

LOUISIANA HOUSING CORPORATION

2017 SPRING NOTICE OF FUNDING AVAILABILITY (NOFA)

RELEASE DATE: April 12, 2017

1. The NOFA offers points to projects in areas never awarded. Which areas qualify for these points?

A: Projects located in the following parishes are eligible to receive these points:

Beauregard, Catahoula, Claiborne, Concordia, East Carroll, East Feliciana, La Salle, Plaquemines, St. Charles, St. Helena, St. John the Baptist, St. Mary, Tensas, and Vernon.

2. Are the HOME funds availability just announced repayable or forgivable (in whole or part). If repayable what would be the interest rate?

A: The funds made available under the NOFA are expected to be repaid. All awards will be made as a loan. The interest rate on the loan will be the applicable federal rate when the project is underwritten. The current AFR is 2.75%.

3. Please confirm whether Estoppel Letter/s is/are not required until after Award.

A: Estoppel letters are due at application.

4. Is an Estoppel letter required from LHC if they are one of the creditors?

A: No.

5. What is an Estoppel Letter required to say?

A: Estoppel letters submitted for this NOFA must contain the following:

The _____ (“the Lender”) is the payee under that certain Promissory Note dated as of Month, Day, Year (said Note, as amended, restated or supplemented from time to time is hereinafter called the “Note”) evidencing a loan (“Loan”) wherein (Borrower), A Legal Structure of Borrower, is the Borrower (the “Borrower”).

The Lender has been advised that you are considering making a subordinate loan to _____ (“the Partnership”) upon the satisfaction of certain conditions precedent, which includes the delivery by the applicant of this letter confirming certain information about the Note and Mortgage.

In order to accommodate your request, we hereby certify to you as true, correct and complete, the following statements:

1. As of the date hereof, the principal amount of the Note is \$ _____ and a total of \$ _____ has been disbursed to finance a portion of the costs of the project.

2. Interest on the indebtedness evidenced by the Note commences to accrue on Month, Day, Year; however, no interest is required to be paid on the note until Month, Day, Year.
3. To the best knowledge of the undersigned, no payment default exists under the Note and Mortgage and no written notice of default that remains uncured has been sent by the undersigned with respect to the Note and Mortgage.
4. There is no condition that currently exists that would constitute an instance of default under the Note or Mortgage nor which if continued indefinitely uncorrected would result in an instance of default.
5. The Note and the Mortgage have not been modified, amended or supplemented from its dated date of Month, Day, Year.

Loan Information

- a. Original Principal (Month Day, Year): \$
- b. The Loan bears interest at a per annum rate equal to N.NN%
- c. The sum of \$ has been disbursed by the Lender and is evidenced by the Note.
- d. Maturity date: Month, Day, Year
- e. Escrows held by Lender, if any:
 - (1) Real estate tax Escrow:
Balance: \$
Current estimated monthly installment: \$
 - (2) Insurance Escrow:
Balance: \$
Current estimated monthly installment: \$
 - (3) Other Escrows held by Lender:
Balance: \$
Current estimated monthly installment: \$

Lender has not given Borrower any notice of default under any documents evidencing, securing, guarantying, and/or governing the Loan ("the Loan Documents").

Lender - Authorized Signature

6. Please confirm that a previous Environmental Clearance on a development originally constructed in 1980 or afterwards (i.e., post 1978) that was first provided LHFA HOME Funds in 2003 constitutes Environmental Clearance under this NOFA?

A: No. Environmental Clearance must be obtained for the project proposed. Previous environmental reviews may contain useful information to the undertaking of a current review but are not a substitute. Portions of the previous review may be used if they meet certain time constraints. Phase I review of a potential site is good for 6 months, Authority letters (SHPO, LDEQ etc.) are good for a project site for up to 5 years. Any backup documentation that is close to its expiration date at application will be required to be redone.

7. For a rental project application can the developer serve an Entitlement Area in 1 section, it seemed to indicate that projects in Entitlement Areas will be prioritized lower than those in non-Entitlement Areas. Then in another it seemed to say it was a threshold. Please clarify.

A: Location in a Non-Entitlement Area is a priority. All eligible projects in Non-Entitlement Areas will be funded prior to consideration being given to projects located in an Entitlement Area.

8. The project we have in mind would be to develop a vacant building into 8 one bedroom units serving very low income special needs populations. Will a market study be required?

A: Yes. A market study is required for all projects under the 2017 Spring NOFA.

9. On the market study, does the applicant pay the LHC and then must choose from approved market study consultants on your list?

A: Market study fees are due at application. LHC will then order the market study from a Corporation approved vendor.

10. Where can I find definitions for Leveraging and Match? What is the difference?

A: Leverage is any funding that is part of a development that is not HOME funds.

Match has very specific guidelines in the HOME Program regulations. Generally, it is funds that are donated to a project (not loaned) that are not repayable, not from the owner or developer of the project and not from federal funds. Here are a few examples of Match:

1. An example would be when a local government decides to waive building permit fees. The value of the fees is Match (and also Leverage).

2. Another example would be when an Architect gifts his time developing plans and overseeing construction to the project. The customary value of his profession service is Match. To claim this type of Match the Architect would have to agree upfront to donate his time. For documentation he would submit bills for his time and completed indicating that the payment was waived for the purposes of affordable housing.

3. Another type of Match might be in the value of land. If land is sold to the project at a below appraisal value and the sale is documented as at the appraised value with X amount in the form of cash and the rest as a donation to affordable housing the value of the land not paid in cash is considered as Match.

4. Another type of Match is in volunteer labor. The sweat equity put in by volunteers building a single family home is Match. To claim this type of Match you will need to have sign in/ sign out sheets that documents the time of each volunteer for each individual home. Volunteer labor is valued at \$10.00 per hour.

Any of these examples may also be considered Leverage since they have a monetary value. Leverage on the other hand are things that have the monetary value but do not meet the definition of Match.

12. Our organization recently applied for the current NOAH Program but no award has yet been made. Does that Application disqualify LHFH from consideration for the 2017 Spring NOFA?

A: No, even if funded it would not necessarily disqualify you from applying under the NOFA.

13. Our organization is located in a HOME Entitlement Area and is considering a homeownership venture in Opelousas, which is not located in a HOME Entitlement Area. Will that Application receive first funding priority?

A: The project's location determines whether a project is located in a HOME Entitlement Area not the location of the organization seeking funding.