

*HOUSING FINANCE AUTHORITY
of
HILLSBOROUGH COUNTY*

**MULTI-FAMILY TAX EXEMPT
BOND PROGRAM**

**APPLICATION PROCEDURES &
PROGRAM GUIDELINES HANDBOOK**

Revised October 23, 2012

**HOUSING FINANCE AUTHORITY of
HILLSBOROUGH COUNTY, FLORIDA
MULTI-FAMILY TAX EXEMPT BOND PROGRAM
APPLICATION PROCEDURES AND PROGRAM GUIDELINES**

Program Guidelines

I. OVERVIEW

The Housing Finance Authority of Hillsborough County (the "Authority") will consider providing tax-exempt revenue bond financing for qualified multifamily housing developments which meet the goals of the Authority and comply with applicable federal and state law. The Authority has adopted the following guidelines to set forth the general requirements and procedures that apply to the financing of multifamily housing developments. The Authority may waive specific provisions of these guidelines where good cause is shown and adequate supporting documentation is provided. Any waiver is at the sole discretion of the Authority. In addition, these guidelines may be amended, revised, repealed or otherwise altered by the Authority with or without notice.

The Authority will not issue obligations to provide financing for any development unless the applicant has satisfied the general requirements set forth in these guidelines. The Authority reserves the right to impose additional requirements on any particular development. Compliance with these guidelines does not and shall not create any right by an applicant to a commitment or assurance that the Authority will provide the requested financing.

The Authority provides below market rate loans of bond proceeds for construction, rehabilitation and permanent financing of multifamily housing developments. The funds are made available by the Authority's issuance revenue bonds (the "Bonds"). If the Authority requires credit enhancement on the Bonds, the borrower must arrange to secure or collateralize the Bonds. The Bonds are secured solely by the credit enhancement provided by the borrower and/or by revenues from the development. In no event shall the Bonds ever be secured by public revenues. The Authority is merely a conduit and shall not be liable on any Bonds. From time to time the Authority may approve other financing structures to the extent permitted by law.

The multifamily program has been undertaken by the Authority in order to alleviate the shortage of affordable housing available to persons and families in Hillsborough County; to generate affordable multifamily rental capital for investment in Hillsborough County; to stimulate economic development; and to create jobs.

All proposed developments will be assessed by the Authority's Financial Advisor. Also, each proposed development, once it has received a preliminary assessment by the Authority's Financial Advisor, shall be reviewed by the Hillsborough County Housing & Community Development Department for consistency with housing policies at the Federal level, as determined by the U.S. Department of Housing & Urban Development (HUD), and at the local level, as determined by the Hillsborough County Board of County Commissioners (BOCC).

Each development financed by the Authority, in whole or in part, will not interfere with but rather will contribute to the housing stock, housing market, and economic stability of Hillsborough County.

ALL DEVELOPMENTS ARE SUBJECT TO THE REQUIREMENTS OF THE AUTHORITY'S RULES AND REGULATIONS AND PROGRAM GUIDELINES

Information:

Interested Applicants may request additional information from:

Website:

www.hillsboroughcountyhfa.org

Bond Counsel:

Randy Clement

Misty Taylor

Bryant Miller Olive P.A.

135 West Central Boulevard, Suite 700

Orlando, Florida 32801

(407) 426-7001

rclement@bmolaw.com

mtaylor@bmolaw.com

Financial Advisor:

Mark Hendrickson

The Hendrickson Company

1404 Alban Avenue

Tallahassee, Florida 32301

(850) 671-5601

zdog416@aol.com

II. SUMMARY OF PROCESS

A variety of collateral techniques may be explored. The financial structure is subject to approval by the Financial Advisor to the Authority and Bond Counsel. The term of the bond issue is subject to negotiation. Interest rates cannot be determined until Bond sale. The bond issue is accomplished via the following Financing Steps:

A. Selection Stage

Applicants submit application package for staff and Financial Advisor review. Financial Advisor performs development feasibility analysis. Authority Board considers purpose and financial feasibility of development, including site control. Authority Board selects

from all Applicants which will be invited to credit underwriting and subsequent stages of the process.

B. Official Action (subsequent to written application)

Ascertain that Applicant understands and agrees to comply with state, federal and Authority requirements and has supplied all documentation required for inducement. Public hearing advertised. Public hearing held. Consideration of Official Action Resolution. If approved, execute memorandum of agreement. Authority submits to County Commission for approval. Upon Commission approval, submission of private activity bond volume cap request to state, with priority designated by Authority.

C. Pre-Financing Stage

If development is in the planning stage, site plan is developed and submitted to appropriate authorities and other development approval processes are put in motion. Review of site plan, architectural design, and final construction contract is performed by construction analysis/engineering firm. Credit underwriting is performed by firm under contract with the Authority, at the expense of the Applicant. Validation proceedings, if required, are commenced. Financing structure (credit enhancement, etc.) finalized. Applicant contacts Bond Counsel for commencement of documentation.

D. Pre-Closing Stage

Ratings and insurance, as appropriate, are obtained. Documentation finalized. Receipt of Letter from Applicant that all deal points have been resolved and that documents are in substantially final form. Adoption by Authority of Bond Resolution approving documents and authorizing the issuance of Bonds. Bonds underwritten and sold to purchaser(s), subject to all conditions precedent to closing being accomplished. **THE AUTHORITY DOES NOT CLOSE BOND ISSUES IN ESCROW.**

E. Closing

Closing shall be held at a time and place acceptable to the Authority. Any and all costs and expenses of the Authority incurred in connection with the issuance of the Bonds, including but not limited to the fees and expenses of the Authority's bond counsel, underwriter and financial advisor shall be paid at closing, or such earlier time as outlined herein.

III. APPLICATION

A. Filing Application

Application for the issuance of Bonds shall be made in the form attached hereto as "Housing Finance Authority of Hillsborough County, Multifamily Mortgage Revenue Bond Program, 2011 Application". The application (original and eleven copies) must be

submitted to the Authority at the addresses contained within, and by the deadline established by the Authority, within a Notice of Funding Availability (NOFA). The submission must be an original application and eleven copies. [The application and NOFA are available at the HFA's website, www.hillsboroughcountyhfa.org.](http://www.hillsboroughcountyhfa.org)

B. Expense and Indemnity Agreement

In conjunction with the filing of the application, the Applicant will be required to execute an Expense and Indemnity Agreement, in the form attached hereto as Exhibit-B, whereby the Applicant agrees to pay all bond issuance expenses, including, without limitation, the fees and disbursements of the Authority's Bond Counsel, Financial Advisor, underwriters, and any other administrative charges or out-of-pocket expenses which relate to the issue, and to indemnify the Authority and its members, officers, agents, attorneys and employees against any and all claims and liability arising out of the issuance of the bonds.

C. Timely and Complete Filing

The Applicant will be required to file a complete application by the time and date noticed in the Notice of Fund Availability. Failure to comply will result in a rejection of the application.

D. Site Control

The Authority is not involved in site selection, but rather finances developments that are proposed by Applicants. However, location of the proposed development may be a factor utilized by the Authority in its determination of whether to finance the development. Prior to application to the Authority, site control by deed, contract or option is required.

IV SUMMARY OF REQUIREMENTS FOR THE DEVELOPMENT AND THE FINANCING

A. General Requirements

1. The summary set forth herein is subject in all respects to the financing documents, Authority requirements and applicable state and federal law.
2. Developments must satisfy all applicable state and federal requirements. The Authority will rely on Bond Counsel, Counsel to the Authority and the Financial Advisor to determine the applicable requirements with respect to each development. There may be additional limitations imposed by the Authority in accordance with the policies, rules and regulations of the Authority.

3. The Authority will not issue obligations to provide financing for any multifamily rental housing development unless the applicant complies with the requirements set forth in these Program Guidelines.

C. Fair Housing Practices

All applicable Federal, State, and Local Fair Housing requirements must be followed.

D. Other Requirements

1. No bond issue may be made for an Applicant to finance the acquisition of a development from an affiliated party, without prior approval by the Authority and confirmation by the credit underwriter that the sales price reflects a fair market value for the property, without considering the benefit of the tax exempt financing.
2. An Applicant must, upon delivery of the Bonds, execute an agreement which provides that the Applicant agrees to comply with the Program Guidelines in all respects. This agreement contains the Applicant's covenants, which run with the land and binds the Applicant's successors and assigns. In addition, the Applicant will be required to deliver, following completion of the development, periodic certifications with regard to continuing compliance with the Program Guidelines.
3. Each financing must have a credit enhancement policy in place at Bond closing which is rated at least BBB/Baa or the Bonds must be privately placed with an institutional investor which agrees to hold the Bonds for its own account and not for resale. Any unrated Bond or Bond rated less than "A" shall be limited in its distribution to sophisticated investors.
4. If the Application involves the sale of low income housing tax credits, the Applicant must conform to all federal and state requirements associated with those credits, including compliance with Section 42 of the Internal Revenue Code and compliance with the State of Florida's Qualified Allocation Plan and associated administrative rules.
5. If the Application involves the sale of Bonds not subject to the unified volume cap due to the 501(c)(3) status of the Applicant, the Applicant must demonstrate at a minimum that (i) the organization is a 501(c)(3) in good standing, with affordable housing as part of their charter, and with a legal opinion relating to the organization and its role in the transaction, (ii) the organization should have a role in the community beyond that as a conduit financing vehicle, and (iii) the organization should have a meaningful role in the development. Payment of a minimal fee with no real on-going role would not qualify as "meaningful".

6. All Applicants must provide a homeownership opportunity program available to all residents living in non-elderly developments in compliance with their current lease. The program must provide for the payment of 5% of the resident's gross rent towards a downpayment for that resident when the resident moves from the development into homeownership. The resident may be suspended from the program during the period of a lease if the resident violates any provision of the lease. Upon renewal of the lease, the resident must be reinstated into the program for the period of that renewal, with suspension permitted under the same terms as discussed above. The homeownership opportunity program must also include financial counseling for all residents, with emphasis on credit counseling and other items necessary for successful purchase of, and maintenance of a home.
7. If the Application involves acquisition and/or rehabilitation, rehabilitation expenditures must exceed \$20,000 per unit.
8. Elderly developments may not exceed 160 units, unless they involve the rehabilitation of an existing elderly development.
9. The Authority's bond counsel must review any affiliated party transaction to determine that it will not preclude delivery of bond counsel's opinion that the interest on any Authority bonds intended to be issued as tax-exempt bonds is excluded from gross income.

V. APPLICATION REVIEW

A. Initial Review by Financial Advisor

1. The application for financing will be received and reviewed by the Authority's Financial Advisor, who shall prepare a report for the Authority. Such analysis shall include an analysis of the proposed development and financing, including but not limited to, financial feasibility, ability to proceed, public purpose, and all other selection factors included in this document.
2. The cost of the Financial Advisor's analysis shall be paid directly to the Authority at the time of initial application.

B. Preliminary Selection by the Authority Board

1. The Board, upon review of the Financial Advisor's analysis, and upon independent review of the applications, may select one or more Applicants to move forward into the remaining process to determine the amount of private activity bond allocation to be requested for the Development (subject to County approval), and the total amount of bond financing to be considered for the development.
2. The Board may establish conditions and timetables related to the financing as part of this selection process.

3. This initial “selection” by the Board does not bind the Authority to finance any or all of the proposed development. Instead, it allows the Applicant to move forward into the remaining process that will determine if the Board elects to finance any or all of the proposed development.

C. Items to be Considered By the Board in the Initial Selection Process

Note that many of the following factors are necessarily subjective.

1. The financial soundness of the Applicant and the development, including the experience of the Applicant and other development team members.
2. Conformance of the development with legal restrictions governing the issuance of the Bonds.
3. The impact of the development upon the County's housing shortage, and on any neighborhood development or redevelopment plan of the County.
4. The relative affordability of the housing to those persons in the County of middle, moderate and lesser income.
5. Ability of the Applicant to complete financing and development on a timely basis, including the status of a commitment for credit enhancement or private placement of the Bonds, a commitment from the purchaser of any low income housing tax credits associated with the financing, and the status of the Applicant in the permitting process.
6. Economic impact of the development, including the impact of jobs created by substantial rehabilitation and new construction.
7. Applicant’s formal agreement to abide by the loan conditions established in the credit underwriting report prepared by the Financial Advisor and the credit underwriter.
8. Applicant’s agreement to provide resident income set-asides in excess of those required by State and Federal law.
9. Applicant’s agreement to agree to extended low income compliance periods.
10. Applicant’s agreement to serve residents with incomes at levels below the maximum “low income” levels established by Federal law.
11. Applicant’s agreement to provide services to the residents relevant to the needs of the residents, such as day care, financial and credit counseling, or other services approved by the Authority.
12. Appropriateness of the development design, including the number of bedrooms per unit in developments targeted to family occupancy.

13. Development design and amenities that provide enhanced quality of life, energy efficiency, increased security, handicapped accessibility, or other features.
14. The proposed financing structure, including the proposed credit enhancement or private placement and its related bond rating and term.
15. Leveraging of the Authority's tax-exempt bond allocation by providing a portion of the financing from non-County sources, including, but not limited to taxable bonds, and state or city loans or grants.
16. Use of a financing structure that is efficient in its use of tax exempt bond allocation.
17. Impact of the proposed development on existing developments, i.e., market saturation.
18. Proximity of the proposed development to employment centers.

VI. PROCESS AFTER INITIAL SELECTION BY THE BOARD

A. TEFRA Approval; Private Activity Bond Allocation

Pursuant to the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), a public hearing on the tax-exempt financing of the development must be held and the minutes of that meeting or applicable extracts thereof, submitted to the Board of County Commissioners of Hillsborough County (the "Commission"). A notice setting forth the location and description of the development, the principal amount of the bonds, the owner of the development, and other relevant data about the proposed financing and containing the date, time and location of a TEFRA public hearing must be published at least 14 days prior to the TEFRA public hearing. Unless otherwise provided, the TEFRA public hearing will be held by the Authority at a regularly scheduled meeting time. At the TEFRA hearing, the development will be discussed and the public will be invited to be heard with regard to the development. Following the holding of the public hearing, the development and the financing must be approved by the Board of County Commissioners. Bond Counsel and Authority staff will be responsible for all arrangements with respect to the holding of the public hearing and obtaining TEFRA approval. Failure to obtain TEFRA approval from the County Commission shall result in termination of the financing with no liability to the Authority. Following receipt of approval by the County Commission, the Authority will submit to the state a private activity bond volume cap allocation request in the amount and in the order of priority determined by the Authority. No assurance can be given that a requested private activity bond volume cap allocation will be received.

B. Memorandum of Agreement

1. After deliberation the Authority may authorize execution of a memorandum of agreement (the "Official Action") specifying the terms under which the Authority will issue its Bonds and inducing the Applicant, contingent upon the applicant's execution of such agreement within ten (10) calendar days. The Agreement will include the loan conditions included in the development feasibility analysis and the credit underwriting report prepared by the Financial Advisor and the credit underwriter (if available), and any other condition established by the Board as part of the initial selection process. The Agreement will also include the ability to recapture the bond allocation if the Applicant does not meet all conditions in a timely manner.
2. The Official Action of the Authority should not be construed as indicating the marketability of the Bonds or a guarantee that the Bonds will be issued. Rather, it is an indication that the Authority will issue its Bonds if a willing and suitable purchaser can be found by RBC Capital Markets and Citigroup, and all conditions precedent to issuance occur or are met.

C. Credit Underwriting

1. By dates established by the Authority Board, the Applicant shall enter and complete credit underwriting. Failure by the Applicant to meet such deadlines will result in rejection of the application.
2. A preliminary and final credit underwriting report will be delivered to the Board for review and approval. Upon receipt of the reports, the Board may establish conditions and timetables for the financing. The Board may elect to not move forward with the financing due to information included in the credit underwriting report.
3. In addition to any conditions established by the Authority, the Applicant shall comply with all conditions established by the credit underwriter within the preliminary and final credit underwriting reports. Failure to comply with such conditions shall result in rejection of the application. Such conditions will include, but are not limited to, personal guaranties by the principals of the general partner and development entity (and the related corporate entities) of construction completion, operating deficits, environmental indemnity, and non-recourse obligations.

D. Termination of Official Action

1. After execution of the memorandum of agreement, it is the Applicant's responsibility to commence the development. Additionally, prior to preparing bond sale documents the Applicant must submit the Commitment Fee. The Bonds must be issued the earlier of (i) the deadline established in the initial approval by the Board, (ii) prior to the expiration of the bond allocation associated with the financing, or (iii) within nine (9) months of the effective date of the Agreement, subject to an extension granted in the sole discretion of the Authority. The Authority will consider extending the official action upon the submission by

the Applicant, no less than thirty (30) days prior to the end of the above referenced nine month or earlier period, of a written notice that the applicant wishes to seek an extension and a status report providing tangible evidence satisfactory to the Authority of the progress of the financing of the Applicant's development. The Authority reserves the right to terminate an official action at the end of nine (9) months, or any earlier time as noted in this paragraph.

2. The Authority shall deem the inducement terminated in the event that the Applicant fails to meet the foregoing requirements.

E. Authority Agenda Scheduling

1. Official Action will be taken only at duly noticed Authority meetings or, in cases deemed exceptional by the Chairman or any three (3) members of the Authority, at specially scheduled Authority meetings.
2. All documentation requiring Authority official action must be received for review by the Chairman, Bond Counsel, Financial Advisor to the Authority and Counsel to the Authority at least ten (10) working days in advance of the meeting in which the requested action is to be taken.

F. Validation

The bonds of the Authority may be required to be validated in the manner provided by Section 159, Florida Statutes, as amended, and by Chapter 75, Florida Statutes, as from time to time amended and supplemented. If a bond validation is necessary, Bond Counsel will prepare validation pleadings for filing by Counsel to the Authority in the Circuit Court in and for Hillsborough County. Applicant shall bear any fees and expenses (including legal fees of the Authority's bond counsel) relating to any bond validation.

VII. PROCESS AFTER FINAL APPROVAL OF FINANCING BY THE AUTHORITY

A. Preparation of Bond Package

After appropriate review and approval by the Authority, the Authority shall consult with Bond Counsel and initiate appropriate steps leading to the preparation of bond documents for the sale of the Bonds.

B. Bond Counsel and Preparation of Bond Sale Documents

1. It is the policy of the Authority that the legal firm serving as bond counsel to the Authority at the time of initial application for financing act as bond counsel for all multifamily housing revenue bond issues.
2. Following the execution of the Memorandum of Agreement by the Authority and the applicant, bond counsel will prepare all documents necessary for the sale of Bonds and submit them for review and approval by the parties thereto.

C. Sale of the Bonds

1. The act of the Authority in entering into a Memorandum of Agreement with the applicant for the issuance of Bonds shall not be construed as an indication of the marketability of the Bonds but rather that the Authority will issue its Bonds only if appropriate and willing purchasers can be found and upon the execution of bond sale documents mutually agreeable to all parties thereto.
2. Bonds issued and sold by the Authority shall not be deemed to constitute a debt, liability, or obligation of the Authority, the County, or of the State of Florida, or of any political subdivision thereof, or a pledge of the faith and credit or taxing power of the Authority, the County, or of the State or of any such political subdivision but shall be payable solely from the revenues and other resources pledged to the payment of the Bonds.
3. It is the policy of the Authority to select the investment banking firms to act as senior managing underwriters and remarketing agents for the issuance of the Authority's multifamily housing revenue bonds. These firms are listed in Exhibit-A. The Authority will consider requests by applicants to add co-managing underwriters for the said applicant's bond financing and determine the division of fees among such underwriters, in the sole discretion of the Authority.
4. In general, prospective bond issues not considered of investment grade quality may be sold only at private sale or by limited public offering to sophisticated investors or qualified institutional buyers in bond denominations of not less than \$100,000 each. Prospective issues of investment grade quality may be sold at public or private sale in bond denominations of not less than \$5,000 each.
5. For purposes of this paragraph, the term "limited public offering" shall be defined as an offering made only to sophisticated investors or qualified institutional buyers, not more than 35 in number. The intent of this paragraph is applicable not only to the initial sale of the bonds, but also to resales, if any, in secondary markets and shall be incorporated in the bond sale documents. Investment grade quality shall be as determined by the accepted standards of the nationally recognized credit rating agencies.

VIII. PROCESS AFTER SALE OF BONDS FOR DISPOSITION OF BOND PROCEEDS

- A. Following the sale of the Bonds, the proceeds raised will be deposited with the Trustee for the bondholders in accordance with bond documents.
- B. In accordance with bond documents, the Authority will be concerned with the use of the proceeds to the extent that they are used only for purposes allowed by governing statute and provisions of the development as authorized in the Memorandum of Agreement and bond sale documents. To this end the Authority requires that all construction and other

disbursements and certain other matters related to the development be approved by its construction servicing agent.

IX. FEES AND EXPENSES

The Applicant will be responsible for all fees and expenses in connection with each bond issue on its behalf. Such expenses, where eligible under the Code, may be financed with Bond proceeds. The Code provides that only two (2) percent of the proceeds of a tax-exempt bond issue may be used to pay "Costs of Issuance." The Applicant hereby commits to pay from other sources any costs of issuance not payable from Bond proceeds. The following fees are payable at the times and in the amounts as described below. ALL FEES ARE NON-REFUNDABLE.

- A. Each application submission shall include a non-refundable Application Fee in the amount of 0.1% (ten basis points) of the requested bond amount, but not less than seven thousand five hundred (\$7,500.00), payable to the Housing Finance Authority of Hillsborough County, Florida in the form of a cashier's check.
- B. Each application submission shall include a non-refundable Development Feasibility Analysis Fee in the amount of \$5,500, payable to the Authority, in the form of a cashier's check.
- C. If invited to credit underwriting by the Authority, the Applicant must submit a non-refundable credit underwriting fee in the amount specified in the agreement between the Authority and the credit underwriter. Such fee should be payable to the credit underwriter, and must be paid prior to commencement of credit underwriting. Applicant is also responsible for other costs of credit underwriting, including appraisals, pre-construction analysis and engineering studies.
- D. Prior to official action, the Applicant must execute a memorandum of agreement with the Authority and submit to the Authority a Commitment Fee equal to fifty thousand dollars (\$50,000), or one percent (1.00%) of the aggregate estimated principal amount of the Bonds to be issued, whichever is greater. If the Authority meets its obligations under the Memorandum of Agreement and the bond closing does not take place, this fee shall be non-refundable. Additionally, if the sale and closing does not take place for any reason, the fee is refundable only in the amount remaining after the Authority pays all hourly and out of pocket costs of the Authority, Bond Counsel, Counsel to the Authority, Underwriters, and the Financial Advisor. The out of pocket costs of the Authority may include, but are not limited to, costs of printing the Bonds and official statement, drafting and distribution of bond and loan documents, review of bond and loan documents, travel and rating agency fees. If the bond issue closes, this fee will be credited against the total costs of issuing the bonds, all of which the Applicant is required to pay.
- E. At the closing of the Bonds an Administrative Fee equal to twenty thousand dollars (\$20,000), or twenty-five one-hundredths of one percent (25/100 of 1.00% or 25 basis points) of the principal amount of the Bonds, whichever is greater, will be due.

- F. In addition, the Authority will charge an Annual Administration Fee of two tenths of one percent or twenty basis points (2/10 of 1.00% or 20 basis points) on the outstanding amount of Bonds, plus the costs of any ongoing third party service provided to the Authority in conjunction with the bond issue, including loan servicing, development compliance monitoring, financial monitoring, trustee services, audit costs, and rebate analysis. For transactions that contemplate significant reduction in the amount of bonds within the first five years after bond closing, the Annual Administrative Fee will be based upon the original amount of Bonds issued.
- G. The Applicant shall be responsible for payment of all fees and expenses in connection with the proposed financing, including, without limitation, the fees and expenses of the Authority's Financial Advisor, Bond Counsel, Credit Underwriter, Construction Servicing, Compliance, Monitoring Agent, and Financial Monitoring Agent, Trustee and its counsel, the Bond Underwriters and their counsel, the credit enhancers, and the rating agencies. The Authority reserves the right to charge fees for these services above the standard contract rate, on deals of unusual nature or with exceptionally complex structures.

X. WAIVER

The Finance Authority reserves the right to waive any of the aforesaid guidelines and procedures, not otherwise required to be met by law, upon good cause shown by Authority personnel or any corporation, firm or business concerned with the proposed financing showing of any of the following shall constitute "good cause" for the purpose of such waiver:

- A. That a particular guideline or application requirement is not applicable to a particular applicant;
- B. That due to the nature of a proposed development, applicant or bond financing transaction a particular guideline or application requirement is neither necessary for proper review and consideration of an application by the Authority nor practicable under the circumstances.
- C. That compliance by an applicant with any guideline or application requirement would work an undue hardship on said applicant and compliance therewith is not essential, in the opinion of the Authority, to its review and considerations of the application.
- D. That compliance with any guideline or application requirement is not, in the opinion of the Authority, essential to its review and consideration of an application and dispensing therewith would facilitate the Authority's action upon the application. Any such waiver shall be based upon evidence of the existence of good cause presented to the Authority at a public meeting and shall be by majority vote of the quorum of the Authority taken at such meeting. These guidelines may be amended from time to time by majority vote of the quorum of the Authority taken at any meeting.
- E. The guidelines in effect at the time of execution of any Memorandum of Agreement shall

be made a part thereof and incorporated therein by reference. In the event of conflict, the Memorandum of Agreement shall control.

- F. Notwithstanding fixed fee contracts that the Authority may have entered into with certain professionals, the Financial Advisor, Bond Counsel, and Credit Underwriter are authorized to charge Applicant at an hourly rate if the Applicant and its representatives engage in excessive negotiation of program documents.

XI. PROGRAM COMPLIANCE REQUIREMENTS

A. Compliance Agent

In order to insure compliance with the income targeting required under Federal and State law and the Authority's requirements, the Authority will retain an independent program compliance agent. The Applicant will be required to pay for the cost of this service. This compliance agent will be responsible for monitoring the resident income certification forms and periodic on site inspections of the books and records of the development in order to insure compliance with these requirements. The compliance agent must have experience in compliance work with similar bond issues and must be appointed by the Authority.

B. Financial Monitoring Agent

In order to provide the Authority with current information with respect to the performance of the development, the Authority will retain an independent financial monitoring agent. The Applicant will be required to pay for the cost of this service. The services of the financial monitoring agent shall be for the sole benefit of the Authority, and solely for the information of the Authority. The Authority shall have no responsibility to bondholders, credit enhancers, or others to monitor the financial performance of the development or provide information with respect thereto.

C. Qualified Resident Criteria

The Authority has established criteria for resident selection that is based on cumulative annual household income. A minimum number of units must be Set-Aside for households that meet the Authority's income criteria. The Minimum Set-Aside determined by the Authority is shown in Exhibit-C. The Authority may include the Applicant's willingness to set-aside units beyond the minimum requirements in its decision on whether to induce or finance the development. The Set-Aside requirement is based on cumulative current annual household income determined in accordance with Section 8 of the Housing Act of 1937, as amended. Each income amount associated with the number of persons per household reflects a percentage of the median gross income level for the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area, as determined by the Secretary of the United States Department of the Treasury, in a manner consistent with Section 8 of the Housing Act of 1937, as amended, including adjustments for family size.

D. Other Compliance Requirements

In addition to the criteria cited above, Bond Counsel shall review all applications to insure compliance with Federal and State law, regulations, court rulings, and other mandates in effect at the time an Application is approved.

EXHIBIT-A

Firms participating with the Housing Finance Authority of Hillsborough County:

Investment Banking Firms acting as senior managing underwriters and remarketing agents for the issuance of the Authority's multifamily housing revenue bonds

RBC Capital Markets
100 2nd Avenue S. Suite 800
St. Petersburg, FL 33701
Telephone: (727) 895-8889
Contact Person: Helen Hough Feinberg helen.feinberg@rbccm.com

Financial Advisor

The Hendrickson Company
1404 Alban Avenue
Tallahassee, Florida 32301
850.671.5601
Contact: Mark Hendrickson zdog416@aol.com

Bond Counsel

Bryant Miller Olive P.A.
135 West Central Boulevard, Suite 700
Orlando, Florida 32801
(407) 426-7001
Contact: Randy Clement rclement@bmlaw.com
Misty Taylor mtaylor@bmlaw.com

EXHIBIT-B

FORM OF EXPENSE AND INDEMNITY AGREEMENT

Housing Finance Authority of Hillsborough County, Florida

RE: HOUSING FINANCE AUTHORITY OF HILLSBOROUGH COUNTY, FLORIDA
MULTIFAMILY HOUSING REVENUE BONDS

Ladies and Gentlemen:

The undersigned (the "Applicant") has requested that the Housing Finance Authority of Hillsborough County, Florida (the "Authority") consider its application for the issuance of bonds by the Authority for the benefit of the Applicant, and as an inducement to such consideration hereby agrees with the Authority as follows:

Section 1. Payment Expenses. Whether or not the Bonds are offered, sold or issued, the Applicant agrees to pay and be liable for, and to hold you harmless against the payment of, any and all expenses related to the Bonds issue, including, without limitation, the fees and expenses of Bond Counsel, Bond Underwriters, Financial Advisor, Credit Underwriters, and if any, Counsel to the Authority, recording charges, expenses of printing offering circulars or official statements, the cost of printing the Bonds and advertising the sale thereof. The application fee is a separate fee that is non-refundable and shall be used for the payment of administrative and/or legal expenses of the Authority.

Section 2. Indemnity. Whether or not the Bonds are offered, sold or issued, the Applicant agrees to indemnify and hold harmless you, and each of your members, officers, agents, attorneys and employees against any and all claims and liability whatsoever arising out of the Bonds issued, including, without limitations, alleged tortuous conduct or breach of contractual relationships, whether predicated upon federal or state statutes, common law, principles of equity or otherwise, excepting only claims based upon willful misfeasance or nonfeasance of the Authority. In furtherance of the foregoing, the Applicant agrees to pay any and all attorneys' fees and court costs, including those relating to appeals, incurred in the defense of any of the claims herein above enumerated upon your written demand thereof.

It is further understood and agreed that you or any of the persons herein above indemnified shall be entitled to retain counsel acceptable to you or them to defend any such claim, but that neither you nor any such person will enter into any settlement of the same without the prior written approval of the Applicant.

Section 3. Survival of Agreement. This Agreement shall survive the closing of the Bond issue and shall not merge into or be superseded by any other agreement other than by a written amendment hereto specifically denominated as such and executed by you and the Applicant.

Dated: _____

NAME OF APPLICANT:

By: _____

Title: _____

ATTACH THIS FORM TO THE BOND APPLICATION AS EXHIBIT VI

AN ORIGINAL SIGNATURE IS REQUIRED ON THIS FORM- ATTACH AN EXECUTED VERSION OF THIS FORM WITH AN ORIGINAL SIGNATURE WITHIN THE ORIGINAL BOND APPLICATION

PHOTOCOPIES OF THIS EXECUTED FORM MAY BE ATTACHED WITHIN THE 12 COPIES OF THE APPLICATION

EXHIBIT-C

Minimum Set-Aside Requirements
as of the 2011 application cycle

The Authority requires the following Minimum Set-Aside Structure:

Set-Aside requirements are based on cumulative current annual income per household determined in accordance with Section 8 of the Housing Act of 1937, as amended. Limits are based upon the then applicable income limitations established by federal guidelines.

20% Set-Aside for households whose income is 50% or less of the applicable area median income.

-OR-

40% Set-Aside for households whose income is 60% or less of the applicable area median income.

All set-aside units must meet the then applicable rent and income limitations in effect at the time of closing. Copies of the applicable guidelines can be obtained from the Florida Housing Finance Corporation website (www.floridahousing.org).