial Commitment.
- b) If discrepancies are discovered and cannot be reconciled prior to the deadline, the project will be postponed until the next CDLAC round.
- c) Applications will be due to CDLAC no later than October 11, 2019. A project risks loss of award if the CDLAC application is not submitted by the deadline. For application schedules in proceeding years, refer to the schedule document below.

**MIP Schedule:** <H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Schedule>

#### 7) SENIOR LOAN COMMITTEE (SLC) APPROVAL

- a) The SLC will review projects for consistency with MIP requirements as well as CalHFA's Multifamily Loan Underwriting Standards (USRM).
- b) For projects seeking MIP subordinate loan only, SLC approval will be the final step before a Final Commitment is issued.
- c) For projects seeking a MIP subordinate loan and a CalHFA first-lien permanent loan of over \$4 million, a CalHFA Board staff report will be prepared and approval of the project is subject to Board discretion prior to the issuance of a Final Commitment.

## 8) FINAL COMMITMENT AND CLOSING

- a) LOs will work with the Legal Department to draft the Final Commitment letter. A condition of the Final Commitment will be to issue bonds in the timeframe required in the CDLAC resolution. In addition, projects will be subject to project specific conditions determined by Senior Loan Committee.
- b) MIP applications will be processed in accordance with the USRM (Requirements for Permanent Loan Conversion or Closing section).
- c) Refer to the document below for the MIP closing checklist.

**MIP Checklists:** <I:\Forms\Multifamily\Program Checklists>

- d) Bonds need to be issued pursuant to the issuance timeframe outlined in the CDLAC resolution. If projects do not adhere to the timeframe, they risk forfeiture of their MIP subordinate loan funds.

## 2. Eligible Projects: what can this funding be used for?

### 1) THRESHOLD ELIGIBILITY CRITERIA - ALL PROJECTS MUST MEET THE FOLLOWING CRITERIA

- a) New construction or adaptive reuse developments that were not previously residential.
- b) In 4% LIHTC projects, at least 51% of units must be tax-credit financed. Non-LIHTC projects must qualify as a Mixed-Income Project per CDLAC regulations<sup>1</sup>, and have 50% or fewer units designated as bond restricted.

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<sup>1</sup> "Mixed-Income Project" means a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units.

"Qualified Residential Rental Project (QRRP)" means a qualified residential rental project as defined by 26 U.S.C. section 142(d)(1).

"Restricted Rental Units" means tenant occupied units within a Qualified Residential Rental Project that are restricted to households earning 60% or less of the applicable median family income pursuant to a Bond Regulatory Agreement or a CTCAC regulatory agreement for a minimum of thirty (30) years.

- c) Projects must use CalHFA's Conduit Bond Issuance Program with a construction loan from a CalHFA Preferred Construction Lender.
- d) Applicants may choose CalHFA or a CalHFA Preferred Permanent Lender as first-lien permanent lender. See Section 7 for more detail.
- e) Meet Affordability requirements as outlined in Section 5.
- f) Minimum first-lien permanent loan amount of \$5,000,000.
- g) MIP subordinate loan requests can be no more than fifty (50) percent of the permanent loan amount.

2) OTHER ELIGIBILITY CRITERIA - PROJECTS MAY MEET THE FOLLOWING CRITERIA

- a) Multifamily or mixed-use developments of no fewer than 10 units.
  - (1) MIP funds cannot be a source for non-residential uses, and owners will be required to provide separate capital and operating budgets for commercial and non-residential spaces.
  - (2) For projects where CalHFA is the first-lien permanent lender, refer to USRM (Underwriting Mixed-Use Projects section) for further guidance on allowable underwriting of mixed-use projects.
- b) Projects that will be condominiumized to separate tax credit or bond units from other market or otherwise restricted units.
  - (1) Projects must meet minimum affordability requirements at the project level.
  - (2) If parcels are owned by different ownership structures, there must be one regulatory agreement that will be secured against all the parcels and executed by all owners.
- c) Contiguous parcels, or scattered sites only when debt is cross-collateralized on all parcels.
- d) A bond and 4% parcel included in a hybrid tax credit transaction.
- e) Inclusionary Housing and/or Below-Market Rate (BMR) units.
  - (1) Projects that must construct inclusionary obligations pursuant to local inclusionary zoning requirements must provide additional financial commitments to be eligible for MIP subordinate loan funds.
  - (2) If a Master Developer<sup>2</sup> has an obligation to construct regulated units as a result of inclusionary obligations, the Master Developer must provide a 1:1 match for any requested MIP subordinate

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<sup>2</sup> Master Developer is the party/entity that is responsible for meeting the inclusionary requirement attached to the project seeking MIP funds. The Master Developer is the recipient listed in any entitlements received as a condition of approval for the project.

funds. More specifically, for each MIP subordinate loan dollar requested that supports units restricted as a result of an inclusionary obligation, the applicant must demonstrate that an equal amount is being put into the project and its source(s) is from the Master Developer.

- (a) Developers must submit documentation specifying land use restrictions that have been or will be placed upon your property (i.e., Land use covenant, Planning Department's conditions or approval). Documentation must include number of inclusionary units, and the affordability of each unit. This documentation has been included in the application checklist.
- (b) A calculation for the Master Developer 1:1 match requirement will be included in the Mixed-Income Questionnaire in the Mixed-Income Program Application. The developer will include the number of inclusionary units, which will be multiplied by the amount of subsidy requested/regulated unit. Refer to the document pathway below for the MIP Application and Questionnaire.

**MIP Application and Questionnaire:**

<I:\Forms\Multifamily\applications\Mixed Income Loan Program>

- (c) Pursuant to the Master Developer 1:1 match requirement calculated in the Mixed-Income Questionnaire, the applicant must demonstrate that the requirement is being met at the project. Monetary contributions must be evidenced by a commitment if not already provided as financing commitments. If source is contribution of fee concessions that were waived by municipality, documentation of waiver from the appropriate municipality must be provided. Land donation sources should be evidenced by an appraisal. Other sources may be considered on a case-by-case basis with appropriate documentation.
- (3) The MIP Application Checklist requires that documentation of the source(s) be included as part of the application.

### 3. Program Prohibitions: what is specifically not an allowable use of program funds?

- 1) Refer to the Mixed-Income Loan Program Term Sheet (Limitations section) for a full description of MIP restrictions.

**MIP Term Sheet:** <I:\Forms\Multifamily\Terms Sheets>

- 2) General program prohibitions include:
  - a) Funds cannot be used on projects with 9% LIHTC, but may be used in the bond-financed portions of 'hybrid' LIHTC projects.

- b) Projects will not be eligible for other CalHFA subsidy resources in addition to MIP subordinate loan funds.
- c) Projects will be eligible to combine Special Needs Housing Program (SNHP) resources with MIP Projects.
- d) MIP funds cannot be combined with CA Department of Housing and Community Development (HCD) programs except those that are administered by HCD on behalf of local jurisdictions including HOME and CDBG.

HCD programs that cannot be combined with MIP funds include:

- No Place Like Home (NPLH)
- Affordable Housing and Sustainable Communities (AHSC)
- Housing for a Healthy California
- Multifamily Housing Program (MHP)
- Multifamily Housing Program - Supportive
- Veterans Housing and Homeless Prevention Program (VHHP)
- Joe Serna Jr. Farmworker Housing Grant
- Transit Oriented Development (TOD)
- Infill infrastructure Grant Program (IIG)
- Any other capital loan or grant program administered by HCD that provides permanent multifamily financing

Refer to link below for additional information on HCD programs and funding status.

**HCD Programs:** <http://www.hcd.ca.gov/grants-funding/index.shtml>

- e) Conditional awards whose bonds are not issued by CDLAC within the timeframes outlined in the CDLAC resolution may be rescinded. Refer to CDLAC website for schedule of Allocation Activities in Quick Links.

**CDLAC Meeting Schedule:** <https://www.treasurer.ca.gov/cdlac/>

\*Select Allocation Activities for the appropriate year in Quick Links section.

#### 4. Preferences: among eligible projects, which is CalHFA most looking to support?

- 1) If MIP subordinate funds are over-subscribed, award decisions will be made according to the following preferences:
  - a) Projects restricting  $\geq 10\%$  of units to moderate income households at 81% AMI-120% AMI (CalHFA restricted) will be prioritized over other projects.
  - b) Of the projects that restrict 10% of the units to moderate income households, preference will be given to projects with the lowest MIP subordinate loan request (dollars) per restricted unit.
- 2) In the event of ties for competing projects, awards will be made based on the earlier date of receipt of the application.
- 3) Portfolio-Level Considerations:
  - a) No more than 25% of total annual MIP subordinate loan funds will be awarded to projects that are age-restricted.
  - b) No one sponsor may receive more than 33% of total annual MIP subordinate loan funds.
  - c) No one county may receive more than 33% of total annual MIP subordinate loan funds.
- 4) At CalHFA's discretion, partial awards may be made where a project is deemed worthy of funding and available MIP funds are insufficient for the program year. CalHFA may also consider making awards drawing upon anticipated funding in the following year.
- 5) The MIP Project Ranking Tool will be used by LOs to inform their MIP project recommendations to the SLC. A general overview of the MIP project ranking system is outlined below.

#### PROJECT RANKING SYSTEM

##### **Tracking Applications Received**

1. As applications are received, key information about each project will be recorded in the MIP Ranking Tool. Please refer to the document pathway below for the ranking tool.

**MIP Ranking Tool:** <H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Ranking Tool>

2. When the application round closes, CalHFA determines whether MIP funds will be competitive or non-competitive:

- a. **Competitive:** If the total amount requested exceeds MIP funds available, funding will be competitive and awarded based on CalHFA's priorities and thresholds.
- b. **Non-competitive:** If the amount of MIP funds available exceeds the total amount requested, all applications may be awarded, pending confirmation of overall eligibility and completeness.

### Sorting & Ranking Applications

3. The Ranking Tool makes clear any projects that do not meet critical criteria (the "Threshold Tests"). These are:
  - a. The total amount of MIP subordinate loan funds requested cannot exceed \$5 million per project.
  - b. The principal of the first-lien permanent loan must be at least two (2) times the amount requested in MIP subordinate loan funds.
  - c. Projects not considered Mixed-Income by CDLAC must target 20% of their tax credit restricted units at 80% AMI (subject to market study confirmation).
4. After projects failing any Threshold Test are eliminated, projects are sorted based on key criteria:
  - a. **First:** Projects that have a minimum of 10% of their units restricted at 81%-120% AMI ("Moderate Income" projects)
  - b. **Second:** In increasing order of the requested amount of MIP subordinate loan funding per unit, with \$40,000/unit being the maximum allowable. MIP subordinate loan funds may be applied only to units restricted for households up to 120% AMI at move-in.
  - c. Where projects are tied in ranking based on the above criteria, ranking will elevate the project received at an earlier date and time.
  - d. Note that projects qualify as Moderate Income by meeting the required threshold of 10% of units at 81%-120% AMI. Projects may have a larger proportion (above 10% of units) of 81%-120% AMI units but are not ranked ahead of others by having the larger proportion.

### Making Competitive Awards



5. Beginning at the top of the ranked list, CalHFA will make award recommendations to the top-ranked projects that incorporate 10% of their units at Moderate Income.
  - a. If all the Moderate Income projects have been funded, award recommendations would proceed in order of lowest MIP Funds per unit restricted up to 120% AMI at move-in.
6. Throughout the award recommendation process, CalHFA shall monitor the project mix to ensure all of the following:
  - a. No single county may receive more than 33% of total annual MIP funds. Once a county has been awarded 33%, any lower-ranked projects in that county will be eliminated from consideration.
  - b. No single Sponsor may receive more than 33% of the total annual MIP funds. Once a Sponsor has been awarded 33%, any lower-ranked projects from that Sponsor will be eliminated from consideration.
  - c. County and Sponsor thresholds will be completed in the order above. For instance a Sponsor could have its lower-ranked application awarded if its higher-ranked project(s) had been eliminated as part of a county-threshold test.
  - d. No more than 25% of projects awarded may contain age-restricted units. If CalHFA identifies that the award list reflects too high a proportion of age-restricted projects, the lowest-ranked of the awarded projects will be removed, until the 25% maximum has been met.
  - e. CalHFA will attempt to ensure geographic diversity, with awards made in multiple market areas across California. Market diversity, however, will not supersede the ranking process.

### **Program Notes**

7. CalHFA expects to make only full project awards, though partial awards may be offered at CalHFA's discretion. If the funding needed for the last project to be awarded would exceed the MIP funding available in the current program year, CalHFA may decide to make awards drawing upon anticipated funding from a future year.
8. CalHFA further reserves the right to remove projects from consideration and/or not make awards to projects for which financial feasibility is questioned as part of the CalHFA underwriting process. Financial feasibility includes both ongoing project operations and the reasonable ability for CalHFA to be repaid its principal at the end of the loan term.

## 5. Affordability: what are the characteristics of eligible households and units?

- 1) MIP affordability requirements shall conform to the USRM (Affordability Requirements section) and MIP Term Sheet (Mixed-Income Project Occupancy Requirements). Refer to the document pathway below for the MIP Term Sheet.

**MIP Term Sheet:** I:\Forms\Multifamily\Term Sheets

- 2) All projects must conform to the USRM (Affordability Requirements Section). In each case, in addition to any LIHTC rent restrictions, units funded by MIP subordinate loan funds must maintain rents at levels at least 10% below allowable rents as published by California TCAC for units restricted at 30% - 80% of AMI, and as published by California HCD for units restricted at 81% – 120% of AMI.
- 3) For projects that receive MIP subordinate loan funds, occupancy must be maintained to:
  - a) 20% of the units must be rent-restricted and occupied by individuals with incomes at 50% or less of AMI adjusted for household size (i.e., 20% at 50% AMI) OR
  - b) 40% of the units must be both rent restricted and occupied by individuals with incomes at 60% or less of the AMI adjusted for household size (i.e., 40% at 60% AMI) AND at least 10% of the units must be at 50% or less of AMI, adjusted for household size (i.e., 10% at 50% AMI).
  - c) Tax credit transactions that are income-averaged must meet the above minimum criteria.
- 4) For LIHTC transactions not considered mixed-income by CDLAC:
  - a) At least 20% of tax credit restricted units must be restricted at 80% AMI subject to a market study demonstrating that 80% allowable LIHTC rents are at least 10% below market rents.
  - b) Affordable units within the project may 'float'.

## 6. Fees: what fees are associated with receiving these funds?

There are up to 3 fee categories (Subordinate, First-lien Permanent, and Conduit Bond) that may be applicable to an MIP project.

- 1) SUBORDINATE LOAN FEES
  - a) Program Application Fee: \$5,000 non-refundable, due at time of CalHFA application submittal.
  - b) Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at loan close).
  - c) Legal Fee: \$15,000 due at loan closing (waived if CalHFA is the first-lien permanent lender).

d) Mixed-Income Loan Program Fee: 0.35% ongoing annual fee, commencing at permanent loan conversion, calculated based on the principal balance of an amortization schedule with the following assumptions:

(1) 55-year level-amortization

(2) Start date, interest rate and the loan amount consistent with First-Lien Permanent Loan.  
Applicable only if CalHFA is not providing permanent financing.

e) See Regulatory Agreement Section 12.a. (Mixed-Income Loan Program/Residual Receipts) for detail on the MIP Fee. Refer to the document pathway below for Regulatory Agreement language.

**MIP Regulatory Agreement Template:**

<H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Regulatory Agreement>

f) See Mixed-Income Loan Program Term Sheet for current MIP fees. Refer to the document pathway below for term sheet.

**MIP Term Sheet:** <I:\Forms\Multifamily\Term Sheets>

2) FIRST-LIEN PERMANENT LOAN FEES (ONLY IF CALHFA IS SELECTED AS THE FIRST-LIEN PERMANENT LENDER)

a) See current Tax Exempt Permanent Loan Program Term Sheet for fees associated with a CalHFA first-lien permanent loan. Refer to the document pathway below for term sheet.

**Tax Exempt First-lien Permanent Loan Term Sheet:** <I:\Forms\Multifamily\Term Sheets>

3) CONDUIT BOND PROGRAM FEES

a) MIP projects require use of the Conduit Bond Program. Fees associated with this program (e.g issuer fee, annual administrative fee, CDLAC Allocation Fee, etc.) will be charged consistent with the most recently issued Conduit Bond Program Term Sheet. Refer to the document pathway below for Conduit Bond term sheet.

**Conduit Bond Program Term Sheet:** <I:\Forms\Multifamily\Term Sheets>

b) The \$5,000 MIP application fee will also satisfy the Conduit Bond Application Fee.

## 7. Preferred Lender Process & Qualifications

1) MIP applicants are not required to engage CalHFA for first-lien permanent lending services. CalHFA will qualify Preferred Lenders on an annual basis through a Request for Qualification (RFQ) process.

- 2) Pursuant to their qualifications, the Preferred Lenders may provide:
  - a) Construction Loan only OR
  - b) First-lien Permanent Loan only OR
  - c) Combination of Construction and First-lien Permanent Loans.
- 3) The requirements for a qualified MIP Preferred Lender are the same across both loan types. A CalHFA MIP Preferred Lender for either or both Construction and First-lien Permanent must demonstrate that they:
  - a) Have closed construction loans for at least eight (8) bond and 4% projects nationally OR
  - b) Have closed construction loans for at least five (5) bond and 4% projects located in California.
  - c) Will agree to execute a Mixed-Income Preferred Lender agreement with CalHFA.
- 4) If an applicant decides to use a MIP Preferred Lender, the Lender must be qualified as a Preferred Lender by CalHFA. In other words, lenders that meet the requirements above and are not listed on the CalHFA Preferred Lender list may not be used for MIP projects.
- 5) CalHFA's first Preferred Lender list is expected to be issued on or about February 4, 2019. In future years, please refer to the link below for most up-to-date Preferred Lender list.

**Preferred Lender List:** [To be posted to the CalHFA website February 4, 2019.](#)

- 6) CalHFA intends to conduct an RFQ for MIP Preferred Lenders on an annual basis. This is to ensure that the list is up-to-date and existing Preferred Lenders are updated on any changes in the MIP Term Sheet. In addition, an annual RFQ process will enable CalHFA to remove preferred lenders that become ineligible and to consider new eligible lenders on a regular basis. In MIP's first year, CalHFA issued the Preferred Lender RFQ in November 2018. Refer to the document pathway below for information about the RFQ content and process.

**Preferred Lender RFQ:** [H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Lender RFQ](#)

- 7) All lenders selected to be on CalHFA's MIP Preferred Lenders list must sign a preferred lender agreement. Refer to the document pathway below for preferred lender agreement language.

**Preferred Lender Agreement:**

[H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Lender Participation Agreement](#)

## 8. Development Team Experience: what constitutes an eligible developer?

MIP developer and stakeholder requirements shall conform to the USRM (Development Team Experience Requirements section).

## 9. Subordinate Loan Terms: what are the terms of the funds that will be provided?

- 1) The MIP provides a maximum of \$40,000 per unit restricted for households up to 120% AMI at move-in (Tax Credit of CalHFA) and the maximum loan size if \$5 million.
  - a) Exceptions to the \$5 million subordinate loan threshold can be made under the following conditions:
    - (1) The Project has targeted at least 10% of its units from 81-120%.
    - (2) Senior Loan Committee approves the exception.
    - (3) The request for additional funds is limited to no more than \$1 million.
- 2) Refer to Mixed-Income Loan Program Term Sheet (Mixed-Income Subordinate Loan and Mixed-Income Subordinate Loan Rates and Terms sections)

**MIP Term Sheet:** I:\Forms\Multifamily\Term Sheets

- 3) All affordability and rent restrictions will remain in effect according to the terms in the Regulatory Agreement. Regulatory Agreement Sections 1 (Term of Agreement) and 4a (Tenant Rent and Income Limitations) stipulate that income and rent restrictions shall not expire before the end of the term (generally a minimum of 55 years), even if MIP funds are repaid prior to that date.
- 4) CalHFA will not consider requests to shorten affordability terms in the Regulatory Agreement but will work with applicants seeking to extend loan and affordability terms.
- 5) Refer to the MIP Term Sheet (Mixed-Income Subordinate Loan Rates and Terms section) for repayment terms.

**MIP Term Sheet:** I:\Forms\Multifamily\Term Sheets

- 6) Refer to Regulatory Agreement Sections 2 (Definitions) and 14 (Distributions) for detail on the terms and calculations for Residual Receipt payments owed to CalHFA.

**MIP Regulatory Agreement Template:**

H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Regulatory Agreement

## 10. Underwriting Criteria: how will CalHFA assess viability of projects and size the loans?

- 1) All first-lien permanent loans, whether provided through CalHFA or a CalHFA Preferred Permanent Lender, must meet CalHFA's underwriting standards as outlined in the USRM (Financial Analysis Standards section).
- 2) The Developer Fee must be deferred in an amount equivalent to the amount of MIP subordinate funds requested, up to a 50% deferral of Developer Fee. This is consistent with terms of the Subsidy Loan Program in the USRM (Subsidy Fund Policy – Restrictions on Uses section).
- 3) CalHFA reserves the right to not award MIP subordinate funds for projects that are not feasible based on an FA assessment and/or other factors.

## 11. Reserve Requirements: what project reserves will be required?

- 1) For CalHFA first-lien permanent + MIP subordinate loan applications, reserve requirements will conform to first-lien permanent loan standards in the USRM (Reserves Standards section).
- 2) For MIP subordinate loan only applications, reserve requirements will conform to the USRM (Reserve Standards section) as applicable.
- 3) Refer to Regulatory Agreement Section 6 (Establishment and Use of Reserve Funds) for detail on reserve requirements for MIP subordinate loans. Refer to the document pathway below.

### **MIP Regulatory Agreement Template:**

H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Regulatory Agreement

## 12. Compliance / AM Requirements: what will CalHFA require for post-closing capacity and processes?

- 1) Households that are income-qualified at move-in shall not be forced to move out based on increases in household income. If household income exceeds 2X the allowable maximum limit for that household, the owner must allocate the next available unit to be restricted at the AMI level initially designated to the unit now occupied by the over-income tenant.
- 2) The applicant must provide CalHFA with the following:
  - a) Annual audited project financial statements no later than 90 days after the close of the project's fiscal year, AND

- b) Owner's self-certification that rent increases are in line with allowable limits, AND
- c) The computation of surplus cash, any distributions and residual receipt payments. Computations will be determined in accordance with the Regulatory Agreement and "Audited Financial Statements Handbook for Multifamily Rental Housing." Refer to link below for the handbook.

**Audited Financial Statements Handbook:**

<https://www.calhfa.ca.gov/multifamily/asset/compliance/index.htm>

- 3) CalHFA will not maintain any waiting lists for properties. Note that a waitlist management plan, in addition to a tenant selection plan, shall be required as part of a completed application and the project's ongoing compliance management oversight.
- 4) If compliance violations are discovered, including units occupied by income-ineligible households or units that remain vacant excessively long, CalHFA reserves the right to take appropriate corrective and/or punitive action at its sole discretion.
- 5) Tenant eligibility shall be determined by developer/owners or their designated Management Agent. CalHFA reserves the right to check some or all tenant files associated with occupants of units restricted for households up to 120% AMI at move-in, and may audit the process for selecting tenants, at its sole discretion.
- 6) Properties are subject to physical site inspections pursuant to the requirements of the Conduit Bond Program. CalHFA may additionally elect to inspect properties receiving MIP funding at its discretion.

### 13. Subordinate Loan Assumptions & Subordinations: when will CalHFA agree to subordinate its lien?

- 1) Refer to the USRM (Lien Priority Requirements section) for guidance on subordination of loans.
- 2) Subordination requests in conjunction with a resyndication or refinance should be directed to CalHFA's Multifamily Department.
- 3) Subordination requests in conjunction with an ownership transfer should be directed to CalHFA's Legal Department

### 14. Exceptions to MIP Guidelines

Requests for exceptions to the MIP guidelines outlined in this document must be presented to the Senior Loan Committee (SLC) for consideration. The SLC retains the authority to accept or reject any exceptions to this document. Requests will be reviewed on a project-by-project basis.

## MIP Document and Reference Links

### GENERAL MIP REFERENCE DOCUMENTS

USRM	I:\Forms\Multifamily\Manuals\_USRM - Underwriting Standards & Reference Manual
MIP Schedule	H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Schedule
MIP Checklists	I:\Forms\Multifamily\Program Checklists
MIP Application and Questionnaire	I:\Forms\Multifamily\applications\Mixed Income Loan Program
Tax Exempt First-lien Permanent Loan Term	I:\Forms\Multifamily\Term Sheets
Conduit Bond Program Term Sheet	I:\Forms\Multifamily\Term Sheets
Financial Analysis Templates	I:\Forms\Multifamily\Financial Analysis
Template for SLC Report (initial and final)	I:\Forms\Multifamily\SLC-Board
MIP Regulatory Agreement Template	H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Regulatory Agreement
HCD Programs	<a href="http://www.hcd.ca.gov/grants-funding/index.shtml">http://www.hcd.ca.gov/grants-funding/index.shtml</a>
CDLAC Meeting Schedule	<a href="https://www.treasurer.ca.gov/cdlac/">https://www.treasurer.ca.gov/cdlac/</a> *Select <u>Allocation Activities</u> for the appropriate year in Quick Links section.

### RANKING TOOL

MIP Ranking Tool:	H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Ranking Tool
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### PREFERRED LENDER

Preferred Lender List	To be posted to the CalHFA website February 4, 2019.
Preferred Lender RFQ	H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Lender RFQ
Preferred Lender Agreement	H:\MultiFamily\Lending Programs\Mixed Income Loan Program\Lender Participation Agreement

### ASSET MANAGEMENT/COMPLIANCE

Audited Financial Statements Handbook	<a href="https://www.calhfa.ca.gov/multifamily/asset/compliance/index.htm">https://www.calhfa.ca.gov/multifamily/asset/compliance/index.htm</a>
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