[Date]

[Full Name of Applicant]

**Re: [Name of Project] located in [City], Alabama, AHFA Project No. [Project Number]**

This letter acknowledges that Alabama Housing Finance Authority (the “Authority”) has received an application from [Full Name of Applicant] (the “Applicant” or “you”) dated [Application Date] (the “Application”) for an allocation of low-income housing tax credits (the “Credits”) and an allocation of state volume cap (the “Volume Cap”) for the issuance of tax-exempt bonds (the “Bonds”) in connection with the above-reference project (the “Project”).

The purpose of this letter is to summarize certain requirements for allocation of the Credits and Volume Cap and for issuance of the Bonds. In summarizing these requirements, this letter will refer to the Authority’s 2017 Housing Credit Qualified Allocation Plan (the “2017 QAP”) and its Multifamily Housing Revenue Bond Policy (the “Bond Policy”), both of which can be downloaded at [www.ahfa.com](http://www.ahfa.com). **This letter is merely a summary and is not intended to include all necessary information. Applicant is solely responsible for satisfying all applicable requirements for the Credits, the Volume Cap and the Bonds, and the Applicant must review the 2017 QAP and the Bond Policy carefully in their entirety in order to ensure that all applicable requirements are met.**

Another purpose of this letter is to assist the Applicant in proceeding with the Project in the most efficient manner. Prioritizing and addressing requirements in the proper sequence will make the process more efficient for all parties, reduce costs and give the Applicant and its development team the best opportunity to move forward in accordance with their desired timeline. To that end, the Authority recommends strongly that the Applicant provide a copy of this letter to all members of the development team as soon as possible.

Set forth below are the steps, in chronological order, that must be completed in order for the Authority to allocate Credits and issue Bonds for the Project, and the Authority will not proceed from one step to the next step until the preconditions for the new step have been satisfied:

1. Complete Application. This letter does not confirm that the Application is complete. If you execute and return this letter as directed below, you will receive separate correspondence from the Authority with respect to missing and/or incomplete items in the Application. The requirements for completeness and the consequences of missing and/or incomplete items are set forth in the 2017 QAP. Without limiting the foregoing, you are hereby notified that under the 2017 QAP, applications with ten (10) or more missing and/or incomplete items will be terminated.
2. Credits. Applications for Credits in connection with the issuance of Bonds are not required to participate in the Authority’s competitive application cycle, but such applications, including the Application for the Project, must satisfy all threshold requirements for Credits that are set forth in the 2017 QAP. **It is imperative that the Applicant review the 2017 QAP carefully in its entirety in order to ensure that all requirements for the Credits are satisfied, including without limitation the threshold requirements detailed in Section II.C thereof.**
3. Declaration of Official Intent. The Authority will not execute a declaration of official intent with respect to the Bonds unless and until the Application is deemed complete. *No sooner than 30 days after the Application has been deemed complete,* the Executive Director of the Authority will execute a written declaration of official intent, which will serve as the Authority’s “official action” for purposes of Section 1.150-2 of the United States Treasury Regulations. This declaration will merely express the Authority’s intent, for federal tax purposes, to issue Bonds not in excess of a specified principal amount for the benefit of the Project. It will not obligate the Authority to issue the Bonds, will not guaranty the availability of Volume Cap for the Project, and will not establish the principal amount of Bonds that may be issued by the Authority for the Project.
4. Commitment Agreement*.* Following the Authority’s execution and delivery of a declaration of official intent, the Applicant must deliver a commitment agreement in form and substance satisfactory to the Authority (the “Commitment Agreement”) executed by the Applicant and by the lender and the credit provider (if any) for the Project, as described below. The Authority will prepare and provide the form of the Commitment Agreement for the Project. The Authority’s signature is required in order for the Commitment Agreement to be effective. The Authority will not execute a Commitment Agreement with respect to the Project unless and until all of the following requirements have been met:
5. *Qualified Mortgage Lender.* Under the Authority’s enabling act (the “Act”), the Authority cannot loan Bond proceeds directly to the Applicant. Rather, the Act requires that the Bond proceeds to be used to purchase a mortgage loan from a “mortgage lender”. The Act defines “mortgage lender” to include “national banking associations, banks chartered under the laws of the state, savings or building and loan associations chartered under the laws of the state or of the United States of America, Federal National Mortgage Association approved mortgage bankers and federal or state credit unions. The term shall also include other financial institutions or governmental agencies which customarily originate or service mortgage loans and mortgages.” **It is the Applicant’s responsibility to identify a qualified “mortgage lender” within the meaning of the Act that will execute the Commitment Agreement as the “lender” thereunder and serve that role in the Bond financing.** The Authority will not execute the Commitment Agreement unless it has been executed by a qualified “mortgage lender” under the Act.
6. *Credit Provider.*If the Bonds are to be secured by a letter of credit or other form of credit enhancement, the provider of that letter of credit or credit enhancement must execute the Commitment Agreement as the “Credit Provider” described therein. **It is the Applicant’s responsibility to obtain the signature of the “credit provider” on the Commitment Agreement.** If the Bonds are to be secured by a letter of credit or other form of credit enhancement, **t**he Authority will not execute the Commitment Agreement unless it has been executed by the “credit provider”.
7. *Commitment Fee.*The Authority will not execute the Commitment Agreement unless and until the Applicant has paid in full the commitment fee for this Project in the amount of $[Commitment Fee Amount] (the “Commitment Fee”). **No portion of the Commitment Fee may be used to pay costs of issuance for the Bonds at closing or used prior to Bond issuance to pay any other costs associated with the Project.** If the Bonds are issued, the Authority will refund 100% of the Commitment Fee upon written confirmation satisfactory to the Authority that certain costs of issuance have been paid, including without limitation, trustee fees, trustee counsel’s fees, rating agency fees and the fees and expenses of Authority counsel, its bond counsel and (if any) its special tax counsel. If the Bonds are not issued for any reason, the Authority will refund to the Applicant the remainder of the Commitment Fee (if any) after payment in full of all fees and expenses then incurred by the Authority’s counsel, its bond counsel and (if any) its special tax counsel, any unpaid fees or expenses due to the Authority, provided that there are no unresolved issues that could result in the Authority incurring additional costs or expenses. If the Authority’s aggregate costs exceed the amount of the Commitment Fee, the Applicant will be required to pay the excess, even if the Bonds are never issued.
8. *Other Required Information.* In addition to executing the Commitment Agreement, the Applicant must complete all items of information required by the Commitment Agreement and provide all other items and information required by the Application to be delivered before execution of the Commitment Agreement. You must review the Application carefully in order to ensure that all such information has been provided to the Authority.

If a Commitment Agreement is fully executed, it will expire according to its terms (unless the Bonds are issued) on the earlier of (i) December 1 of the year of its execution, or (ii) the termination date set forth within the Commitment Agreement.

1. Preparation of Financing Documents**.** The Authority’s counsel and its bond counsel will begin work on the Project, including preparation of financing documents, after (a) the Commitment Agreement has been fully executed, (b) the Commitment Fee has been paid in full, and (c) you have completed, executed and delivered to the Authority the Initial Project Questionnaire attached to this letter. **Under the terms of the Commitment Agreement, the Applicant is solely responsible for payment of all legal fees incurred by the Authority’s counsel and its bond counsel in connection with the Project, regardless of whether the financing for the Project is actually completed.**
2. Requirements for Consideration of Bond Resolution. The Board of Directors of the Authority (the “Board”) will not consider a resolution authorizing and approving the issuance of Bonds for the Project (a “Bond Resolution”) unless:
3. **Not less than 30 days prior to the date of the Board meeting at which the Bond Resolution is proposed to be considered,** the declaration of official intent has been executed and delivered by the Authority, the Commitment Agreement has been executed and delivered by all parties thereto, and the full amount of the Commitment Fee has been received by the Authority. The 30-day deadline referenced above is a minimum requirement, and the Authority recommends strongly that the Applicant deliver or complete all of the above items as soon as possible so that the Project is ready to be considered for inclusion on the agenda for the next Board meeting, when scheduled.
4. **Not less than 10 days prior to the date of the Board meeting at which the Bond Resolution is proposed to be considered,** all financing documents proposed to be approved by the Bond Resolution are *in substantially final form*. Financing documents will be considered to be in “substantially final form” only after all parties to the financing and their counsel have acknowledged and agreed (which may be in the form of an email to the Authority’s counsel or bond counsel) that they have no further comments to the financing documents proposed for approval in the Bond Resolution, including, if applicable, the preliminary official statement for the Bonds (except for matters not necessary to deem the preliminary official statement “final” under MSRB Rule 15c2-12). The 10-day deadline referenced above is a minimum requirement, and the Authority recommends strongly that the Applicant ensure that the financing documents are prepared as soon as possible in order to allow the Authority, its counsel, its bond counsel and (if any) its special tax counsel *sufficient time in advance of the 10-day deadline* to complete the process of drafting, negotiating and revising of the financing documents.
5. Scheduling of Board Meetings. The Board conducts a required annual meeting in accordance with its bylaws and typically convenes two additional Board meetings each year and rarely more than three such additional meetings. Whether and when to schedule a Board meeting depends on the Authority’s business needs and the schedules of the Board members. **The Authority does not convene a Board meeting solely in order to consider a Bond Resolution, so it is imperative that the Applicant complete its responsibilities under the 2017 QAP and Bond Policy as soon as possible in order to ensure that the Bond Resolution for this Project is eligible for consideration whenever a Board meeting is scheduled.**
6. Pre-Closing. The purpose of the pre-closing will be to execute and deliver all financing documents and to coordinate the recording process for mortgages, UCC-1 financing statements and other security instruments, as applicable. All pre-closings take place at the Authority’s offices in Montgomery, Alabama. The Applicant, the bond trustee, and the Authority must have duly authorized signatories available to attend the pre-closing in person. **The Authority will not consider or discuss a proposed date for pre-closing unless and until the Bond Resolution has been adopted and all parties and their counsel have acknowledged and agreed (which may be in the form of an email to the Authority’s counsel or bond counsel) that all financing documents have been finalized and are ready to be executed. After these requirements have been met, the Authority will contact its officers to determine when they are available to execute documents and will agree to schedule the pre-closing at its offices based on the availability of its executing officers.**
7. Closing. The closing will occur on the date on which the initial purchaser pays the purchase price for the Bonds. The closing will take place on a date satisfactory to the parties, including the Authority, but will not be sooner than the first business day after the day of the pre-closing.

Again, this letter serves only to summarize certain material terms relating to the Credits, the Volume Cap and the Bonds requested for this Project. **Applicant is solely responsible for satisfying all applicable requirements for the Credits, the Volume Cap and the Bonds, and the Applicant must review the 2017 QAP and the Bond Policy carefully in their entirety in order to ensure that all applicable requirements are met.**

As a condition to completing its review of the Application, providing guidance concerning missing and/or incomplete items (if any), determining whether the Application is complete, and moving forward with any additional steps in this financing, the Authority requires that the Applicant execute this letter below and return a fully executed photocopy to me by scanned email at [dyoung@ahfa.com](mailto:dyoung@ahfa.com) or by facsimile at (334) 244-9200. In addition, the Authority’s counsel and bond counsel will not begin work on the draft bond documents until you have signed a Commitment Agreement, paid the Commitment Fee in full and completed, signed and delivered the attached Initial Project Questionnaire.

Sincerely,

David C. Young

Multifamily Administrator

REVIEWED AND ACCEPTED:

By executing this letter below, the Applicant confirms and agrees that (a) it has reviewed the foregoing letter; (b) there have been no changes in the information contained in the Application, including without limitation the identified members of the development team; (c) the Applicant bears sole responsibility for meeting the requirements applicable to the Credits, the Volume Cap and the Bonds; and (d) Applicant will undertake careful review of the 2017 QAP and Bond Policy in their entirety in order to ensure that the Applicant understands and satisfies all applicable requirements and that Applicant communicates all such requirements to its development team for the Project on a timely basis.

***[INSERT APPLICANT’S SIGNATURE BLOCK HERE]***

**INITIAL PROJECT QUESTIONNAIRE**

This Initial Project Questionnaire is prepared, certified and submitted by [Full Name of Applicant] (the “Applicant”) to the Alabama Housing Finance Authority (the “Authority”) as Exhibit A to that certain letter dated [Date] from the Authority to the Applicant with respect to [Name of Project]:

1. Is the Applicant (i.e., the project owner at closing) be a limited partnership with a general partner and a limited partner OR a limited liability company with a managing member and an investor member?
2. Provide for the financing documents the name, state of organization, and notice address for each of the three relevant entities (such as Applicant; General Partner/Managing Member; and Limited Partner/Investment Member):

|  |  |
| --- | --- |
| Applicant | General Partner/Managing Member |
| Name:  State of Formation:  Address:      Name of Contact: | Name:  State of Formation:  Address:      Name of Contact: |
| Limited Partner/Investment Member | Other Relevant Partner/Member |
| Name:  State of Formation:  Address:      Name of Contact: | Name:  State of Formation:  Address:      Name of Contact: |

1. In space below, provide the complete signature block for the Applicant as it should appear in legal documents (please confirm spelling, commas, spacing, etc. of the formal corporate name of the Applicant):
2. Provide the federal tax ID # of the Applicant:
3. Provide a projected timeline for issuing the Bonds based on the following projected milestones:

|  |  |  |
| --- | --- | --- |
|  | Event | Projected Completion Date |
| (a) | Completed Application |  |
| (b) | Declaration of Official Intent1 |  |
| (c) | Execution of Fully Executed  Commitment Agreement |  |
| (d) | Payment of Commitment Fee |  |
| (e) | Financing Documents are deemed “Substantially Final” |  |
| (f) | Project ready for Bond Resolution to be considered *at next scheduled Board meeting*2 |  |
| (g) | Project Ready for *Initial Discussion*  *of Proposed* Date for Pre-Closing3 |  |
| 1 Not less than 30 days after date on which Application is deemed complete.  2 The date of Board meeting will be set by the Authority in its sole discretion. A Bond Resolution will not be considered at a Board meeting unless, not less than 30 days earlier, the Declaration of Official Intent was completed, the Commitment Agreement was fully executed, and the Commitment Fee was paid in full, and not less than 10 days earlier, financing documents were deemed “substantially final” . The 10-day and 30-day deadlines referenced in this footnote are minimums, and the Authority recommends strongly that the Applicant complete all of these items as soon as possible so that the Project can be considered for inclusion in the agenda for the next Board meeting, when scheduled.  3 Pre-Closing date will not be discussed until Bond Resolution has been adopted (or at minimum the Authority has set the date of the Board Meeting at which the Bond Resolution will be considered) and the parties and their counsel must have agreed that all financing documents are ready for execution. | | |

1. Provide the name of the general contractor and its state of organization:
2. Provide the name of the architect and its state of organization.
3. Confirm that none of the contractor, the architect or the seller of any property to be financed by proceeds of the Bond, nor any other party receiving bond proceeds, is related to the Applicant (i.e., the Applicant or its partners or members).
4. Is there a HUD loan and, if so, will it be made under Section 221(d)(4) or Section 223(f)?
5. Is the project new construction or acquisition-rehabilitation?
6. Please provide the total number of units and the number of buildings in the project. Please distinguish between total buildings and residential buildings:
7. Please confirm the proper name of the project. Has the project recently been known by any other name? If so, provide recent name as well.
8. Please provide the address of the project (and include the county). For purposes of the “TEFRA” public hearing, the address must be exactly correct – no errors.

The undersigned hereby certifies on behalf of the Applicant that as of the date below the information provided in this Initial Project Questionnaire is true, correct and complete to the best of the Applicant’s knowledge.

Date:

***[INSERT APPLICANT’S SIGNATURE BLOCK HERE]***