

MULTIFAMILY HOUSING BOND POLICIES

The City Council (the “Governing Body”) of the City of Hayward (the “Issuer”) adopted these Multifamily Housing Bond Policies (the “Policies”) on December 12, 2017, pursuant to Resolution No. _____ to establish policies and procedures in connection with tax-exempt and taxable bonds (the “Bonds”) issued by the Issuer for multifamily rental housing projects (the “Projects”) located in the jurisdiction of the Issuer. The purpose of the Policies is to help ensure that the Applicable Requirements (defined below) are satisfied.

These Policies supplement the Debt Disclosure Policy the City Council previously adopted and as may be amended from time to time to satisfy the requirements under Section 8855(i) of the California Government Code.

These Policies may be amended, and waivers from the requirements of these Policies may be granted, by the Governing Body as it deems appropriate from time to time in the discretion of the Issuer with the advice of counsel. Any applicant seeking a waiver must request the waiver in writing and state the reason or reasons why the waiver is necessary and appropriate.

I. DEFINITIONS

The following terms, when capitalized herein, shall have the following meanings:

“Accredited Investor” has the meaning given in Rule 501 of Reg. D promulgated under the Securities Act of 1933.

“Act” means the Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code.

“Applicable Requirements” means certain requirements of the Act, the California Debt and Investment Advisory Commission (Section 8855(i) of the California Government Code), the California Debt Limit Allocation Committee (Division 9.5 of Title 4 of the California Code of Regulations), and [add any applicable local law].

“Approved Buyer” means an Accredited Investor or a Qualified Institutional Buyer.

“Bonds” means tax-exempt and taxable bonds, notes or any other evidence of indebtedness authorized to be issued pursuant to the Act for Projects.

“Borrower” means the owner of a Project.

“CDLAC” means the California Debt Limit Allocation Committee, or any successor entity.

“CDLAC Regulations” means the regulations of the California Debt Limit Allocation Committee, consisting of Division 9.5 of Title 4 of the California Code of Regulations, as the same may be amended from time to time.

“CDLAC Resolution” means a resolution of CDLAC granting private activity bond volume cap to a Project.

“Compliance Manager” has the meaning given in Section V.E. of these Policies.

“Compliance Team” has the meaning given in Section V.E. of these Policies.

“Governing Body” means the Issuer’s City Council.

“Investor Letter” means a certification from the initial investor(s) of a Bond offering containing representations that (i) they are an Accredited Investor or a Qualified Institutional Buyer, (ii) they have no present intention of reoffering the Bonds in a subsequent offering, but may be allow to subsequently transfer the Bonds in a limited offering to another permitted transferee subject to the provisions of the Bond documents, and (iii) such other representations, warranties and agreements as may be required by the Issuer.

“Issuer” means the City of Hayward, a municipal corporation and charter city, organized and existing pursuant to the Constitution and laws of the state of California.

“Minimum Qualified Credit Rating” means (a) If the Bonds are to be variable rate Bonds, the short-term rating shall be no less than “A1” by Standard & Poor’s, “VMIG1” by Moody’s, or “F-1” by Fitch IBCA, Inc. or the equivalent or (b) If the Bonds are to be fixed rate Bonds, the Bond rating shall be no less than an “A” category or the equivalent as rated by a Nationally Recognized Statistical Rating Organization.

“Policies” means these Multifamily Housing Bond Policies, as they may be amended from time to time.

“Project” means a multifamily rental housing development or developments situated in the jurisdiction of the Issuer, as well as other appurtenant facilities authorized to be financed by Bonds pursuant to the Act.

“Qualified Institutional Buyer” has the meaning given in Rule 144A promulgated under the Securities Act of 1933.

“Regulatory Agreement” means a regulatory agreement executed by the Issuer and the Borrower upon the issuance of Bonds, and which is recorded in the official records of the county in which the Project is located.

“Sponsor” means the sponsor of a Project.

“State” means the State of California.

“TCAC” means the California Tax Credit Allocation Committee, or any successor entity.

“Travelling Investor Letter” means a certification from each investor(s) of a Bond offering containing representations that (i) they are an Accredited Investor or a Qualified Institutional Buyer, (ii) they have no present intention of reoffering the Bonds in a subsequent offering, but may be allowed to subsequently transfer the Bonds in a limited offering to another permitted transferee provided the transferee agrees to provide the same representation letter and subject to the other conditions of the Bond documents, and (iii) such other representations, warranties and agreements as may be required by the Issuer.

“Underwriting Statement” means a written statement from the firm contracted to market the Bonds that includes a brief paragraph on the firm’s history and principals, a summary of the firm’s initial underwriting review, an overview of proposed issuance structure including anticipated debt service

coverage ratio, and a statement certifying that the proposed transaction has been initially underwritten and meets the firm's standards for participation

II. GENERAL DEBT POLICIES

A. Findings

(1) The Issuer hereby recognizes that a prudent multifamily housing bond policy is required in order to:

(a) Protect the Issuer's creditworthiness and exposure to financial and legal liabilities.

(b) Ensure that the government-subsidized financing represented by tax-exempt and taxable bonds furthers the policy goals of preserving and expanding affordable rental housing and other policy goals for which they were intended.

(c) Ensure that all debt is structured in order to protect the Issuer, its citizens, its current and future taxpayers, residents of facilities owned or financed by the Issuer, investors in the Issuer's bonds, the Issuer's borrowers and other stakeholders.

(d) Ensure the Issuer has the flexibility to respond to changes in future service priorities and market conditions.

(e) Ensure that the Issuer's debt is consistent with the Issuer's planning goals and objectives and capital improvement program or budget, as applicable.

(2) This Section II is intended to comply with the requirements of Section 8855(i) of the California Government Code and shall be construed accordingly.

B. Purposes of Debt

(1) Debt may be issued to finance the acquisition, construction, rehabilitation and improvement of real and personal property, equipment, furnishings and any other capital facilities to be owned and operated by the Issuer or by third parties as rental housing facilities and related uses as may be authorized under the Act and any other applicable laws of the State of California.

(2) Long term debt financings are appropriate when one or more of the following conditions exist:

(a) The debt is intended to assist the Issuer or a third party in financing or providing rental housing facilities, programs or services in its jurisdiction or have other public benefits, all as authorized by the Act or other applicable law.

(b) The debt will be used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt or legal covenant restructuring.

(3) Short-term debt may be issued to provide financing for the Issuer's or a third-party owner or operator's operational cash flows in order to improve or maintain cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the Issuer may undertake lease-purchase financing for equipment.

(4) All debt financings must satisfy the following requirements:

(a) The issuance of the debt will comply with the Act and any other applicable state and federal law;

(b) The debt does not impose an unreasonable burden to the Issuer, as determined by the Governing Body;

(c) The debt must be approved by the Governing Body; and

(d) The debt must comply with these Policies, or a waiver must be obtained by the Governing Body.

C. Types of Debt

(1) The following types of debt are allowable under this Debt Policy:

(a) conduit revenue Bonds or notes; and

(b) any other type of debt authorized by the Act or other applicable law.

(2) The Issuer may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of these Policies.

(3) Subject to the Act and any other applicable law, Bonds may bear current interest at fixed or variable rates, with or without credit or liquidity enhancement, or may be sold at a discount or premium, and with or without current interest.

D. Relationship of Debt to Capital Improvement Program and Budget

Bonds for Projects are intended to be non-recourse conduit financing in which the Issuer will not be responsible for the repayment of the debt. The Issuer's own capital improvement plans and budgets should not be impacted by Bond financing of Projects.

E. Policy Goals Related to Planning Goals and Objectives

(1) Among other policy objectives, the Issuer desires to preserve, protect, increase and improve the supply of affordable housing in its jurisdiction. These Policies will help the Issuer to function in an efficient and effective manner, to the benefit of the Issuer, its citizens, residents of facilities financed by the Issuer, and investors in the Issuer's debt issuances.

(2) The Issuer's purpose in adopting these Policies is to provide for a fair, efficient and effective process for facilitating the issuance of its Bonds, providing substantial flexibility in structuring its transactions while striking a balance in protecting the interests of the Issuer, its citizens, residents of facilities financed by the Issuer, and investors in the Issuer's Bonds.

F. Internal Control Procedures

(1) When issuing debt, in addition to complying with the terms of these Policies, the Issuer shall comply with (i) any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance legal compliance, and investment of bond proceeds, and (ii) all applicable laws

including the Act and federal tax and securities laws, to the extent applicable.

(2) The Issuer will periodically review the requirements of and will remain in compliance with the following:

(a) any continuing disclosure undertakings under SEC Rule 15c2-12,

(b) any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and

(c) any requirements of State agencies such as the California Debt and Investment Advisory Commission, CDLAC and TCAC.

(3) In issuing conduit revenue debt, the Issuer shall require its borrower or the lender to provide such information as may be needed by the Issuer to comply with Section 8855(k) of the California Government Code, as the same may be amended from time to time, and any regulations or guidance promulgated with respect thereto by any governmental body with authority over the matter.

(4) With respect to conduit revenue debt with respect to which the Issuer is not responsible for repayment, the Issuer shall not hold the proceeds of debt and shall not be authorized to requisition such proceeds, whenever reasonably possible.

iii. **ISSUANCE POLICIES**

A. General Bond Requirements. The requirements in this Section apply to all Bonds issued by the Issuer for Projects.

(1) Bonds shall satisfy the applicable requirements of Article 6 of Chapter 2 of the CDLAC Regulations, including, without limitation, Sections 5061-5063, inclusive, and Section 5193 (relating to debt service coverage) thereof. The Governing Body, in its discretion, reserves the right to impose more restrictive requirements on any Bond issuance by the Issuer. Additionally, the final maturity of the Bonds and the interest rate on the Bonds shall not exceed any limitations imposed by law, including federal tax law.

(2) The Borrower shall agree to defend and indemnify the Issuer and to reimburse the Issuer for all expenses incurred by the Issuer in issuing the Bonds and monitoring the Project. The Issuer reserves the right to require a parent company or personal guaranty of such indemnification and expense reimbursement obligations.

(3) The Issuer may retain a financial advisor shall conduct a review of the financing structure and the associated public benefits, the cost of which shall be borne by the Borrower.

(4) The Issuer shall retain a law firm with experience as bond counsel in tax-exempt mortgage revenue bonds for rental residential facilities to conduct a legal review of the financing documents and to render a final opinion with respect to the Bonds.

(5) Any offering material or disclosure document shall contain language to the effect that the Issuer will take no responsibility for the disclosures contained therein (except for information under the sections titled "THE ISSUER" and "LITIGATION" to the extent such information pertains to the Issuer);

(6) For certain financings as may be determined by the Issuer and its counsel, the Borrower

shall have its counsel deliver an opinion at closing to the effect that nothing has come to the attention of such counsel that would cause such counsel to believe that the disclosure statements relating to the Bonds contain any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. The contents of such opinion shall be to the satisfaction of the Issuer and its counsel.

(7) The Issuer shall have the discretion to select and determine the finance team participants with respect to each transaction.

B. Minimum Credit Requirements.

(1) Subject to the exceptions in Sections III.C. and III.D. below, Bond sale structures that include a credit rating shall be subject to the following minimum requirements:

(a) Bonds with recourse to the corporate parent entity of the Borrower via a corporate guarantee must have a Minimum Qualified Credit Rating for the Project or for the source of the guarantee.

(b) Bonds without a governmental or corporate guarantee shall provide a Minimum Qualified Credit Rating specifically for the transaction.

(c) Bond issues with limited recourse (i.e. project-specific recourse) may provide either a Minimum Qualified Credit Rating specifically for the transaction or provide evidence of a current Minimum Qualified Credit Rating for an existing outstanding Bond with the same source of debt repayment.

(d) All Bond ratings shall include evidence that the credit rating has been provided within the last six (6) months, or that the current credit rating for outstanding Bond(s) has been substantiated via the most recent updated surveillance review completed by a rating agency within the last thirty-six (36) months.

(2) Notwithstanding the requirements set forth in these Policies, the Issuer may apply more stringent requirements and thresholds for a given Project based upon factors such as, but not limited to the size of the Bond issue and/or the specific ratings of the Borrower and/or the Sponsor.

C. Credit Enhanced Bonds.

(1) Bonds to be issued and sold through a public sale with credit enhancement will be deemed to have satisfied Section III.B., above, if the following conditions are satisfied:

(a) The credit enhancer provides a commitment, signed by both the credit enhancer and the Borrower, to provide credit enhancement for the Bonds. The commitment letter shall include the salient terms and conditions of the agreement, including but not limited to the fee structure, term, rate, security, collateral, guarantee, and recourse of the commitment and evidence that the credit enhancer is committed to move forward with the transaction if the terms and conditions in the commitment letter are met.

(b) If Fannie Mae, (a government-sponsored enterprise) or any additional or successor entity possessing a similar federal government charter is providing the credit enhancement, the commitment issued by a qualified lender under the Delegated Underwriting and Servicing (DUS) program of Fannie Mae will constitute acceptable proof of credit

enhancement.

(2) Upon issuance, the Bonds shall carry a Minimum Qualified Credit Rating. If the Bonds do not carry a Minimum Qualified Credit Rating, they will be evaluated pursuant to Section III.D. below.

D. Privately Placed Bonds.

(1) Bonds to be issued and sold through a private placement will be deemed to have satisfied Section III.B., above, if the private placement purchaser provides a commitment, signed by both the bond purchaser and the Borrower, to purchase the Bonds in a private placement. The commitment letter shall include the salient terms and conditions of the agreement, including but not limited to the fee structure, term, rate, security, collateral, guarantee, and recourse of the commitment and evidence that the bond purchaser is committed to move forward with the transaction if the terms and conditions in the commitment letter are met.

(2) Cash Flow Permanent Bonds (as defined in the CDLAC Regulations) to be issued and sold through a private placement including, without limitation, bonds purchased by a property seller in consideration of the provisions of a purchase and sale agreement, will be deemed to have satisfied the requirements of Section III.B, above, if the provisions of paragraph (1) of this Section III.D. have been satisfied and, additionally, if the bond purchaser agrees to:

(a) submit a Traveling Investor Letter from an Approved Buyer due prior to Bond issuance; and

(b) ensure a minimum Bond denomination of not less than \$100,000.

E. Additional Requirements for Bonds With Unenhanced Minimum Qualified Credit Rating. Bonds to be issued with an unenhanced Minimum Qualified Credit Rating as rated by a nationally recognized credit rating agency will be deemed to have satisfied the minimum Bond sale requirements required in Section III.B. if the following are provided to the Issuer:

(1) an Underwriting Statement; and

(2) Certifications of no current defaults under any bond-related agreements by the Borrower, the guarantor (if any) and the Sponsor.

F. Additional Requirements for Privately Placed Without Minimum Qualified Credit Rating.

(1) Bonds to be issued unrated or with unenhanced non-investment grade credit ratings will be deemed to have satisfied the minimum Bond sale requirements required in Section III.D. if the following are provided to the Issuer:

(a) an Underwriting Statement;

(b) Certifications of no current defaults under any bond-related agreements by the Borrower, the guarantor (if any) and the Sponsor; and

(c) a complete marketing plan.

(2) In addition, Bonds described in subdivision (1) of this Section will be subject to the

following conditions:

- (a) The submission of a Traveling Investor Letter due prior to Bond issuance; or
- (b) Minimum Bond denominations as follows:
 - (i) not less than \$100,000 for Bond issues equal to or less than \$100,000,000;
 - or
 - (ii) not less than \$250,000 for Bond issues over \$100,000,000.
- (3) The offering material or disclosure document shall prominently indicate on the cover that bonds can only be sold to such Approved Buyers.
- (4) The face of each bond shall contain a legend stating to the effect that such Bond can only be sold to Approved Buyers.
- (5) The bond documents shall contain provisions that restrict the ability to transfer the Bonds only to Approved Buyers.
- (6) Bonds may be issued and sold through a private placement or limited public offering with appropriate disclosure or offering materials.
- (7) Bonds may be delivered in book-entry form or in physical form as approved by and at the discretion of the Issuer.

G. Borrower and Ownership Requirements. The Issuer shall have sole discretion regarding the suitability of the Borrower to participate in the Issuer bond program based on information required to be provided by the Borrower as described herein. Such information includes not just an evaluation of the Borrower, but also the property management plan and the property manager. With respect to a specific Borrower, the Issuer may request additional information than specified herein if needed to complete its evaluation. The Housing Manager of the Issuer, in consultation with the Issuer's bond counsel, shall have discretion over whether the owner or user of the Project (including a tax credit investor or other party that will be a majority owner of the owner of the Project) may be a party related to the purchaser of the Bonds.

H. Bond Defaults. Bond Applications on behalf of a Project's Sponsor with a bond-related default or bankruptcy shall be subject to Section 5066 of the CDLAC Regulations and the Issuer's discretion.

IV. ISSUANCE PROCEDURES

A. Application for Bond Financing. In order to apply for Bond financing of a Project, the Borrower shall provide (1) a description of the Project (including, without limitation, street address, parcel size, tenant population, unit mix and affordability restrictions), (2) a breakdown of the Project costs, (3) a breakdown of the sources of funds for the Project, including the names of each lender, equity investor or other funding source, (4) a description of the Bond structure, (5) a description of the ownership entity, including the true corporate name and organization of the entity, an organization chart and federal tax identification number, and a description of the default history of any member of the ownership entity with respect to multifamily or other commercial real estate projects, (6) information concerning the property management plan and the identity of the property manager, (7) the developer fee proposed for the

Project, and (8) such other information as the Issuer may request. The foregoing information shall be provided on such form or in such format as the Issuer may request.

The application for Bond financing shall be accompanied by a non-refundable application fee of \$10,000 (or higher if deemed by the Compliance Manager to be an amount necessary to evaluate the Project). The application will not be processed until such application fee is received. The application fee shall be credited, however, against the issuance fee described below in Section III.F.(1).

B. Issuer Approval Process. The Issuer shall complete the following approval process before any Bond is issued for a Project:

(1) Issuer staff shall review the application and shall make a determination that the Project and the Borrower will satisfy all Issuer requirements for Bond financing, and that staff is prepared to recommend approval of the Bonds and the Project to the Governing Body. Prior to making such a determination, the Issuer shall review (i) the ownership structure and any related defaults, as mentioned in Section iii.A. above, (ii) the property management plan and the qualifications of the proposed property manager, and shall also ascertain whether any proposed developer fee exceeds the amount that would be allowed by TCAC for a similar project.

(2) The Governing Body shall conduct a public hearing regarding the Bonds and the Project after publication of a notice of such hearing at least 14 days prior to the hearing or otherwise as may be required under applicable federal tax law. The Governing Body may delegate the responsibility of conducting the hearing to Issuer staff.

(3) The Governing Body shall grant preliminary approval for the Project for purposes of Section 147(f) of the Internal Revenue Code, shall declare its official intent to issue tax-exempt Bonds to reimburse Project expenditures, for purposes of Section 1.150-2 of the U.S. Treasury Regulations, and shall authorize the Issuer's staff to submit an application to the State for an allocation of private activity bond volume cap for the Bonds. The Governing Body may delegate or accede these responsibilities to authorized elected representatives or officers of the Issuer, to the extent permitted by applicable law.

(4) After receipt of preliminary approval from the Governing Body, the Issuer's staff, with the Borrower's cooperation and at the Borrower's expense, shall submit an application to the State for an allocation of private activity bond volume cap for the Bonds.

(5) After receipt of an allocation of private activity bond volume cap for the Bonds, the Governing Body shall adopt a resolution at a regular meeting thereof granting final approval of the issuance of the Bonds for the Project, including authorizing substantially final forms of any offering documents for the Bonds and of the principal legal documents to be executed and delivered by the Issuer.

This Section III.B. is descriptive of the Issuer approvals that must be obtained prior to the issuance of the Bonds. Notwithstanding any mandatory language used in this Section III.B., the Issuer is under no obligation to the Borrower to consider or grant any such approval. Each of the foregoing approvals shall be considered and granted at the sole discretion of the Issuer. Any approval described herein shall not be construed to be an approval of the Project or the Bonds for any other purpose, and shall not obligate the Issuer to grant any other approval of the Project or the Bonds.

C. Issuer Fees. The Borrower will pay to the Issuer the following Issuer fees:

(1) An issuance fee equal to the greater of \$10,000 or 0.125% of the initial maximum principal amount of the Bonds, payable upon issuance of the Bonds. The application fee paid pursuant to Section

III.D., above, shall be credited against the issuance fee payable on the issuance of the Bonds.

(2) An annual monitoring fee in the fixed amount of 0.125% of the initial maximum principal amount of the Bonds (with a minimum annual monitoring fee of \$2,500), payable in advance on the issuance date and on each anniversary thereof. For purposes of the annual monitoring fee for draw-down Bonds, the maximum authorized principal amount of the Bonds shall be deemed to be outstanding from the issuance date until the conversion to a permanent loan.

V. POST ISSUANCE TAX-EXEMPT BOND COMPLIANCE

A. External Advisors / Documentation

(1) The Issuer and the Borrower shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for tax-exempt status. Those requirements and procedures shall be documented in the arbitrage certificate, use of proceeds certificate, indenture, loan agreement, bond regulatory agreement and/or other related documents (collectively, the "Tax Documents") finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

(2) The Borrower shall also consult with bond counsel and other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements are met. This shall include, without limitation, consultation in connection with future contracts with respect to the use of Bond-financed or refinanced assets.

(3) The Issuer shall require the Borrower to engage expert advisors ("Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds, unless the Tax Documents specify that arbitrage rebate will not be applicable to an issue of Bonds.

(4) Unless otherwise provided by the indenture or other authorizing documents relating to the Bonds, unexpended Bond proceeds shall be held by a trustee, and the investment of Bond proceeds shall be managed by the Borrower. The Borrower shall prepare (or cause the trustee to prepare) regular, periodic statements regarding the investments and transactions involving Bond proceeds and such statements shall be delivered to the Issuer if it so requests.

B. Arbitrage Rebate and Yield. Unless the Tax Documents state that arbitrage rebate will not be applicable to an issue of Bonds, it is the Issuer's policy that the Borrower shall be responsible for:

(1) Engaging the services of a Rebate Service Provider and, prior to each rebate calculation date, causing the trustee or other account holder to deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider;

(2) Providing to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;

(3) Monitoring efforts of the Rebate Service Provider;

(4) Assuring payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed;

(5) During the construction period of each capital project financed in whole or in part by Bonds, monitoring the investment and expenditure of Bond proceeds and consult with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the Bonds; and

(6) Retaining copies of all arbitrage reports and account statements as described below under Section V.D., "Record Keeping Requirements," and, upon request, providing such copies to the Issuer.

The Borrower, in the Tax Documents relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall agree to undertake the tasks listed above (unless the Tax Documents provided that arbitrage rebate will not be applicable to an issue of Bonds).

C. Use of Bond Proceeds and Bond-Financed or Refinanced Assets. It is the Issuer's policy that the Borrower shall be responsible for:

(1) Monitoring the use of Bond proceeds and the use of Bond-financed or refinanced assets (e.g., facilities, furnishings or equipment) throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in the Tax Documents relating to the Bonds;

(2) Maintaining records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Bonds, including a final allocation of Bond proceeds as described below under Section V.D., "Record Keeping Requirements";

(3) Consulting with bond counsel and other legal counsel and advisers in the review of any contracts or arrangements involving use of Bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Documents relating to the Bonds;

(4) Maintaining records for any contracts or arrangements involving the use of Bond-financed or refinanced assets as described below under Section V.D., "Record Keeping Requirements";

(5) Conferring at least annually with personnel responsible for Bond-financed or refinanced assets to identify and discuss any existing or planned use of Bond-financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the Tax Documents relating to the Bonds; and

(6) To the extent that the Borrower discovers that any applicable tax restrictions regarding use of Bond proceeds and Bond-financed or refinanced assets will or may be violated, consult promptly with bond counsel and other legal counsel and advisers to determine a course of action to remediate all nonqualified bonds, if such counsel advises that a remedial action is necessary.

The Borrower, in the Tax Documents relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall agree to undertake the responsibilities listed above.

D. Record Keeping Requirement.

(1) It is the Issuer's policy that the Borrower shall be responsible for maintaining the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

(a) A copy of the Bond closing transcript(s) and other relevant documentation delivered to the Borrower at or in connection with closing of the issue of Bonds, including any elections made by the Issuer or Borrower in connection therewith;

(b) A copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, draw requests for Bond proceeds and evidence as to the amount and date for each draw down of Bond proceeds, as well as documents relating to costs paid or reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds, including a final allocation of Bond proceeds;

(c) A copy of all contracts and arrangements involving the use of Bond-financed or refinanced assets; and

(d) A copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.

(2) For housing bond financings subject to the requirements of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), it is the Issuer's policy that the Borrower shall be responsible for maintaining the following additional documents until the end of the "qualified project period" within the meaning of Section 142(d)(2)(A) of the Code, plus at least three years:

(a) A copy of all records evidencing compliance with the requirements of Section 142(d) of the Code, including income verifications, leases, and rental records.

(3) The Borrower, in the Tax Documents relating to the Bonds and/or other documents finalized at or before the issuance of the Bonds, shall agree to the foregoing records retention requirements and procedures.

E. Post-Issuance Compliance Team. The Issuer shall form a "Compliance Team" that may include Issuer staff and/or outside consultants and which shall be headed by a Compliance Manager. Initially, the Compliance Team shall consist of the Issuer's Housing Manager and Housing Division staff, and may be changed at any time by the Issuer. The Housing Manager of the Issuer shall be the Compliance Manager. The Compliance Team is responsible for all aspects of monitoring the Bonds for compliance with post-issuance requirements. The Compliance Team will meet annually to review any regulation or policy changes.

VI. POST ISSUANCE PROJECT COMPLIANCE

A. Background

(1) When CDLAC provides a private activity bond volume cap for a Project, a Regulatory Agreement between the Issuer and the Borrower is recorded upon the issuance of the Bonds. The regulatory agreement summarizes several important use restrictions, including:

- Project compliance period;
- Total units;
- Total common area units;
- Total housing units in low-income housing commitment, and the particular set aside requirement (20% at 50% or 40% at 60%);
- Percent of area median gross income for qualified low-income housing units; and
- Any additional low-income housing commitments.

(2) A copy of the CDLAC Resolution shall be attached as an exhibit to the Regulatory Agreement.

(3) In order for an multifamily housing project to remain in compliance with the Regulatory Agreement and CDLAC's requirements, the Issuer must collect, review and monitor documents outlined in the Regulatory Agreement and CDLAC's Regulations. These certifications and forms provide the information that exhibits the project maintaining its tax-exempt status. The Issuer is required to collect and store these forms. The process of collecting, reviewing and monitoring these forms is outlined in Section VI.B., "Affordable Housing Post Issuance Compliance Procedures."

(4) The Issuer and the Borrower shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for tax- exempt status. Those requirements and procedures shall be documented in the Tax Documents for the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirement of federal tax law beyond the term of the Bonds.

(4) The Issuer reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as circumstances warrant. The Issuer also reserves the right to change these policies and procedures from time to time.

B. Affordable Housing Post Issuance Compliance Procedures

(1) The Issuer is required to collect, review and monitor the Certification of Compliance I, Certification of Compliance II, CDLAC Completion Certificate, Regulatory Completion Certificate, TCAC Project Status Report (PSR), Certification as to Commencement of Qualified Project Period, and Certificate of Continuing Program Compliance for each issuance of Bonds, when applicable. The Issuer is also required to review 20% of management files associated with Bond – restricted units listed in the PSR upon project completion, and every 3 years thereafter for projects receiving allocation after December 31, 2016. This section reviews the compliance certifications and forms set forth under Federal, State, Regulatory and IRS regulations. The Borrower must certify under penalty of perjury that the Project was in compliance with certification provisions set forth under Federal, State and IRS regulations for the preceding 12-month period. The failure of the Borrower to comply with those provisions may result in a revocation of the tax-exempt status of the Bonds by the IRS. The Issuer relies exclusively on the representations, warranties and agreements of the Borrower made in the Tax Documents (as defined below) relating to the Bonds.

(2) Record Keeping & Document Retention:

(a) It is the Issuer's policy that the following tax-exempt Bond documents will be retained for the compliance period term plus an additional three years. For each closed affordable

housing transaction, a digital compliance folder is filed in the Compliance Database. The digital Compliance folders will contain a copy of the Regulatory Agreement, CDLAC and other documents and certificates the Issuer or its Bond Counsel deem important or relevant. A spreadsheet labeled "Compliance" is updated with the appropriate project information which is found in the Regulatory Agreement and CDLAC Resolutions. The Regulatory Agreement and CDLAC Resolution outline the certifications and forms that will need to be collected, reviewed and sent to the appropriate parties.

(b) The Bond closing transcripts and other relevant documentation will be retained in the form delivered to the Issuer for the applicable compliance period plus three years. Issuer's Affordable Housing record retention policy is consistent with IRS section 1.148-5(d)(6)(iii)(E) requirements and CDLAC Regulations.

(c) The applicable records to be maintained include:

- These Policies (updated as deemed necessary by the Issuer)
- *Certification of Compliance I* (CDLAC)
- *Certification of Compliance II* (CDLAC)
- *Annual Applicant Public Benefits & On-Going Compliance Self Certification* (CDLAC)
- *CDLAC Completion Certification* (CDLAC)
- *Regulatory Completion Certification* (where applicable)
- *Certification as to Commencement of Qualified Project Period* (where applicable)
- *Certificate of Continuing Program Compliance* (where applicable)

(d) The Sponsor is also required to submit IRS Form 8703 annually to the Internal Revenue Service on or before March 31. Form 8703 provides annual information to the IRS to help them determine whether a project continues to be a qualified residential rental project under section 142(d). While the Issuer is not required to collect Form 8703 from the Sponsor, we include a copy of Form 8703 with our annual Compliance request and ask for a confirmation from the Sponsor that the Form has been submitted to the IRS.

(e) The following procedures outline the process for collecting and reviewing the required documents or certifications:

(i) *Certification of Compliance I & II (CDLAC)*: the *Certification of Compliance I* document is provided to the Issuer in the CDLAC Resolution for projects receiving allocation prior to December 31, 2016. The *Certification of Compliance II* document is provided to the Issuer in the CDLAC Resolution for projects receiving allocation after December 31, 2016. These certifications are to be completed by the Sponsor in which the Sponsor certifies that the Project is in compliance with all of the terms and conditions set forth in the CDLAC Resolution.

(A) All Housing Projects that receive an Allocation from CDLAC and an award of low income housing tax credits are subject to the provisions of section 10337 of Title 4 of the California Code of Regulations. These projects shall be monitored for compliance by the terms and conditions of the CDLAC Resolution by the Issuer. The certification must be submitted by the Borrower on the Borrower's letterhead to the Issuer by February 1st of each year. The Issuer will

then verify receipt of the Certification of Compliance I & II for all housing projects that have received CDLAC allocation to the California Debit Limit Allocation Committee's online certification system no later than one week before March 1st of each year for the Certification of Compliance I and every three years after project completion for the Certificate of Compliance II.

(B) It is the responsibility of the Borrower's asset management group to complete the Certification of Compliance I or Certificate of Compliance II, as applicable on a timely basis. Detailed instructions on how to complete the certification is contained in Exhibit A.

(ii) *Annual Applicant Public Benefits & On-Going Compliance Self Certification (CDLAC)*: The Annual Applicant Public Benefits & On-Going Compliance Self Certification document is located on CDLAC's online certification system. This certification is to be completed by the Issuer in which the Issuer certifies that the Project is in compliance with all of the terms and conditions set forth in the CDLAC Resolution.

(A) All projects that receive an allocation of private activity bond volume cap from CDLAC are subject to the provisions of section 10337 of Title 4 of the California Code of Regulations. These projects shall be monitored for compliance by the terms and conditions of the CDLAC volume cap resolution by the Issuer. The Issuer shall submit an annual Applicant Public Benefits & On-Going Compliance Self Certification to CDLAC on March 1st for projects receiving allocation prior to December 16, 2016. For projects receiving allocation after December 16, 2016, the Issuer shall submit an annual Applicant Public Benefits & On-Going Compliance Self Certification to CDLAC on March 1st until project completion, and then every 3 years thereafter. The Issuer will submit all Certifications from all projects that have received allocation to the California Debit Limit Allocation Committee's online certification system no later than one week before March 1st of each year.

(B) CDLAC does not expect to hold the Issuer responsible for conditions that the Issuer is not aware of; only for the Issuer to confirm its understanding of the status of the project based upon its own post-issuance compliance procedures. CDLAC will not review the Issuer's procedures, and in good faith, will assume that the Issuer has in place procedures that the Issuer judges adequate to satisfy its post-issuance responsibilities as defined under the Internal Revenue Code and CDLAC Regulations. The Issuer is free to request project information from the Sponsor and rely on that information. That information can then serve as the basis for the Issuer's response to the questions within this certification.

(iii) *Completion Certification (CDLAC)*: The Completion Certification is required by CDLAC to be delivered by the Borrower to the Issuer when the project is completed or substantially completed.

(A) The term completed in this case refers to a new construction project. The Borrower certifies that all construction work on the Project was completed and all units in the project are available for occupancy. On the Completion Date of the project, the Borrower will submit to the Issuer a duly executed and completed Completion Certificate.

(B) The term substantially completed is a reference to a project that is a rehabilitation of an existing housing complex. The Borrower certifies that all construction work on the Project was substantially completed and all units in the Project are available for occupancy. On the Completion Date of the project, the Borrower will submit to the Issuer a duly executed and completed Completion Certificate.

(iv) TCAC (PSR) Project Status Report (CDLAC): For projects receiving allocation after December 31, 2016, Borrowers are required to utilize TCAC's Compliance Manual Section VI: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. Specifically, the TCAC Project Status Report (PSR) is required by CDLAC to be delivered to the Issuer in the year the project is completed. The PSR is to be completed by the Sponsor in which the Sponsor verifies tenant income for Federally Bond-Restricted Units in conjunction with initial occupancy.

(v) *Completion Certification (Regulatory Agreement & CDLAC)*: The Completion Certification is required by CDLAC and the Regulatory Agreement to be delivered by the Borrower to the Issuer when the Project is completed or substantially completed.

(A) The term completed in this case refers to a new construction project. The Borrower certifies that all construction work on the Project was completed and all units in the project are available for occupancy. On the Completion Date of the project, the Borrower will submit to the Issuer a duly executed and completed Completion Certificate.

(B) The term substantially completed is a reference to a project that is a rehabilitation of an existing housing complex. The Borrower certifies that all construction work on the Project was substantially completed and all units in the Project are available for occupancy. On the Completion Date of the project, the Borrower will submit to the Issuer a duly executed and completed Completion Certificate.

(C) Not all projects are required by their Regulatory Agreements to submit Completion Certificates. Some Completion Certificates require the borrower to submit a trailing form when a project is 50% occupied. It is the Issuer policy to require Completion Certification forms for all projects and a trailing document at 50% occupancy for new construction projects only. It is the Borrower's responsibility to provide the Completion Certification.

(vi) *Certification as to Commencement of Qualified Project Period (Regulatory Agreement)*: The Commencement of Qualified Project Period also known as the Affordability Period is defined in the regulatory agreement of each Project financed by Bonds. For new construction, the Qualified Project Period begins on the first day on which at least ten percent of the residential units are first occupied, and for rehabilitated projects, on the later of a) the date the bond funds are disbursed to the Borrower, or b) the date ten percent of the units are first reoccupied. The Qualified Project Period ends on the latest of a) the date which is a specified number of years (typically 15) after the date on which 50% of the residential units in the project were first occupied, b) the last day on which any Bond remains outstanding or c) a date specified by the regulatory agreement.

(A) Although the end of the Qualified Project Period is set by federal code, CDLAC has specified an additional Affordability Period for all Projects.

(B) For the Qualified Project Period the Borrower will obtain, complete and maintain on file Verification of Income forms for each Qualified Tenant, including (a) Verification of Income document for each tenant before the occupancy of each unit, (b) if requested by the Issuer an annual Verification of Income for tenant that is due to the Issuer on March 1st (the reporting period ends December 31st of each year).

(C) It is the Issuer policy to require Certifications as to Commencement of Qualified Project Period forms for all Projects.

(vii) *Certificate of Continuing Program Compliance (Regulatory Agreement)*: All regulatory agreements require that for the duration of the Qualified Project Period, Borrower must periodically submit a Certificate of Continuing Program Compliance (generally, Section 4(e)). The reporting periods may vary and are specified in each regulatory agreement. The certificate reflects the changes that have occurred in the occupancy of the Bond-financed units over the reporting period, commencement, termination of occupancy, vacancies, changes in household size and changes in rents charged. The Borrower further states whether the project has or has not been in default of the terms and provisions of the agreement and if a determination of taxability has occurred. In the event of a default or determination of taxability, the Borrower certifies that the necessary remedial actions have been taken or initiated, or alternatively, explains the material facts obviating the need for action. This Certificate generally requires the Borrower to attach a rent roll or occupancy summary together with certificates of tenant eligibility of new or recertifying tenants. This Certificate must be signed by the Borrower or a duly designated representative. The Compliance Team shall date stamp the certificate and all the attached documents upon receipt in order to demonstrate compliance and identify the reporting period.

(A) Borrowers may be required by the regulatory agreement to file, every February 15th of each bond year, a copy of Internal Revenue Service Form 8703 with the Issuer through the Compliance Team. The Borrower must also submit the Certificate of Continuing Program Compliance to CDLAC on the anniversary of issuance date. The Issuer is not responsible for overseeing the borrower's compliance with CDLAC on this process.

(B) Some Regulatory Agreements dictated that the Certificate of Continuing Program Compliance be filed quarterly during construction and then annually at completion. All Issuer Regulatory Agreements should request this form to be filed annually. In the case where a project's Regulatory Agreement dictated a quarterly filing the Issuer reserved the right to update the filing requirements to coincide with the policy of requesting annual filings. Not all Regulatory Agreements require a Certificate of Continuing Program Compliance to be filed with the Issuer. All Issuer Regulatory Agreements should request this form to be filed with the Issuer. These projects shall be monitored for compliance by the terms and conditions of the Regulatory Agreement by the Issuer. The Issuer shall collect and retain the Certificate of Continuing Program Compliance by March 1st of each year.

(viii) *Arbitrage Rebate Forms*: As provided in Section V.B., is the Issuer's policy that the Borrower shall be responsible for compliance with all requirements under Federal arbitrage regulations. Per the Regulatory Agreement of each Bond issuance the Borrower shall be responsible to determine (or obtain expert advice to determine) whether Arbitrage Rebate calculations will be submitted to the IRS. If it is determined that such calculations are likely to be required, the Borrower shall engage expert advisors ("Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds, or else ensure that it has adequate financial and legal resources of its own to make such calculations. Borrowers shall make any rebate payments required on a timely basis.

(ix) *On Site Audit*. The Issuer's policy is that an onsite audit of each Project should take place no later than 3 years from date of the Completion Certification and every 3 years thereafter. Even though doing an onsite audit is the policy of the Issuer it is not required that the Issuer conduct audits. These audits will be performed as a matter of best practices.

The Issuer's Compliance Team or a designee will take a tour of the Project grounds and visit at least one selected unit. Notes will be taken of the site's general upkeep. The Issuer will report to the lender if the upkeep is not being maintained. As a best practice, the Compliance Team will report to the Governing Board (or in the case of on-behalf of issuers, to the local jurisdiction) if there are problems with the Project. If the Compliance Team finds that the Project is out of compliance for reasons such as individuals have been assisted who do not meet the income limits, or the facility is unsafe, the Compliance Team will report the compliance violations to the appropriate oversight entities. Reporting to appropriate oversight entities is done after the Issuer gives the Borrower an opportunity to remedy the oversights.

(x) *CDLAC Compliance Audit*. For projects receiving allocation after December 31, 2016, CDLAC requires that a review of 20% of all management files associated with Federally Bond-Restricted units either on site or electronically be performed upon project completion and every 3 years thereafter. The Issuer will send an email requesting the files to be tested the first week of January. A sample will be taken from the TCAC PSR report and the files will be submitted electronically to the Issuer.

The Issuer will verify the following information for each sample unit:

- Unit Location
- Size of the Unit
- Unit Income Level
- Initial and Subsequent occupant income verification documents to support the Tax Income Calculation (TIC) and to determine whether the unit is in compliance with the income and affordability. This number should tie to the TCAC Project Status Report (PSR).
- An executed Lease Agreement for each unit sampled.

This review, in conjunction with the collection of a valid Certificate of Compliance II will permit the Issuer to report the project is in compliance with Federally Bond-Restricted unit restrictions.

C. Amendments. Unless otherwise specifically addressed in the financing documents (including applicable regulatory agreements) pertaining to a specific Project, the Issuer shall consider and evaluate any requests for amendments to such financing documents on a case-by-case basis at its sole discretion. The costs of such amendments, including staff time of the Issuer, shall be solely at the cost of the Borrower, and the Issuer may request an up-front deposit prior to consideration of such request.

D. Post-Issuance Compliance Team. In addition to monitoring the Bonds for compliance with post-issuance requirements, the Compliance Team is also responsible for all aspects of monitoring the Project for compliance with post-issuance requirements.

VII. DEFAULT PROCEDURES

When an apparent problem is identified through audits or collection of documents; the Compliance Team will bring said problem to the attention of the Borrower by informal contact. The Borrower is given a reasonable period to demonstrate that no noncompliance exists, and the nature of the noncompliance determines the grace period for the Borrower's response. The Borrower can usually resolve the matter by providing clarification and/or additional documentation. However, if the project is actually out of compliance with its regulatory agreement or CDLAC Resolution then the Compliance Team responds according to the nature of the violation.

If there is an infraction of the Regulatory Agreement or CDLAC Resolution that would jeopardize the tax-exempt status of the Bonds, the Issuer will respond within five (5) working days by sending a formal notice of Noncompliance and Need to Cure with copies to all parties to the Regulatory Agreement. The Notice defines the instance of noncompliance and states the period in which to correct it according to the provisions of the Regulatory Agreement.

EXHIBIT A: COMPLETION PROCESS FOR CERTIFICATION OF COMPLIANCE I & II (CDLAC):

Process for Monitoring the *Certification of Compliance*:

- Projects that received CDLAC allocation prior to December 31, 2016 are required to submit a yearly *Certification of Compliance I*.
- Projects that received CDLAC allocation after December 31, 2016 are required to submit a yearly *Certification of Compliance II* until the project is completed, and then every 3 years thereafter.
- An email reminder will be sent the first week of January stating that the *Certification of Compliance* form is due to the Issuer on February 1st.
- The preformatted email will contain a list of instructions on how to complete the certification and an attached draft copy of the certification.
- The Certifications of Compliance are due to CDLAC March 1st. Issuer intends to send a complete package of all certifications to CDLAC one week early.
- The *Certification of Compliance I* will have the following information completed:
 - Certifications will be on the Borrower's or Sponsor's Letterhead
 - Project name
 - Bond Issuer Name
 - CDLAC Application number
 - CDLAC Resolution and Adoption Date
 - A check mark or N/A filled in on the two appropriate lines
 - If the project received points for Title 24 then attach the Energy Performance Certificate
 - This is due the first year the project is in service
 - Borrower collects the certificate from the Project's architect
 - Signatures and dates
- The *Certification of Compliance II* will have the following information completed:
 - Certifications will be on the Borrower's or Sponsor's letterhead
 - Project name
 - CDLAC Application number
 - If there has been a change in Issuer, Regulatory Agreement, Borrower, and/or Management Company.
 - Status of Qualified Project Period
 - Status of Project Construction
 - If the project has been placed in service
 - Any significant events affecting the Bond Allocation
 - If the project is providing the required service amenities
 - CDLAC Resolution and Adoption Date
 - Signatures and dates
- Update the *Compliance* spreadsheet in the compliance database once a certification is received.
 - Receipt of the Certification of Compliance I or II is reported on the CDLAC Self Certification and submitted online through the CDLAC Compliance web site.

[ADD SPONSOR LETTERHEAD]

CERTIFICATION OF COMPLIANCE I

Project Name: XXXXXXXX Apartments

(If project has changed named since the award of allocation please note the original project name as well as the new project name)

Name of Bond Issuer: _____

CDLAC Application No.: XX-XXX

(if more than one award was awarded please list all the applications numbers)

Pursuant to Section 13 of Resolution No. XX-XXX (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on XXXX XX, 20XX (Meeting date) I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Please check or write N/A to the items list below:

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project has incorporated the minimum specifications into the project design for all new construction and rehabilitation projects as evidenced by attached the applicable thirty party certification (HERS Rater, Green Point Rater or US Green Building Council). For projects under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

_____ For projects that received point for exceeding the minimum requirements please attach the appropriate California Energy Commission Compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner of HERS Rater as applicable.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

**CERTIFICATION OF COMPLIANCE II
FOR QUALIFIED RESIDENTIAL RENTAL PROJECT**

- 1. Project Name Change?** Yes No
(If project name has changed since the award of allocation, please note the new project name as well as the original project name.)

New: _____ Original: _____

- 2. CDLAC Application Number:** _____

- 3. Bond Issuer Change?** Yes No
(If Bond Issuer has changed since the award as a result of refinancing or refunding of an allocation, please note the new Issuer as well as the original Issuer.)

New Issuer: _____ Original: _____
Address: _____
City/State/Zip: _____
Phone Number: _____
E-Mail: _____

- 4. Has a termination of the Regulatory Agreement occurred or is a termination planned in the next year? Has proper noticing occurred?** Yes No
If yes, please describe and explain: _____

If you answered Yes, there is no need to complete the rest of the form. Please submit the form completed through Question 4.

- 5. Change in Borrower?** Yes No
(If Borrower has changed since the award affecting the CDLAC Resolution, please provide the new Borrower information as well as the original Borrower.)

New Borrower: _____ Original: _____
Address: _____
City/State/Zip: _____
Phone Number: _____
E-Mail: _____

- 6. Change in Management Company?** Yes No
(If yes, please provide the following information for the new Management Company.)

Name: _____
Address: _____
City/State/Zip: _____
Phone Number: _____
E-Mail: _____

- 7. Has the Qualified Project Period commenced?** Yes No
(If yes, please submit the Certificate of Qualified Project Period [one time only].)

Certificate of Qualified Project already submitted

8. Has the project been completed and placed in service? Yes No

9. Have any of the following events occurred associated with the bond allocation including, but not limited to, notices of defaults associated with rents and income requirements, Bond Default or a Qualified Bond Default? Yes No

If yes, please explain: _____

10.

<u>Federally Bond Restricted Units (Reflected in PSR)</u>	<u>Other Restrictions (Reflected in PSR)</u>	<u>Total (Reported in CDLAC Resolution)</u>
_____ at 50% AMI	_____ at 50% AMI	_____ at 50% AMI
_____ at 60% AMI	_____ at 60% AMI	_____ at 60% AMI

Please attach a copy of the Project's TCAC Project Status Report (PSR) or equivalent documentation.

11. Please indicate the distribution of the CDLAC restricted 10% of the 50% AMI units.

<u>Bedroom Type</u>	<u># of Units in PSR</u>	<u># of Units in CDLAC Resolution</u>
1 Bedroom	_____	_____
2 Bedroom	_____	_____
3 Bedroom	_____	_____

12. If the Project has committed to and is currently providing the service amenities for a term as specified in the CDLAC Resolution, please verify the services are being provided: on a regular and ongoing basis and are provided free of charge and all hour requirements are being met:

- _____ After-school programs
- _____ Education, health and wellness or skill development classes
- _____ Health and wellness services and programs (not group classes)
- _____ Licensed childcare provided for a minimum of 20 hours per week (Monday-Friday)
- _____ Bona Fide service coordinator/social worker

Is the service being offered on an ongoing basis and provided free of charge (excluding childcare)?
 Yes No

Are all hour requirements being met?
 Yes No

Attach evidence demonstrating that the above listed services are being provided and have met the requirements in the CDLAC Resolution. Including but not limited to MOUs and/or contracts associated with the services rendered, a 12-month schedule (current reporting year) of the services offered, flyers, sign-up sheets, etc.

Pursuant to Section 13 of Resolution No. _____ (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on _____,

_____, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Date

Printed Name of Officer

Phone Number

Title of Officer

EXHIBIT B: ISSUER SELF CERTIFICATION (ISSUER SC):

Process for Monitoring the *Issuer SC*:

- Borrowers are required to submit a yearly *Issuer SC* form
- An email reminder will be sent the first week of January stating that the *Issuer SC* form is due to the Issuer on February 1st
- The preformatted email will contain a list of instructions on how to complete the certification and an attached draft copy of the certification.
- The *Issuer SC* will have the following information completed:
 - Project name
 - Resolution Number
 - Application Number
 - Property Address
 - Completion Date
- The Project Sponsor will complete questions 1-5
- Update the *Compliance* spreadsheet in the compliance database once a certification is received.

ANNUAL BORROWER PUBLIC BENEFITS AND ONGOING COMPLIANCE SELF-CERTIFICATION FORM

Project Name: XXXXXX Project
CDLAC Resolution No.: XXXX-XX
CDLAC Application No.: XXXX-XX
Property Address:
Completion Date:

The undersigned, on behalf of XXXXXXXXXXXX (the "Borrower") and not in an individual capacity, hereby certifies to the following:

(1) I am an officer of the Borrower holding the office set forth under my signature below.

(2) The Project was completed on XXXXXXXXX. If the Project has not yet been completed or placed in operation, please only respond to question (3) below and mark "N/A" for all other questions).

(3) There have been no changes to the ownership entity, principals or property management of the Project since the Bonds were issued, or since the last certification was provided, except as described below: [If there have been changes, please attach a request to revise the CDLAC Resolution noting all pertinent information regarding the change]

(4) There have been no changes of use for the Project except as described below:

(5) The Project has satisfied all of the requirements memorialized in the Exhibit A of the CDLAC Resolution (i.e. qualifying project completion, qualifying depreciable asset purchase, qualifying loan originations, the use of public funds, etc.; as applicable), and thus achieving all public benefit requirements as presented to CDLAC. (If there is more than one resolution for this Project, the most recent resolution will supersede all previous resolutions).

The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief, and the undersigned acknowledges and agrees that the Issuer will be relying solely on the foregoing certifications and accompanying documentation, if any, in making its certification to CDLAC pursuant to Section 5144 of the CDLAC Regulations, and agrees to provide to the Issuer such documentation or evidence, in support of the foregoing certifications, as the Issuer or CDLAC may request.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

[attach current CDLAC resolution prior to submitting]

EXHIBIT C: COMPLETION PROCESS FOR ANNUAL APPLICANT PUBLIC BENEFITS AND ON-GOING COMPLIANCE SELF CERTIFICATION (CDLAC):

Process for Monitoring the *Annual Applicant Public Benefits and On-going Compliance Self Certification*:

- For all Projects that received allocation, Issuer is required to submit a yearly *Annual Applicant Public Benefits and On-going Compliance Self Certification* form
- An email reminder will be sent the first week of January stating that the *Annual Applicant Public Benefits and On-going Compliance Self Certification* form is due to the Issuer on February 1st
- The preformatted email will contain a list of instructions on how to complete the certification and an attached draft copy of the certification.
- The *Annual Applicant Public Benefits and On-going Compliance Self Certification* form are due to CDLAC March 1st. Issuer intends to send a complete package of all certifications to CDLAC one week early.
- The *Annual Applicant Public Benefits and On-going Compliance Self Certification* form will have the following information completed:

Certification of Delivery of Public Benefits Section:

- Issuer's Name:
- Project name:
- Application Number:
- Resolution Number:
- Property Address:
- Project Completion Date:
- All other information required by CDLAC

QRRP Certification of Post-Issuance Compliance Section:

- Submit the completed Sponsorcertification that is provided in the Committee Resolution (CDLAC Resolution)
 - Complete questions in Section 1.
 - Section 1. A) – Brief description of documents used to complete this form
 - Section 1. B) – NA or brief description of follow up corrective actions
- Update the Compliance spreadsheet in the compliance database once a certification is received.
 - Print the certificate and prepare a package to send to CDLAC one week before March 1st
CDLAC/ *Certification of Compliance*
915 Capitol Mall, Room 311
Sacramento, CA 95814

Annual Applicant Public Benefits and On-Going Compliance Self Certification

ACKNOWLEDGMENT: The California Debt Limit Allocation Committee (“CDLAC” or “Committee”) does not expect to hold an Applicant (Issuer) responsible for conditions they are not aware of; only for the Applicant to confirm their understanding of the status of the project/program based upon their own post-issuance compliance procedures. CDLAC will not review the Applicant’s procedures, and in good faith, will assume that the Applicant has in-place procedures they judge to adequately satisfy their post-issuance responsibilities as defined under the Internal Revenue Code and CDLAC Regulations. An Applicant is free to request project information from the Project Sponsor and rely on that information if they believe it satisfies their own compliance procedures and responsibilities. That information can then serve as the basis for the Applicant’s response to the questions within this certification.

INSTRUCTIONS: Per the CDLAC Regulations, all Projects/Programs within an existing bond regulatory period and/or CDLAC compliance period shall be monitored for compliance with the terms and conditions of the Committee Resolution by the Applicant (Issuer). Mortgage Credit Certificate Single Family Housing Programs with outstanding authority shall be monitored for the same requirements. The Applicant shall complete and submit the Annual Applicant Public Benefits and On-going Compliance Self Certification via the CDLAC Online Compliance Certification System. The self-certification must be submitted by the Applicant to CDLAC no later than March 1 of each year (or at such other time as defined in the CDLAC Regulations or requested by the Committee).

ALL APPLICANTS: Applicant/Issuer Certification of Delivery of Public Benefits (All)

Applicant/Issuer Name:

(All) Project Name (N/A for Single Family Housing Programs): (All) Program Type (QRRP, SFH, EXEMPT, IDB, Etc.):

(All) Application Number(s): (All) Resolution Number(s):

(All) Property Address (N/A for Single Family Housing Programs):

(All Prior to 2017) Project Completion Date (Enter Placed in Service Date or program completion date):

(QRRP 2017 and BEYOND) Commencement of Qualified Project Period Date (Enter the date of the Qualified Project Period commenced)

(NON-QRRP 2017 and BEYOND) Project Completion Date (Enter Placed in Service Date or program completion date).

(QRRP PRIOR TO 2017) Has the Applicant received the Project Sponsor’s complete Compliance Certification for this reporting period? (Applicable to projects awarded allocation after 2000) If no, please explain or indicate “Not Applicable”.

(All 2017 and BEYOND) Has the Applicant received the Project Sponsor’s complete Compliance Certification II for this reporting period?

(All 2017 and BEYOND) If the Project Sponsor/Borrower indicated in the Certification of Compliance II or like form:

- a. A change in project name, please provide the new project name
- b. A change in ownership affecting the CDLAC resolution, please provide contact information for the new owner
- c. A change in Issuer, please provide the new Issuer name
- d. All bonds have been redeemed, please provide the redemption notice
- e. A notice or event of default or of foreclosure has occurred, please explain

(ALL 2017 AND BEYOND) *Please note if any of these circumstances have occurred, request revision to the CDLAC resolution

(QRRP PRIOR TO 2017) Has the project satisfied the following requirements as memorialized in the Exhibit A of the CDLAC Resolution and bond regulatory agreement?

1. QRRP PRIOR TO 2017 ONLY: Has the project satisfied all of the income rent requirements memorialized in the Exhibit A (Applicable to projects awarded allocation after 2000)? If no, please explain or indicate "Not Applicable".
2. ALL QRRP ONLY: Has the project satisfied all of the income rent requirements memorialized in the bond regulatory agreement? If no, please explain.
3. QRRP PRIOR TO 2017 ONLY: Is the Project currently providing service amenities on a regular and ongoing basis? (Note: services must be provided for the minimum committed term beginning after the project has been placed in service) If no, please explain or indicate "Project did not commit to Service amenities; or Project has completed term of commitment".
4. ALL PRIOR TO 2017: Has the project/program satisfied all other requirements as memorialized in the Exhibit A? If no, please explain.
5. QRRP ONLY 2017 and BEYOND: If the Project Sponsor/Borrower indicated in the Certification of Compliance II or like form:
 - a. Has the regulatory agreement has been terminated, if yes please explain
 - b. Are the number of Federal Bond Restricted Units and Other Restricted Units consistent with the CDLAC resolution, if not please explain
 - c. Is the 10% at 50% general distribution requirement being met in a matter consistent with the CDLAC resolution, if no please explain.
 - d. Are the service amenities being provided in a manner consistent with the CDLAC resolution, if no please explain.
6. IDB 2017 and BEYOND ONLY: If the Project Sponsor/Borrower indicated jobs had been created or retained, please report on how many jobs were created or retained.
7. SINGLE FAMILY 2017 and BEYOND ONLY: Has the single family program met the income and geographical targets identified in the CDLAC resolution? If no, please explain.

EXHIBIT D: COMPLETION PROCESS FOR COMPLETION CERTIFICATION BY BORROWER
(REGULATORY AGREEMENT and CDLAC):

Process for Monitoring the *Completion Certification*:

- Issuer should send an email reminder one month before anticipated completion day of construction
- The preformatted email will contain a list of instructions on how to complete certification and an attached draft copy of the certification
- The certification will be filed with the Issuer on completion day (this form is filed once per project)
- Update the *Compliance* spreadsheet in the compliance database once a certification is received.
 - Update official completion date
 - Mark the appropriate box with green that the Issuer has received the certificate
 - Save a copy of the *Completion Certification* in the Compliance database
 - Print a copy of the *Completion Certification* and file the document in the compliance filing cabinet
- The Completion Certificate should have the following information completed:
 - Project Completion date
 - For a new construction project the date is the day the project is completed, for an acquisition rehab project the form is dated when the project is “substantially completed” and all units are available to be occupied
 - Some Regulatory Agreements specify that an updated form should be filed with the Issuer at 50% occupancy
 - Aggregate amount of loan disbursed on completion date
 - It is not Issuer’s role to verify the dollar amount that will be filled in on line (a)
 - Authorized Signature

EXHIBIT X
COMPLETION CERTIFICATE (REGULATORY)

The undersigned hereby certifies that all construction work on the Project was substantially completed and all units in the Project were available either for occupancy or use by tenants in the Project as of _____.

The undersigned hereby further certifies that:

(a) the aggregate amount disbursed on the Loan to date is \$_____;

(b) all amounts disbursed from proceeds of the Bonds have been applied to pay or reimburse the undersigned for the payment of Project Costs, and none of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) at least 97 percent of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as those terms are used in the Regulatory Agreement) and less than 25 percent of the amounts disbursed from the proceeds of the Bonds, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Borrower for the cost of acquiring land.

PROJECT NAME, L.P.,
a California limited partnership

By: **Project Name**, LLC,
a California limited liability company,
its general partner

By: **Non-Profits Name**,
Incorporated, a California nonprofit public
benefit corporation, its sole member/manager

By: _____
Authorized Signer
Title

**CERTIFICATE OF COMPLETION (CDLAC)
FOR QUALIFIED RESIDENTIAL RENTAL PROJECTS**

1. Project Name:

(If Project Name has changed since the award of allocation, please note the original project name and request a change in the CDLAC Resolution.)

Original Project Name: _____

2. CDLAC Application Number:

3. Name of Bond Issuer:

4. Name of Borrower:

(If Borrower has changed name since the award, please note the original Borrower and request a change in the CDLAC Resolution.)

Original Borrower Name: _____

5. The undersigned hereby certifies that all work on the Project was substantially completed as of _____, 20____.

The undersigned hereby further certifies that:

- a. The aggregate amount disbursed on the Loan to date is \$_____.
- b. All amounts disbursed from proceeds of the Bonds have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed from the proceeds of the Bonds have been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and
- c. At least 95 percent of the amount disbursed from the proceeds of the Bonds have been applied to pay or reimburse the Borrower for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amount disbursed from the proceeds of the Bonds, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Borrower for the cost of acquiring land.

6. The undersigned hereby certifies that the project meets the general federal rule for a Qualified Project Period. Yes No

- a. 10% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____, 20____;
- b. 50% of the dwelling units in the project financed in part from the proceeds of the captioned Bonds were first occupied on _____, 20____.

7. If the answer to #6 is NO, the undersigned hereby certifies the project meets the special federal rule for a Qualified Project Period. Yes No

(Project qualified if it is an acquisition/rehabilitation where no more than 90% of the units were not available for occupancy within 60 days of the earlier of the project acquisition or the Bond Issuance Date.)

- a. Bonds were issued on _____, 20____;
- b. Property was acquired on _____, 20____;

c. The date 10% of the units were available to occupy (within 60 days of the earlier of the acquisition or Bond Issuance) _____, 20____.

Signature of Officer

Date

Printed Name of Officer

Phone Number

Title of Officer

EXHIBIT E: COMPLETION PROCESS FOR CERTIFICATION AS TO COMMENCEMENT OF QUALIFIED PROJECT PERIOD (REGULATORY AGREEMENT):

Process for Monitoring the Commencement of Qualified Project Period:

- An email reminder will be sent one month after the Issuer receives the *Completion Certification*
- The preformatted email will contain a list of instructions on how to complete certification and an attached draft copy of the certification.
- Some project's Regulatory Agreement did not require the *Certification as to the Commencement of Qualified Project Period* to be completed. The Issuer is now requiring this form regardless of the requirements stated in the Regulatory Agreement
- The certification should be filed with the Issuer at 50% occupancy
- Update the *Compliance* spreadsheet in the compliance database once a certification is received
 - Mark the appropriate box with green that the Issuer has received the certificate
 - Save a copy of the *Certification as to Commencement of Qualified Project Period* in the Compliance database
 - Print a copy of the *Certification as to Commencement of Qualified Project Period* and file the document in the compliance filing cabinet
- The *Certification as to Commencement of Qualified Project Period* should have the following information filled in:
 - 10% Occupancy Date
 - 50% Occupancy Date (if stipulated by the Regulatory Agreement)
 - Document Completion Date
 - Authorized Signature

EXHIBIT X

**RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:**

[Name of Issuer]

[Mailing Address of Issuer]

CERTIFICATE AS TO COMMENCEMENT OF QUALIFIED PROJECT PERIOD

[Name of Issuer]
Multifamily Housing Revenue Bonds
(Project Name Apartments)
Series 201XA

The undersigned, on behalf of Project Name, L.P., hereby certifies that: (complete blank information):

10% of the dwelling units in the Project Name Apartments, financed in part from the proceeds of the captioned Bonds, were first occupied on _____, 20__.

50% of the dwelling units in the Project Name Apartments, financed in part from the proceeds of the captioned Bonds, were first occupied on _____, 20__.

DATED: _____, 20__

Project Name, L.P.,
a California limited partnership

By: **Project Name LLC**,
a California limited liability company,
its general partner

By: **Company Name**,
Incorporated, a California nonprofit public
benefit corporation, its sole member/manager

By: _____
Authorized Signer
Title

EXHIBIT F: COMPLETION PROCESS FOR CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE (REGULATORY AGREEMENT):

Process for Monitoring the *Certificate of Continuing Program Compliance*:

- An email reminder will be sent January 1st reminding the borrower that the *Certificate of Continuing Program Compliance* period ends January 1st and is due on February 1st to the Issuer
- The preformatted email will contain a list of instructions on how to complete the certification and an attached draft copy of the certification
- Some projects Regulatory Agreements did not require the *Certificate of Continuing Program Compliance* to be completed. The Issuer is now requiring this form regardless of the requirements stated in the Regulatory Agreement
- For some earlier projects this certificate was filed quarterly during construction and then annually at completion.
 - As of 2009 all *Certificate of Continuing Program Compliance* are filed with the Issuer annually regardless of the requirements stated in the Regulatory Agreement
- Update the *Compliance* spreadsheet in the compliance database once a certification is received
 - Mark the appropriate box with green that the Issuer has received the certificate
 - Save a copy of the *Certificate of Continuing Program Compliance* in the Compliance database
 - Print a copy of the *Certificate of Continuing Program Compliance* and file the document in the compliance filing cabinet
- The *Certificate of Continuing Program Compliance* should have the following information filled in:
 - Date
 - Section "A": N/A or Updates
 - Section "B": % of units occupied by qualified tenants
 - Section "C": 1-5 Completed
 - Section "D": Yes or No
 - Section "E": N/A or filled in and actions taken
 - Section "F": N/A or description
 - Section "G": N/A or description
 - Section "H": N/A or Check Mark
 - 1&2: N/A or description
 - Section "I": Date
 - Borrower (authorized representative) signature
- The borrower must keep rent roles onsite. The Issuer does not keep these records

EXHIBIT X
CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE
(PROJECT NAME APARTMENTS)

Witnesseth that on this ___ day of _____, 20___, the undersigned, having borrowed certain funds from the _____ (the "Issuer") for the purpose of financing a multifamily rental housing development (the "Project"), does hereby certify that:

A. Have there been any changes to the ownership entity, principals or property management of the Project since the Bonds were issued, or since the last certification was provided?
(If so please attach a request to revise the resolution noting all pertinent information regarding the change)

B. During the preceding twelve-months (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the Issuer, (ii) ___% of the units in the Project were occupied by Qualified Tenants (minimum of 20%).

C. Set forth below is certain information regarding occupancy of the Project as of the date hereof.

- 1. Total Units: _____
- 2. Total Units Occupied: _____
- 3. Total Units Held Vacant
and Available for Rent to Qualified Tenants _____
- 4. Total Qualified Units Occupied: _____
- 5. % of Qualified Units to Total Units _____%
(equals the Total of Lines 3 and 4, divided by the lesser of Line 1 or Line 2)

D. The units occupied by Qualified Tenants are of similar size and quality to other units and are dispersed throughout the Project.

E. *Select appropriate certification:* [No unremedied default has occurred under this Regulatory Agreement, the Note, Loan Agreement or the Deed of Trust.] [A default has occurred under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

F. Has there been a change of use for the project? (if so, please describe)

G. *Select appropriate certification:* The undersigned hereby certifies that the project [has satisfied all] [except as described below, has satisfied all] of the requirements memorialized in the Exhibit A of the CDLAC Resolution (i.e. qualifying project completion, qualifying depreciable asset purchase, qualifying loan originations, the use of public funds, QRRP manager units, QRRP income rent restrictions, QRRP sustainable building methods, etc.; as applicable), and thus has achieved all public benefit requirements (excluding QRRP service amenities) as presented to CDLAC.
[Describe any requirements not satisfied: _____]

H. As captured in Exhibit A of the Resolution, the Project has committed to and is currently providing the following service amenities for a minimum of ten years, on a regular and ongoing basis, which are provided free of charge (with the exception of day care services):

Please check the services that apply or write N/A where appropriate:

_____ After-school Programs

_____ Educational, health and wellness, or skill building classes

_____ Health and Wellness services and programs (not group classes)

_____ Licensed Childcare provided for a minimum of 20 hours per week (Monday-Friday)

_____ Bona-Fide Service Coordinator/ Social Worker

1) For this reporting period, attached is evidence (i.e. MOUs, contracts, schedules, calendars, flyers, sign-up sheets, etc.) confirming that the above listed services are being provided and have met the requirements of Exhibit A of the Resolution.

2) If any of the above services requirements were not met, what corrective action is being taken to comply?
(Please also attach the completed Sponsorcertification form as provided in the CDLAC Resolution)

I. The representations set forth herein are true and correct to the best of the undersigned’s knowledge and belief, and the undersigned acknowledges and agrees that the Issuer will be relying solely on the foregoing certifications and accompanying documentation, if any, in making its certification to CDLAC pursuant to Section 5144 of the CDLAC Regulations, and agrees to provide to the Issuer such documentation or evidence, in support of the foregoing certifications, as the Issuer or CDLAC may request.

Date: _____

PROJECT NAME, L.P.,
a California limited partnership

By: **Project Name LLC**,
a California limited liability company,
its general partner

By: **Company Name**,
Incorporated, a California nonprofit public
benefit corporation, its sole member/manager

By: _____
Authorized Signer
Title