# West Virginia Housing Development Fund

# Debt Management Policy

**Approved February 22, 2023**

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# WEST VIRGINIA HOUSING DEVELOPMENT FUND

# DEBT MANAGEMENT POLICY

## I. PREAMBLE

The West Virginia Housing Development Fund (the "Fund" or "WVHDF") is committed to meeting West Virginia's need for decent, safe, affordable housing.

In furtherance of its mission, this policy is adopted to preserve and strengthen the Fund's financial capacity by expanding and diversifying sources of capital and leveraging available capital.

## II. WVHDF POLICY

The Fund's goal is to raise capital for its programs at the lowest overall cost while ensuring that associated risks are within reasonable and sustainable parameters. The Fund will take into consideration desired mortgage rates and the need to maintain asset and debt management flexibility while carefully managing risk.

To achieve this goal, the Fund will:

(1) Establish long-range financial objectives as set forth in Section III. These objectives may change in response to economic and other factors.

(2) Periodically establish a plan in the form of a Plan of Finance that sets forth specific financing objectives for a maximum of a one year period. This plan may be adjusted due to economic and other factors.

(3) Maintain a debt management policy that provides for optimum access to capital markets and broad distribution capabilities.

The Debt Management Policy will be reviewed by staff annually or as necessary based on current market conditions.

## III. LONG RANGE FINANCIAL OBJECTIVES

The long-range financial objectives are as follows:

- Maximize the spread between loan rates and cost of capital, where possible, in order to maximize future capital available for the Fund's programs.
- Maintain program flexibility.
- Effectively manage risk so as to minimize the potential of calling upon the Fund's general obligation debt pledge or the moral obligation pledge.
- Maintain the Fund's Aaa/AAA general obligation credit ratings.
- Maintain the current level of credit ratings for each bond resolution.

## IV. FINANCE TEAM

The Fund will maintain a team of finance professionals consisting of internal and external experts for the purpose of managing its borrowing activities. The team will include investment bankers (when appropriate), bond counsel, underwriter's counsel (when appropriate), general counsel, a financial advisor, and finance staff. Staff may recommend to the Board of Directors (the "Board") the addition of finance team members based on needs of specific financings.

## V. PLANNING AND STRUCTURING BOND ISSUES

When capital is needed for program funding or for debt management purposes, the finance team will review the financing alternatives in accordance with this policy and determine whether bonds or some other form of debt should be issued. Any proposed financing will be reviewed to determine the best method of accessing the financial markets to achieve the goal of issuing debt at the lowest overall interest rates and costs with reasonable risks.

## VI. ANNUAL CAPITAL NEEDS PLANNING

The finance team will annually review proposed capital needs and timing for the next calendar year. The timing of bond sales or other types of debt issuance will be based primarily upon housing program needs, but market and tax compliance factors will also be taken into consideration. Staff will communicate the results of the planning process to the Board through a Plan of Finance.

## VII. PROCEDURES FOR EACH BOND ISSUE

The finance team will determine a financing approach best suited to the current set of circumstances and consistent with the Fund's desire to issue debt at the lowest overall interest rates and costs while managing risks and maintaining the maximum flexibility for asset and debt management. Staff will proceed pursuant to the then-approved Plan of Finance. Where variable rate debt or interest rate swaps are considered for inclusion in a financing, the finance team will be guided by the policies and procedures set forth in the Variable Rate Debt and Swap Management Plan, included herein.

Before each financing, the finance team will review the immediate capital and/or refunding needs, market conditions, proposed bond structure(s), merits of a negotiated, competitive or privately placed bond issue and expense guidelines. In the event of a negotiated bond issue, underwriter's compensation will be finalized prior to the commencement of the order period.

Before pricing a debt offering, the financial advisor will provide the Fund with summary information and its recommendations with regard to all pertinent aspects of the financing. For negotiated issues, the pricing will generally be handled by a conference call including Fund staff, bond counsel, general counsel, the financial advisor and the underwriters. The Executive Director and Deputy Director will have primary responsibility for making pricing determinations within the parameters of the Board-approved Plan of Finance.

A formal post-sale analysis will be prepared by the financial advisor and reviewed with the Board within approximately 45 days of the issue. The post-sale analysis should include sufficient information to permit the Board to judge the performance of the investment bankers or the competitive bid process.

## VIII. DEBT ISSUANCE REVIEW

The results of the Fund's debt issuance and the performance of the investment bankers or the competitive bid process will be reviewed by the staff in connection with the annual capital needs planning and the development of the Plan of Finance. The Fund's financial advisor will prepare the report in cooperation with Fund staff.

## IX. POLICY ON REQUEST FOR PROPOSALS

A request for proposals will be issued as needed for the Fund's financial advisor and investment bankers.

## X. REPORTING

A debt report will be prepared on a quarterly basis and reviewed with the Board. The report will contain information relating to debt outstanding, debt issued or redeemed during the quarter, the amounts and percentages of variable rate debt and average variable debt rates, if any

## XI. GOVERNOR'S APPROVAL

Prior to the sale of bonds by the Fund, the Fund's staff will request the Direction and Certification of the Governor, which provides the direction of the Governor to the Fund for the issuance of the bonds and certifies by the Governor that (i) the Fund is an authorized issuer of bonds for the State of West Virginia, (ii) the bonds are refunding bonds under the Internal Revenue Service Code, if applicable, or new money bonds are under the volume limitation applicable to the State of West Virginia, and (iii) proper notice and a public hearing was held according to the Code.

Bond financing timelines will assume a period of 21 days between the request for the Direction and Certification of the Governor and its receipt by the Fund.

# WEST VIRGINIA HOUSING DEVELOPMENT FUND

## Variable Rate Debt and Interest Rate Swap Management Plan

**Background.** The Fund may elect to issue variable-rate debt when issuing fixed-rate debt results in a cost of capital that would result in mortgage interest rates which could not be effectively lent to borrowers of low and moderate incomes or to developers of rental properties for low and moderate-income renters. The Fund generally lends at fixed rates, which creates the potential for a mismatch between its cost of capital and its revenues. In order to manage the mismatch, interest rate swaps may be utilized. An interest rate swap is a financial agreement in which two parties agree over a fixed period of time on a stated notional principal amount to exchange interest payments, one based on a variable interest rate and the other a fixed rate. Interest rate swaps will be structured to synthetically achieve a fixed-rate cost of capital that is less than can be achieved by issuing traditional fixed-rate debt. This Variable Rate Debt and Interest Rate Swap Management Plan (the "Plan") is part of the Fund's Board-approved Debt Management Policy.

**Authorization.** For purposes of authorization, all variable rate debt issuance and swap transactions shall go through the same process as bond financings including review by the Fund's finance team, which includes at a minimum bond counsel and appropriate external financial advisors. Additionally, formal approval by the Board is required prior to each issuance of variable rate debt. When and if alterations to the variable rate bond structure or mode or replacement swaps are needed, they will be approved by a resolution of the Board.

**Goals for Variable Rate Bond and Swap Transactions.** Variable rate bond and swap transactions will be used as part of a strategy to reduce the Fund's overall cost of funds. Variable rate bond issuance and swap transactions will not be used for speculative purposes. The Fund acknowledges that the use of variable rate bonds and/or swaps may introduce certain risks not present with a standard fixed rate bond issuance. Major potential risk factors are summarized below.

**Relationship to Assets.** Variable rate bond and/or swap transactions will be entered into based on analysis that staff determines is adequate to indicate an expected positive impact on the Fund's ability to manage its underlying assets and liabilities. The term and structure of any variable rate bond issuance or swap agreement should bear a logical relationship both to a specific pool of assets and the underlying liabilities financing those assets as well as to the overall financial profile of the Fund.

**Risk Analysis.** Before making a final decision to proceed with variable rate bonds and/or a swap transaction, the Fund shall analyze the risks, costs, and benefits associated with variable rate bonds and interest rate swaps to ensure that a proper and wellinformed decision is being made. Specific risks that should be analyzed and understood are:

a. **Interest Rate Risk.** Interest rate risk refers to the extent to which the Fund, a specific resolution or a specific transaction is exposed to adverse consequences resulting from the movement of short or long term interest rates. Some amount of interest rate risk is inherent in almost every transaction entered into by the Fund. The Fund's staff and finance team will review the interest rate risk, if any, associated with each contemplated variable rate bond issuance or swap transaction to ensure that it is within reasonable and sustainable bounds.

b. **Amortization.** Amortization risk represents the cost to the Fund of paying interest on debt or making swap payments due to a mismatch between the amounts outstanding of variable rate liabilities and the notional amount of an associated swap. Swap transactions should be structured to match the notional amount of the swap to the expected amortization of the bonds. The possibility of early bond redemptions will be considered.

c. **Basis.** Basis risk represents the potential difference between the interest rate paid by the Fund on its variable rate liabilities and the rate received from an associated swap contract. The finance team will review the historical differentials between the variable rate bonds and the swap payment index and the significant economic conditions that affect either position.

d. **Tax.** Tax risk represents a risk that may arise due to a change in the tax code which creates or exacerbates a difference between the interest rate paid by the Fund on its variable rate liabilities and the rate received from an associated swap contract. The finance team will review the likelihood of material tax changes over the term of the swap.

e. **Counterparty.** Counterparty risk is the risk that a swap transaction provider will not fulfill its obligations as specified in the swap contract. The finance team will review counterparty ratings and collateralization as well as the Fund's exposure to a particular counterparty. Potential swap counterparties must have a demonstrated record of swap performance.

f. **Termination.** Termination risk represents the risk that a swap contract could be terminated by the counterparty due to various events including downgrade, covenant defaults, payment defaults or other default events specified by the contract or resolution. The finance team will review the termination events included in the swap contract.

g. **Rollover.** Rollover risk is the risk that a swap contract is not coterminous with associated variable rate liabilities creating the possibility that a replacement contract will be either unavailable or at terms disadvantageous to the Fund. The finance team will review the Fund's ability to meet debt service on the variable rate bonds or accelerate redemption of the bonds if the terms of a rollover swap are not advantageous.

h. **Liquidity.** Liquidity risk is the risk that the back-up liquidity facilities required by certain types of variable rate debt will not be available or financially viable in the future resulting in the need to call the debt or refund it into fixed rate debt thus creating an un-hedged swap position in the case that the variable rate debt affected was associated with a swap. Liquidity risk exists with the form of variable rate debt known as Variable Rate Demand Obligations (VRDOs). VRDOs are remarketed regularly and the risk exists that there may be an insufficient market to purchase all or some of the bonds on any given remarketing date. To mitigate this risk, a liquidity provider is engaged to purchase unremarketed bonds, with the expectation that the bonds will be repaid on an accelerated timetable. Additional risk exists in that the term of the VRDOs is longer than the term of any related liquidity facility agreement, which requires that the issuer periodically engage replacement liquidity providers during the term of the debt. It is possible that there may be no entity willing to provide the service at an acceptable cost. The finance team will review the Fund's ability to meet debt service on the variable rate bonds or accelerate redemption of the bonds.

i. **Rating Agency Criteria Risk.** This risk exists because the credit rating agencies may periodically change their criteria for maintaining credit ratings over the term of a variable rate debt issue, which may impact the cost of the variable rate debt or impose additional duties or restrictions on the Fund to maintain ratings. Fund staff and the finance team will continue close communication with the rating agencies to review potential rating issues.

**Risk Mitigation.** In addition to utilizing variable rate debt and interest rate swaps to mitigate the interest rate risk associated with issuing variable-rate debt, the Fund will seek to employ other risk mitigation techniques, either from the outset of a variable rate bond issue or at any stress point during the life of the issue, and will seek to incorporate relevant optionality in any agreements entered into in connection with the debt. Examples of such techniques include but are not limited to: the option to modify the interest rate mode among variable rate alternatives or from variable to fixed or indexed; options to terminate the swap at par and at market under certain scenarios; selection of the type of variable rate debt issued and its ability to be called at par; maintaining appropriate levels of liquidity to exercise available options; appropriate managerial oversight of the performance of the variable-rate bond issues and their related swaps; diversification among counterparties and liquidity providers.

**Credit Quality.** Any swap transaction entered into by the Fund shall be with a swap provider whose long term debt obligations are sufficient, or whose obligations under a swap are insured or guaranteed by another entity whose long term debt obligations are sufficient to maintain the then-existing ratings of the Fund's long term debt, and/or shall be secured by a pledge of investment obligations sufficient to maintain the Fund's then-existing long term debt ratings.

**Procurement Procedures**. Any services related to an issuance of variable rate bonds and/or an associated swap transaction including counterparty and banking services may be procured through a request for proposals process.

**Appropriate Review.** Variable rate bond and swap transactions will be submitted to the rating agencies for their review along with all appropriate supporting documents prior to the Fund entering into any agreements. There will be procedures established for the ongoing review and management of variable rate bond and swap transactions including regular reporting to the Board. In addition to this general Plan, rating agencies will be provided with a summary of each variable rate bond and swap transaction in accord with their respective policies.

## Variable Rate Debt Issuance Parameters

- Cashflow projections will be reviewed no less than annually to determine the Fund's ability to meet future debt service on all bonds, including variable rate debt, in accordance with rating agency stress scenarios.

- The maximum permitted rate on variable rate debt and associated liquidity facilities will be established pursuant to the annual Plan of Finance in accordance with the current rates customary to the variable rate bond market.

- The Fund will limit the amount of variable rate bonds to no more than 33% of any given bond issue.

- All variable rate debt issues will be callable at any time at par allowing the Fund to redeem or refund the debt as needed.

- The Fund will limit the total amount of variable rate debt outstanding to no more than $50 million.

- Unhedged variable rate debt will be in proportion to the average short-term investment balance to provide for a natural hedge against interest rate fluctuations. The Fund's maximum target limit for its unhedged variable rate debt balance will be approximately 35% of its average short-term investment balance.

The above parameters will be reviewed annually in connection with the capital planning needs or as necessary based on market conditions. Based upon the current market environment, rating agency input, cashflow projections and input from the financing team, needed adjustments to the above parameters will be recommended to the Board. Each issuance of variable rate debt will require express Board approval.

# WEST VIRGINIA HOUSING DEVELOPMENT FUND

## Conduit Bond Financing Criteria

From time to time, the Fund has been asked to act as a conduit bond issuer on behalf of multifamily developers to provide access to the tax-exempt bond market. The conduit bonds are not a general or moral obligation debt of the Fund nor does the Fund have any obligation to repay the debt in the event of a project default. The project is fully responsible for repayment of the debt as well as other ongoing bond responsibilities, i.e. secondary market disclosures and rebate calculations.

Projects applying for conduit financing must use a short-term fully-cash-collateralized bond structure, unless otherwise approved by the Fund. Exceptions to this requirement will only be considered if the Project can satisfactorily demonstrate that the Fund's required bond structure is incompatible with project feasibility.

The Fund, in its sole discretion, will select the Fund's bond issuance team including but not limited to bond counsel, general counsel, and financial advisors.

Conduit bond issues may require the use of bond volume cap. Conduit bond issues requiring bond volume cap will only be considered if volume cap is available after giving consideration to the direct financing needs of the Fund. If bond volume cap is available after giving consideration to the direct financing needs of the Fund and the proposed project is selected to receive an allocation of 4% Low Income Housing Tax Credits, bond volume cap will be temporarily reserved for the project. As stated in the 2023-2024 Qualified Allocation Plan for the Low-Income Housing Tax Credit Program, all projects that are selected to receive an allocation of 4% Low-Income Housing Tax Credits must close on equity and the bonds no later than December 15th of the following year. Projects failing to meet the December 15th deadline will lose the reserved bond volume cap and will be required to pay the issuance fee penalty described below.

Each proposed conduit financing is subject to approval by the Board. Applicants should not assume that these criteria or a project's ability to meet the criteria in any way guarantees the approval of the proposed conduit financing.

The following criteria will be used to evaluate the soundness of possible conduit issues.

- Projects must substantiate a need for conduit financing.

- Developer's fee should be reasonable and consistent with the Low Income Housing Tax Credit Program structure for fees per Exhibit A.

- The Fund reserves the right to approve the developer's bond financing team.

- Management companies/project owners must have strong proven track record of successful project management.

- To be an eligible applicant, principals involved in the ownership entity must meet the requirements of the Fund's Multifamily and Commercial Lending Policy.

- Applicants will apply using the Application for the Tax-Exempt Bond Program (Exhibit B) and will submit a nonrefundable application fee of $1,500 as well as an Issuance Security Deposit of 12.5 basis points of the proposed issuance amount. The Issuance Security Deposit will be applied toward the Issuance Fee (described below) if the proposed conduit bonds are issued prior to the December 15th closing deadline. Otherwise, the allocation will be rescinded, and the Issuance Security Deposit will be retained by the Fund to pay the issuance fee penalty described below.

- An Issuance Fee of 25 basis points, or a $17,500 minimum, is due at closing. The Issuance Security Deposit will be applied to this amount. Projects failing to meet the December 15th closing deadline described above must pay a penalty equal to the lesser of the Issuance Fee of 25 basis points or $17,500.

- The Fund will be reimbursed for all actual, direct conduit issuance costs including legal fees and other related costs regardless of whether or not the bonds are issued. Applicants will be required to deposit into an escrow account an estimated amount for cost of issuance fees after approval of a bond inducement resolution by the Fund's Board. If the bonds do not close, the escrowed cost of issuance fees will be used to pay costs and fees related to the project.

- The Fund may charge a refunding/refinancing fee of $2,500 plus legal fees and other expenses if the bonds are refunded prior to maturity.

Depending on the specifics of any given conduit transaction, the Fund reserves the right to charge special fees in addition to the above including annual administrative charges.

## EXHIBIT A

DEVELOPER'S FEES FOR PROPERTIES THAT HAVE NOT BEEN OCCUPIED AS RESIDENTIAL RENTAL HOUSING AT ANY TIME DURING THE YEAR PRECEDING THE DATE OF THE OPTION, PURCHASE CONTRACT, OR DEED FOR THE SUBJECT PROPERTY, WHICH IS FURNISHED WITH THE INITIAL RESERVATION REQUEST WITH RESPECT TO SITE CONTROL

| Identity of Interest Does Not Exist | Identity of Interest Does Exist |
|---|---|
| *The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:*<br><br>18% of Adjusted Basis* | *The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to the lesser of:*<br><br>18% of Adjusted Basis*; and<br><br>(22% of Adjusted Basis*) minus Builder's Profit |

DEVELOPER'S FEES FOR PROPERTIES THAT HAVE BEEN OCCUPIED AS RESIDENTIAL RENTAL HOUSING AT ANY TIME DURING THE YEAR PRECEDING THE DATE OF THE OPTION, PURCHASE CONTRACT, OR DEED FOR THE SUBJECT PROPERTY, WHICH IS FURNISHED WITH THE INITIAL RESERVATION REQUEST WITH RESPECT TO SITE CONTROL

| Identity of Interest Does Not Exist | Identity of Interest Does Exist |
|---|---|
| **Acquisition** | **Acquisition** |
| *The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:*<br><br>10% of Acquisition Adjusted Basis* | *The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:*<br><br>10% of Acquisition Adjusted Basis* |
| **Substantial Rehabilitation** | **Substantial Rehabilitation** |
| *The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:*<br><br>15% of Substantial Rehabilitation Adjusted Basis* | *The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to the lesser of:*<br><br>15% of Substantial Rehabilitation Adjusted Basis*; and<br><br>(18% of Substantial Rehabilitation Adjusted Basis*) minus Builder's Profit) |

* Adjusted Basis, which by definition excludes land and any other costs which are not capitalized and depreciated, and which, for the purposes of the Developer's Fee formulas provided above also excludes property costs in excess of the Fund property cost limits, and the Developer's Fee itself.

The maximum Developer's Fee is further limited to the amount of Developer's Fee that is actually paid, or otherwise earned or recognized as income, from one unrelated individual, entity, or both to another individual, entity, or both as compensation for the work, costs and risks associated with the development of a property.

**WEST VIRGINIA HOUSING DEVELOPMENT FUND**
**TAX-EXEMPT BOND PROGRAM**
**APPLICATION FORM**

**Property Name:** ______________________________

**Property Location:** ______________________________

| Street Address | City | County |
|---|---|---|

**Property Description:** ______________________________

**Property Developer:** ______________________________

| Entity Name | Contact Name | Phone Number |
|---|---|---|

**Email Address:** ______________________________

**Proposed Financing Structure and Other Funding Sources:**
**(Please provide source and estimated funding amounts)**

| | | |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**Estimated Bond Issuance Amount:** ______________

**Estimated Requested Closing Date:** ______________

**Bond Allocation Letter Requested By:** ______________

**The Fund will be reimbursed for all actual, direct conduit issuance costs including legal fees and other related costs regardless of whether or not the bonds are issued.**

## WEST VIRGINIA HOUSING DEVELOPMENT FUND

### Private Activity Bond Volume Cap Allocation Guidelines

Each calendar year, the Fund receives under West Virginia Code 13-2C-21, forty percent (40%) of the State of West Virginia's ceiling of tax- exempt private activity bonds ("Volume Cap") for the purpose of issuing, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), qualified mortgage bonds, qualified mortgage certificates or exempt facility bonds for qualified residential rental projects. Recent amendments to the Fund's Act (West Virginia Code 31-18-6(40)) authorize the Fund to allocate a portion of its Volume Cap to "any political subdivision or city or county housing authority authorized to issue bonds or notes for qualified residential rental projects", pursuant to which such other issuing authority ("eligible issuing authority") may issue tax-exempt private activity bonds or notes for qualified residential rental projects.

The Fund will evaluate at least annually its current-year allocation of Volume Cap in light of its own projected needs therefor, including both single family and multifamily direct and conduit issues, and, if available, after reservation of an amount sufficient to provide for the Fund's financing needs for the year, set aside a portion of its Volume Cap ("Set-Aside") as potentially available to be awarded by the Fund to one or more eligible issuing authorities.

Effective as of the date of this approved Debt Management Policy, the following are established as guidelines to be followed by the Fund in considering any request by an eligible issuing authority for an allocation of Set-Aside:

- Each year following the Low-Income Housing Tax Credit scoring and selection process, the Fund will evaluate its own financing needs and determine the amount of Set-Aside, if any, to be made available for allocation during the coming calendar year to eligible issuing authorities. It is anticipated that the amount of Set-Aside for allocation awards determined by the Fund will be presented to the Board for consideration and approval at its October Board meeting.

- Each eligible issuing authority requesting an allocation of Set-Aside must file an application in the form of Exhibit A hereto. Each application is subject to approval by the Board of Directors. An allocation will be considered awarded and evidenced by a Disposition of Request, the form of which is included in the application. Applications may be submitted to the Fund at any time after Board approval of the annual Set-Aside, if any, through December 1.

- A non-refundable fee of $5,000 is due at time of application.

- An application must be accompanied by the following documentation for each project:

    - Inducement/reimbursement resolution or other documentation of the preliminary approval of the project by the eligible issuing authority, in conformity with applicable federal and state law;
    - Written statement of bond counsel to the effect that the project meets or is expected to meet the requirements of Section 142(d) of the Internal Revenue Code of 1986, as amended ("Code") for a "qualified residential rental project" and that the interest on the bonds to be issued for the project is expected to be excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code;
    - A preliminary financing commitment from the proposed purchaser or underwriter of the bonds for the project;
    - Certification from the borrower/developer that (i) the project's financing package will include low-income housing tax credits under Section 42 of the Code and/or (ii) the borrower/developer will enter into a regulatory agreement with respect to the issuance of tax-exempt bonds for a qualified residential rental project in accordance with the requirements under the Code; and,
    - Proposed project timeline and sources and uses of funds for the project.

- An allocation award of Set-Aside by the Fund shall be effective until December 15th of the following year. Allocation awards will be made each year on a first-come, first-served basis until the annual Set-Aside is fully awarded or December 31st, whichever is earlier.

- Upon receipt of a Set-Aside allocation, the eligible issuing authority must deposit the lesser of 25 basis points of the allocation amount or $17,500 with the Fund. If the bonds close prior to the December 15th deadline, the deposit will be returned to the eligible issuing authority (a copy of the filed or to be filed Internal Revenue Service Form 8038 must be received by the Fund prior to the December 15th deadline to evidence that the allocation has been issued). If a Form 8038 is not received by the Fund prior to the December 15th deadline, the deposit will not be returned, and the Set-Aside allocation will be retained by the Fund.

*Exhibit A*

**APPLICATION**
**REQUEST FOR**
**MULTIFAMILY HOUSING BOND**
**PRIVATE ACTIVITY BOND**
**VOLUME CAP ALLOCATION**

1. GENERAL INFORMATION

A. Issuing Entity ______________________________

B. Name of Project ______________________________

C. Number of Units ______________________________

D. Private Activity Bond Volume Cap Allocation Requested $ ______________

2. PROJECT INFORMATION

A. General Description of the Project

______________________________

______________________________

______________________________

______________________________

______________________________

B. Location of Project (City, County, or Town) ______________________

C. Name, address, and phone number of each proposed borrower and developer.

______________________________

______________________________

______________________________

______________________________

D. Name, address, and phone number of bond counsel.

_______________________________________________

_______________________________________________

3. ATTACHMENTS - ALL ATTACHMENTS MUST BE SUBMITTED WITH THIS FORM. ALLOCATIONS CANNOT BE AWARDED UNTIL ALL ATTACHMENTS HAVE BEEN RECEIVED. ALL DOCUMENTATION MUST BE CURRENT.

A. Inducement/reimbursement resolution or other documentation of the preliminary approval of the project by the issuing authority, in conformity with applicable federal and state law;

B. Written statement of bond counsel to the effect that the project meets or is expected to meet the requirements of Section 142(d) of the Internal Revenue Code of 1986, as amended ("Code") for a "qualified residential rental project" and that the interest on the bonds to be issued for the project is expected to be excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code;

C. A preliminary financing commitment from the proposed purchaser or underwriter of the bonds for the project;

D. Certification from the borrower/developer that (i) the project's financing package will include low-income housing tax credits under Section 42 of the Code and/or (ii) the borrower/developer will enter into a regulatory agreement with respect to the issuance of tax-exempt bonds for a qualified residential rental project in accordance with the requirements of the Code; and,

E. Proposed project timeline.

4. CERTIFICATION

I hereby certify to the best of my knowledge that the information filed herewith is true and correct, and that we are an issuing authority authorized to issue bonds or notes for qualified residential rental projects pursuant to Sections 103 and 142(d) of the Code.

______________________________________________

Name of Issuing Entity

By:___________________________________________

Signature of Authorized Representative

Name (please print) _________________________________

Title ___________________________________________

Full Address _____________________________________

_____________________________________________

Date____________________________________________

**Submit completed applications and the non-refundable fee to:**

West Virginia Housing Development
Fund 5710 MacCorkle Avenue, SE
Charleston, WV 25304
Attn: Chad Leport
cleport@wvhdf.com

## DISPOSITION OF REQUEST

This section is completed by the West Virginia Housing Development Fund.

______The Application is approved for allocation from the Fund's set-aside of private activity bond volume cap in the amount of $________________.

Date of Award: ________________________

______ The Application is denied for the reason(s) indicated below:

______ The Request exceeds the available set-aside

______ The application is incomplete or completed in error as described:

__________________________________________________________

__________________________________________________________

__________________________________________________________

__________________________________________________________

_____ Other reasons as follows:

__________________________________________________________

__________________________________________________________

__________________________________________________________

__________________________________________________________

______________________________________

Executive Director
West Virginia Housing Development Fund