

Multifamily Appendix 2025

Explanatory Notes to Schedule 10-B

Income Limits and Allowances for Tenant-

Furnished Utilities and Services –

Available on LIHTC Resources and FAQs

Affirmative Housing Marketing Plan- Available online

(<https://www.hud.gov/sites/dfiles/OCHCO/documents/9352A.pdf>)

Company Questionnaire

Personal Questionnaire

Document Checklist - Available on the Multifamily and Supportive

Housing Lending Portal

Sample Resolution of Need

Sample Agreement for Payment in Lieu of Taxes

(PILOT) Sample Tax Abatement Resolution

Sample Agency Payment and Performance Bond

Sample Maintenance/Warranty Bond

Sample Irrevocable Letter of Credit

<p>NOTE: Changes to the form 10, Schedule B may cause changes in tax credit proceeds which may necessitate a subsequent adjustment to the form 10. Please contact the HMFA for technical assistance if needed.</p>
--

EXPLANATORY NOTES TO SCHEDULE 10-B: ESTIMATED DEVELOPMENT COSTS AND CAPITAL REQUIREMENTS

The following pages provide guidance for completing Schedule 10-B of the HMFA pro forma commonly called the Form 10. The HMFA has many Form 10s dependent upon the specific mortgage loan program for which you are applying. As an example, the explanatory notes attached are for HMFA tax-exempt-permanent financing projects. Upon submission of the application fee, which varies by program, you will be assigned a credit officer that will help you with any specific questions regarding the completion of the form 10 that are not addressed in the attached notes. For general assistance on the proforma call 609-278-8884.

The types of Form 10s available to you are listed below. Please use the form 10 that meets your project needs. The UNIAP found on the HMFA website can be used for most applications however, if you are applying for Special Needs funding, Preservation, or a Conduit project, contact the Multifamily / Supportive Housing and Lending Division at 609-278-8884 to have the correct form 10 emailed to you.

A. Multifamily Projects

- 1. Construction Only and Construction and Permanent Financing – with or without LIHTC**
- 2. Permanent Only Financing – with or without LIHTC**

B. Special Needs Projects

- 1. Construction and Permanent Financing – with or without LIHTC**
- 2. Permanent Only Financing – with or without LIHTC**

C. Conduit Projects

- 1. Construction Only and Construction and Permanent Financing – with or without LIHTC**
- 2. Permanent Only Financing – with or without LIHTC**

NOTE: The form 10 must be downloaded from the Multifamily and Supportive Housing Lending Portal. Older versions of the form 10 will not work on the Portal. The form 10 is protected as it has many macros and formulas within it. You will not be able to override the formulas. Complete the form 10 so that it balances and submit. You will have an opportunity to discuss the budget with the Credit Officer that has been assigned to your project and once solid numbers have been determined, certain changes can be made.

EXPLANATORY NOTES TO SCHEDULE 10-B: ESTIMATED DEVELOPMENT COSTS AND CAPITAL REQUIREMENTS.

1. **SOURCES OF FUNDS DURING CONSTRUCTION**

List all funding sources to be used during the construction of the project and indicate for each whether it is a grant or a loan. If a loan, indicate whether it must be repaid from project revenues using a “Y” for yes and an “N” for no. If it is a grant, indicate so with a “G”.

Be certain to list only funds available during construction. This will include any construction loans made by lenders other than the HMFA. If you are applying for an HMFA Construction and Permanent Loan, or an HMFA Construction Bridge Loan, these loans should be listed in this section. If HMFA is supplying a permanent loan only, **do not put it as a funding source here. There will be another section (#5) for “Sources of Funds for Permanent Closing”.**

2. **USES OF FUNDS DURING CONSTRUCTION**

List all costs associated with the construction of the project.

A. **ACQUISITION COSTS**

a) and b) *Land/Buildings*: The actual cost of acquisition is determined by HMFA after appraisal. The HMFA recognizes the lesser of the appraised value or the purchase price of the property in the most recent arm’s length transaction. This may include documented carrying costs, expenditures to obtain zoning, environmental or other governmental approvals necessary or required for the development of the project. For application purposes, place the actual costs you have committed to or paid, i.e. that which is in your *Option to Purchase, Contract, etc.*

c) and d) *Relocation and Other*: These costs are subject to State guidelines and may be approved by NJHMFA with supporting documentation. Identify what the “other” costs are in the yellow section.

B. **CONSTRUCTION COSTS**

Construction cost estimates are based on prevailing wages as published by the New Jersey Department of Labor, unless construction financing is being provided by a source other than HMFA and the sponsor indicates that New Jersey Prevailing wages are not required.

a) *Demolition*: Estimated costs to prepare the site for construction.

b) *Off-Site Improvements*: Estimated cost of any required off-site improvements such as access roads, sewer lines, etc.

c) *Residential Structure*: The actual cost of constructing the building, including its framework, systems, and finishes any on-site improvements.

d) *Sitework*: The actual cost of preparing and completing the construction site for the building structure.

e) *Community Service Facility*: For structures other than residential structures to be eligible for tax-exempt financing it must be "functionally related" to the residential structure. Therefore, the sponsor should check the Internal Revenue Code for eligible costs. Ineligible costs may be funded with the sponsor's equity contribution.

f) *Environmental Clearances*: Estimated cost of remediating/mitigating recognized environmental conditions, along with obtaining all applicable permits and clearances from local, state and Federal environmental authorities.

g) *Surety & Bonding*: Premium for obtaining 100% payment and performance bonds when using HMFA construction financing. The cost for the bond is dependent upon the total construction cost. The higher the construction cost, the lower the percentage. The range is usually between $\frac{3}{4}$ percent to 2% of the construction costs. For Agency Permanent Financing, Sponsor has the option of providing a 10% Letter of Credit or 30% Warranty Bond in lieu of Payment and Performance Bond.

h) *Construction Permits*: Cost of obtaining all required construction building permits. The costs vary by municipality and you should always check with the specific municipality for a schedule of their fees before applying.

i) *Garage Parking*: The costs of constructing a garage or parking area for Tenants use. **NOTE:** The cost of constructing a parking garage is about \$30,000 per parking space; parking lots cost about \$1500 per space.

j) *General Requirements*: Sometimes referred to as General Conditions, constitute about 6% of the construction costs.

k) *Contractor Overhead and Profit*: Negotiated fee with General Contractor as approved by HMFA. **Note that the HMFA will look for the following benchmarks: Overhead should be 2% of the construction costs and Profit should be about 6% of the construction costs.**

l) *Fire Suppression System*: If your construction does not require a fire suppression system by code but because you are accepting financing through Balanced Housing, Home Express or other sources where the program does require this, the additional costs may be budgeted here. These will be offset by funds provided through the program once DCA has accepted and approved them.

m) *Other*: Any other costs associated with construction hard costs. Identify "other".

C. **DEVELOPMENT FEE**

The amount of the developer fee allowed for eligible rehabilitation or new construction costs is limited to 15.00 percent of total development cost excluding acquisition (that is land and building), working capital, marketing expenses, escrows, operating deficit reserves, step-in-the-shoes costs and costs associated with syndication as determined by HMFA. However, a developer fee of up to 20.00 percent (of total development costs excluding acquisition, working capital, marketing expenses, escrows, operating deficit reserves, step-in-the-shoes costs and costs associated with syndication) is allowed for 1) scattered sites single-family detached or duplex housing 2) projects of 25 units or less or 3) Supportive Housing Cycle projects.

In addition, the non-deferred portion of the developer fee for all projects shall not exceed 8.00 (13.00 percent for the three types of housing referenced 1, 2 and 3 above) of the total development cost excluding acquisition, working capital, marketing expenses, escrows, operating deficit reserves, step-in-the-shoes costs and costs associated with syndication. The deferred portion of the developer fee shall be achieved from cash flow by way of Return on Equity after payment of debt service, operating expenses and funding of all required escrows and reserves.

A developer fee of up to 4.00 percent shall be permitted for building acquisition costs, but the non-deferred portion shall not exceed 2.00 percent.

The developer fee does not include fees paid to the architect, engineer, lawyer, accountant, surveyor, appraiser, professional planner, historical consultant, and environmental consultant. Executed contracts for these professionals shall be submitted to the HMFA before being recognized as a separate line-item expense.

Certain fees are subsumed within the developer fee including, but not limited to, acquisition fees, compensation to the general partner, financial consultants, employees of the developer, construction managers/monitors, clerk of the works, and syndicator-required consultants.

Developers may pledge their fee toward meeting the equity requirement. The amount allowable will be determined at the sole discretion of the HMFA. The developer's fee is earned on a pro-rata basis during the construction period based upon the percentage of construction completion. The unpledged portion of the developer's fee is payable only when earned and is earned only after the entire pledged portion has been earned.

D. CONTINGENCY

- a) Hard Costs: New construction requires 5% of construction costs. Rehabilitation requires a maximum of 10% of construction costs.
- b) Soft Costs: A maximum of 5% is acceptable.

E. PROFESSIONAL SERVICES

- a) Appraisal/ Market Study:

For both traditional financing and conduit transactions, an independent, third-party appraisal, which conforms to the Uniform Standards of Professional Appraisal Practice (USPAP) and in accordance with the HMFA standards, will be commissioned by the developer or other lending institution and submitted to HMFA to determine project valuation for both the site, as if vacant, and the building. Where applicable, the value of the federal low-income housing tax credit must be provided. Upon receipt, the Agency will submit the appraisal to a third-party appraiser for review of accuracy and reasonableness.

Please refer to <https://www.nj.gov/dca/hmfa/developers/multifamily/> for the Appraisal Standards.

- b.) Architect's Fee Schedule:

1. DEFINITIONS

1.1 Architect's Fee

The Architect's Fee, as determined herein, shall be considered compensation in full for all professional services rendered during the design and construction phases of the Project, exclusive of any "additional compensation" or extra services," as defined in the Contract. Unless "lump sum" payment is agreed, the Architect's Fee shall be based on a percentage of the estimated cost of construction as defined below.

1.2 Estimated Cost of Construction

The estimated cost of construction, as determined at the conclusion of Design Development - Phase II, shall mean the total cost of all construction contracts to be performed in the construction of the Project, inclusive of the Contractor's Fee, and exclusive of land costs, interest, Architect and similar professional fees. (Restated from Contract Paragraph 1.4.2).

2. DETERMINATION OF ARCHITECT'S FEE

2.1 Normal Conditions

Under normal conditions, which is defined specifically as:

A single structure or similar structures with open parking,

the Architect's Fee is calculated by multiplying the total estimated construction cost (C) by the applicable percentage (P) from the fee schedule, found in part 3 of this Appendix A, i.e.,

$$\underline{C \times P = \text{Architect's Fee}}$$

2.2 Special Conditions

When the conditions or structural complement of the Project depart from the "normal" as defined above, causing additional design effort and coordination, the Architect's Fee may be adjusted, with Agency approval, as indicated in the examples which follow. Some "special conditions" which may qualify for this fee calculation are as follows:

*Integral or separate garage

*Commercial stores

*Multiple, disparate structures

(High-rise + low-rises or town houses, etc.)

*Abnormal foundation

*Substantial site development

(If not "substantial" then pro-rate into other components)

EXAMPLE:

C1	=	Est. cost of high-rise structures.
C2	=	Est. cost of low-rise structures
C3	=	Est. cost of separate garage
C4	=	Est. cost of commercial stores

Step 1:	C1	x	P1	=	Fee 1
	C2	x	P2	=	Fee 2
	C3	x	P3	=	Fee 3
	C4	x	P4	=	Fee 4

$$\text{Fees } 1 + 2 + 3 + 4 = \text{Fee (A)}$$

$$\begin{aligned} \text{Step 2: } & C1 + C2 + C3 + C4 = C \text{ (Total)} \\ & C \text{ (Total)} \times P = \text{Fee (B)} \end{aligned}$$

Step 3: $\text{Fee (B)} + 3/4 * (\text{Fee A} - \text{Fee B}) = \text{Architect's Fee}$

*Fraction derived from number of components:

2 components = 1/2

5 components = 4/5

3 components = 2/3

6 components = 5/6

4 components = 3/4

7 components = 6/7

2.3 Noncontiguous Sites

When the Project consists of two or more noncontiguous sites utilizing the same basic structure or structures, the Architect's Fee may be adjusted as follows:

- A. Compute fee separately for each site.
- B. Compute fee as for a single project, using a single combined construction cost.
- C. Add (A) and (B) and divide by 2 to obtain the Architect's Fees.

2.4 Re-Use of Plans

For the preparation of designs and drawings for the Project wholly or in part through the re-use, without substantial change, of plans or designs of structures already prepared for another project, the reduced compensation will be negotiated

3. Fee Schedule:

(Interpolate as required)

ARCHITECT'S FEE SCHEDULE	SUBSTANTIAL REHABILITATION
Estimated Construction Cost (C)	
\$100,000.00	\$8,160.00
\$300,000.00	\$24,030.00
\$500,000.00	\$39,150.00
\$700,000.00	\$53,550.00
\$1,000,000.00	\$73,900.00
\$1,500,000.00	\$105,900.00
\$2,000,000.00	\$134,200.00
\$2,500,000.00	\$160,000.00
\$3,000,000.00	\$183,000.00
\$3,500,000.00	\$205,100.00
\$4,000,000.00	\$225,600.00
\$4,500,000.00	\$244,800.00
\$5,000,000.00	\$264,000.00
\$5,500,000.00	\$282,700.00
\$6,000,000.00	\$300,600.00

\$6,500,000.00	\$319,800.00
\$7,000,000.00	\$337,400.00
\$7,500,000.00	\$355,500.00
\$8,000,000.00	\$372,800.00
\$8,500,000.00	\$391,000.00
\$9,000,000.00	\$408,600.00
\$9,500,000.00	\$426,550.00
\$10,000,000.00	\$443,000.00
\$11,000,000.00	\$475,200.00
\$12,000,000.00	\$505,200.00
\$13,000,000.00	\$535,600.00
\$14,000,000.00	\$565,600.00
\$15,000,000.00	\$592,500.00
\$16,000,000.00	\$619,200.00
\$17,000,000.00	\$646,000.00
\$18,000,000.00	\$673,200.00
\$19,000,000.00	\$697,300.00
\$20,000,000.00	\$722,000.00
\$22,000,000.00	\$770,000.00
\$24,000,000.00	\$818,400.00
\$26,000,000.00	\$868,400.00
\$28,000,000.00	\$921,200.00
\$30,000,000.00	\$969,000.00
\$32,000,000.00	\$1,024,000.00
\$34,000,000.00	\$1,077,800.00
\$36,000,000.00	\$1,130,400.00
\$38,000,000.00	\$1,185,600.00
\$40,000,000.00	\$1,240,000.00
Over \$40 M	

ARCHITECT'S FEE SCHEDULE
ARCHITECT'S FEE – NEW CONSTRUCTION

ESTIMATED CONSTRUCTION COST (C)	% (P)	\$
\$100,000.00	6.16%	\$6,160.00
\$300,000.00	6.01%	\$18,030.00
\$500,000.00	5.83%	\$29,150.00
\$700,000.00	5.65%	\$39,550.00
\$1,000,000.00	5.39%	\$53,900.00
\$1,500,000.00	5.06%	\$75,900.00
\$2,000,000.00	4.71%	\$94,200.00
\$2,500,000.00	4.40%	\$110,000.00
\$3,000,000.00	4.10%	\$123,000.00
\$3,500,000.00	3.86%	\$135,100.00
\$4,000,000.00	3.64%	\$145,600.00
\$4,500,000.00	3.44%	\$154,800.00
\$5,000,000.00	3.28%	\$164,000.00
\$5,500,000.00	3.14%	\$172,700.00
\$6,000,000.00	3.01%	\$180,600.00
\$6,500,000.00	2.92%	\$189,800.00
\$7,000,000.00	2.82%	\$197,400.00
\$7,500,000.00	2.74%	\$205,500.00
\$8,000,000.00	2.66%	\$212,800.00
\$8,500,000.00	2.60%	\$221,000.00
\$9,000,000.00	2.54%	\$228,600.00
\$9,500,000.00	2.49%	\$236,550.00
\$10,000,000.00	2.43%	\$243,000.00
\$11,000,000.00	2.32%	\$255,200.00
\$12,000,000.00	2.21%	\$265,200.00
\$13,000,000.00	2.12%	\$275,600.00
\$14,000,000.00	2.04%	\$285,600.00

\$15,000,000.00	1.95%	\$292,500.00
\$16,000,000.00	1.87%	\$299,200.00
\$17,000,000.00	1.80%	\$306,000.00
\$18,000,000.00	1.74%	\$313,200.00
\$19,000,000.00	1.67%	\$317,300.00
\$20,000,000.00	1.61%	\$322,000.00
\$22,000,000.00	1.50%	\$330,000.00
\$24,000,000.00	1.41%	\$338,400.00
\$26,000,000.00	1.34%	\$348,400.00
\$28,000,000.00	1.29%	\$361,200.00
\$30,000,000.00	1.23%	\$369,000.00
\$32,000,000.00	1.20%	\$384,000.00
\$34,000,000.00	1.17%	\$397,800.00
\$36,000,000.00	1.14%	\$410,400.00
\$38,000,000.00	1.12%	\$425,600.00
\$40,000,000.00	1.10%	\$440,000.00
Over \$ 40 M	1.10%	-

F. PRE-OPERATIONAL EXPENSES

These fees are budgeted for operational expenses during the time construction is being completed.

- a) Operator Fee: On average, the rent-up fee should not exceed \$250.00 per unit.
- b) Advertising and Promotion: Fees for advertising and promotion are negotiated and subject to HMFA approval.
- c) Staffing and Start-up Supplies: Costs you will entail prior to the opening of the building. This could include the salary for a marketing person, the cost of signs, Development of letterhead, etc.
- d) Other: Only with supporting documentation and are subject to HMFA approval.
- e) Other: Only with supporting documentation and are subject to HMFA approval.

G. CARRYING AND FINANCING COSTS

a) *Interest During Construction*: The developer should go to the HMFA Web Site at <https://www.njhousing.gov/dca/hmfa/developers/multifamily/interestrate/> to ascertain the current interest rate. For permanent only financing, the calculation of the estimated construction interest is automatically calculated on the form 10 using the interest rate, the number of months of construction and ½ the maximum mortgage amount.

*Please note, for construction & permanent and construction only loans, the interest is based on the total loan amounts in order to account for negative arbitrage.

b) *Real Estate Taxes During Construction*: The developer should obtain the local tax assessment and multiply it by the length of the construction period to determine total amount of taxes during the construction period.

c) *Insurance*: During construction, the developer is required to obtain the necessary insurance coverage for the project in accordance with procedures established by the HMFA, including multi-hazard and public liability to protect the developer's and HMFA's respective interests. Sponsors should obtain premium estimates for these policies so that they may be included in the Project's Form 10 estimated annual budget. See the HMFA Underwriting Guidelines and Financing Policy for required insurance coverage.

d) *Title and Recording Expenses*: Title insurance and recording expenses, monthly continuation searches and surveys as required in connection with monthly advances on the building loan which are not chargeable to the general contractor under the terms of the construction contract.

e) *Utility Connection Fees*: Developer's should contact utility companies and determine the cost of connection.

f) *Other Lender Points*: Self-explanatory

g) *Other Lender Construction Financing Fee*: Self-explanatory

h) *Tax Credit Fees*: Self-explanatory

i) *Negative Arbitrage*: Self-explanatory

j) *Cost of Issuance*: Self-explanatory

k) *Furniture, Fixtures & Equipment (FF&E)*: Self-explanatory

NOTE: If HMFA will be selling Bonds for the Project either before or during the time the Development is under construction, these costs should be accounted for during the construction period.

3. USES OF FUNDS DURING CONSTRUCTION:

Totals of A through G: This is automatically calculated.

4. BALANCE OF FUNDS NEEDED FOR CONSTRUCTION (overage/shortage):

The difference between the funds to construct the project and the cost to build the project. If an amount appears in this block, you will need to adjust your sources of funds during construction for this line item to balance out. This too, is automatically calculated. You may need to pledge additional developer's fee, sponsor's equity, etc. if this number is showing a shortage.

5. **SOURCES OF FUNDS FOR PERMANENT CLOSING:**

List all funding sources to be used in order to switch to the permanent loan. That is, if the HMFA is the construction and permanent loan provider, you will only need to place the sources of funds in this area that you will need to fund the escrows. If there is a shortage of funds for closing, show how that gap will be filled in the “Sources section” in order to balance out to zero. If the HMFA is providing the Permanent Loan Only, the HMFA mortgage loan(s) should be placed in this section along with any other funds available for the closing of the permanent loan. Keep in mind, if financing with tax-exempt 142 (d) bonds, the need to meet the 95/5 test. (Ninety five percent of the mortgage loan must go to “good costs”).

6. **USES OF FUNDS FOR PERMANENT CLOSING:**

- A. **DEVELOPER’S FEE:** List only the portion of funds not pledged/deferred during construction.
- B. **HMFA Points (to reduce annual servicing fee):** To reduce annual Servicing fee, see Typical HMFA Fees and Costs in the Multifamily Underwriting Guidelines and Financing Policy.
- C. **HMFA Second Note Financing Fee:** The HMFA does not charge a loan origination fee except in cases where there is non-amortizing debt. An origination fee of two points (2%) of the mortgage loan amount must be budgeted for all non-amortizing debt. NOTE: For tax credit purposes, HMFA financing fees are not counted in basis if paid at time of the permanent closing.
- D. **HMFA Special Needs Financing Fee:** A 3% Financing fee is required for certain Special Needs programs.
- E. **CONSTRUCTION LOAN PAYOFF:** If you have a construction loan other than from the HMFA or if the HMFA is providing a construction bridge loan, place the amount of your construction loan in this section. If the HMFA is providing both the construction and permanent loan, leave this section blank.
- F. **Construction Loan Interest Due (per diem):** This line (if applicable) would only be used by the credit officer when preparing for a closing on your loan.
- G. **Negative Arbitrage:** Self-explanatory. Again, for tax credit purposes, this is not in eligible basis unless it is paid during construction. If that is the case, it is shown in Section G of Schedule 10-B (Carrying and Financing Costs During Construction). Negative arbitrage represents the difference between the rate the HMFA pays on the bond and the rate realized by the HMFA on the investment of the bond proceeds.
- H. **Cost of Issuance:** Self-explanatory – Again, for tax credit purposes, this is not in eligible basis unless it is paid during construction and if that were the case, it would be shown in Section G of Schedule 10-B (Carrying and Financing Costs During Construction).
- I. **Reimbursement of any Indemnification Fee not dedicated to other costs:** This line (if applicable) is only used by the credit officer when preparing for a closing on your loan.
- J. **Tax Credit Fees:** Self-explanatory.
- K. **R.E. Taxes Due and Payable at Closing:** This line (if applicable) would only be used by the credit officer when preparing for a closing on your loan.
- L. **Title Insurance:** This line (if applicable) would only be used by the credit officer when preparing for a closing on your loan as accounts for the final Title Insurance Bill which is presented the closing.
- M. **HMFA Loan per diem interest on NOTE I (if applicable):** This line (if applicable) would only be used by the credit officer when preparing for a closing on your loan.

N. **Outstanding Payments to Professionals & Sub-contractors:** This line (if applicable) would only be used by the credit officer when preparing for a closing on your loan.

O. **Payment and Performance Bond, 30% Warranty Bond, or 10% Letter of Credit:** Where the HMFA provides the construction and permanent financing, the sponsor shall provide a 100% Payment & Performance Bond naming Sponsor and NJHMFA as Obligees. Sponsors of projects using only Special Needs financing have the option of providing a 10% Letter of Credit. *Note, a 30% Warranty Bond guarantee on an Agency provided form, or 10% Letter of Credit for Special Needs projects, will be required to exist for a period of two years post construction completion, as determined by both the Certificate of Occupancy date and Architect's Certificate of Substantial Completion.*

Where HMFA construction financing is not used, the developer must provide one of the following for a term of 2 years from the date of issuance of the Certificate of Occupancy and the Architect's Certification of Substantial Completion:

Letter of Credit equal to 10% of the construction cost for Special Needs projects.

Warranty Bond on Agency provided form, equal to 30% of construction cost.

P. **Other Fees:** Be sure to identify what these fees are.

Q. ESCROW REQUIREMENTS:

1) *Working Capital Escrow:*

- a) *Debt Service & Operating Expenses:* Based on 75% of the annual anticipated operating expenses, and debt service over the term of the anticipated rent up.
- b) *Rental Agency Rent-up (during rent-up):* Self-explanatory
- c) *Advertising and Promotion (during rent-up):* Self-explanatory

2) *Other Escrows:*

- a) *Insurance:* The cost of Liability and Hazard on the facility; normally ½ year is budgeted but may be more depending on when the Policy was purchased. See the HMFA Underwriting Guidelines and Financing Policy for required insurance coverage. Initially this will be automatically calculated using the ½ year as an estimate.
- b) *Taxes:* This is automatically calculated at ¼ of the years estimated taxes.
- c) *Debt Service Payment & Servicing Fee for one month:* Self-explanatory

1 NOTE: If you are applying for a Construction and Permanent mortgage loan, these escrows will be withheld, but not established until permanent conversion.

- d) *Mortgage Insurance Premium:* There may be instances where credit enhancement is required. If HUD Insurance is used as the enhancement, there will be a yearly fee paid to HUD in advance plus an additional 3 months of payment will be held in escrow at closing.
- e) *Repair and Replacement Reserves:* On occasion, under certain circumstances there may be a need to withhold funds for work to be done after closing.
- f) *Operating Deficit Reserve:* A project's cash flow analysis must achieve and maintain a projected minimum debt service ratio for 15 years of the loan to be eligible for financing. The establishment of an Operating Deficit Escrow Account (OEDA) account may be required if a project negatively trends below a 1.15 debt service coverage ratio for the term of the mortgage.
- g) *Other:* If another escrow is necessary, identify here.
- h) *Other:* If another escrow is necessary, identify here.

7. **USES OF FUNDS FOR PERMANENT CLOSING:** List all costs associated with the permanent closing of the Project.
8. **BALANCE NEEDED TO CLOSE (overage/shortage):** If there is a shortage of funds to close, show how that gap will be filled in the *Sources of Funds for Permanent Closing* section above.
9. **TOTAL PROJECT COSTS:** Self-explanatory; this cell automatically calculates.
10. **MAXIMUM MORTGAGE LOAN:** Percentage of total project cost and dollar amount.
11. **55% of BASIS TEST:**

The HMFA may finance projects utilizing tax-exempt bonds with the intention of being eligible for credits on 100% of the project's eligible basis by satisfying the requirements established by the Internal Revenue Service 50% (the Agency uses 55% as a safe harbor) of aggregate basis test. Meeting the 55% test is often achieved through the provision of two first mortgage notes. The first note is sized based upon the amount of debt that can be amortized in accordance with the HMFA's underwriting standards. The second note is sized based upon the difference between the first note and that amount of funding needed to achieve 55% coverage of the aggregate costs. This section will automatically calculate the 55% coverage as well as determine the dollar amount necessary to be financed through the First Mortgage, Second Note. The Sponsor must demonstrate a source of funds to pay off the second note, which must be collateralized in a form satisfactory to the HMFA. The final determination that a project meets the 55% test and the term of the debt to be retired is subject to HMFA bond counsel opinion.

12. **REPAYMENT OF SECOND NOTE:**

The second note repayment is shown in this section.

Be sure to show the sources that will be used to retire the second note as well as the principal amount of the second note with cumulative interest to be repaid.

In order to meet the equity requirement, the sponsor may, subject to prior approval of the Agency, pledge in whole or in part various mortgage-able items in which it has an interest.

COMPANY QUESTIONNAIRE

HMFA #: _____
PROJECT: _____
DATE: _____
SERVICE: _____

**NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
CERTIFICATION AND QUESTIONNAIRE**

**(Corporation, Partnership, Limited Liability Company, Other: _____)
(Circle One)**

State of Formation: _____

This information is necessary to obtain the approval of the NJHMFA, and it will be expressly relied upon. Complete each item, using *NONE* or *NOT APPLICABLE* where necessary. If more space is needed to answer any specific item, use a separate sheet.

A. Applicant (use official names without abbreviations):

Name

Street -

County State _____

Telephone # -

Organizational ID No. (from State of formation)

B. Please describe the type of services to be provided to the project and the amount and method of compensation:

C. Is the Applicant a subsidiary or direct or indirect affiliate of any other organization? If so, indicate name of related organization and relationship.

D. Management: **List all owners, officers, directors, partners of applicant, and any stockholders that have a 10% interest or more in applicant.** If the applicant is a publicly held corporation, please provide the latest proxy statement indicating stock ownership. Complete all columns for each such person showing the percentage of ownership interest. (Use additional sheet if necessary).

<u>NAME</u>	<u>HOME ADDRESS</u>	<u>BIRTH DATE</u>	<u>PLACE BIRTH</u>	<u>SS#</u>	<u>OFFICE HELD</u>	<u>PERCENTAGE OWNERSHIP</u>
-------------	---------------------	-------------------	--------------------	------------	--------------------	-----------------------------

- E. For all individuals named in Item D above list all other companies, partnerships or associations in which such persons have **more than 10% interest** or in which such person is an officer, director or partner. Complete all columns for each person showing the percentage of ownership interest. (If none, so state. Use additional sheets if necessary).

<u>NAME</u>	<u>COMPANY, PARTNERSHIP, ASSOCIATION</u>	<u>HELD</u>	<u>% INTEREST</u>
-------------	--	-------------	-------------------

- F. Other than as described above, does the applicant or any person listed in Items D or E have any present or past interest in or relationship with the project or the property on which it is located or with the owner or manager of same? Do any of the parties have any identity of interest whatsoever now existing or which will exist in connection with the project?

_____yes _____no If yes, furnish details on separate attachment

- G. Has the applicant or any person listed in Items D or E above, shared or accepted any compensation or will they share or accept any compensation directly or indirectly in any form or with any other party with an interest in or a relationship to the project?

_____yes _____no If yes, furnish details on separate attachment

- H. Has the applicant or any person listed in Items D and E above, entered into any agreement, participated in a collusion, or otherwise taken any action in restraint of free and competitive bidding or negotiation in connection with the services to be provided?

_____yes _____no If yes, furnish details on separate attachment

- I. Have any of the above parties, within the last five years, been a party defendant in litigation or administrative proceedings involving laws governing hours of labor, minimum wage standards, discrimination in wages, child labor, worker's compensation, payroll or withholding taxes, employment discrimination or occupational safety and health?

_____yes _____no If yes, furnish details on separate attachment

- J. Is applicant or management of applicant or any of the persons listed in Items D or E now a plaintiff or defendant in any civil or criminal litigation?
- _____yes _____no If yes, furnish details on separate attachment
- K. Have any of the persons listed in Items D or E been subject to any disciplinary action, past or pending, by any administrative, governmental or regulatory body?
- _____yes _____no If yes, furnish details on separate attachment
- L. Have any of the persons listed in Items D or E been or are they now subject to any order resulting from any criminal, civil or administrative proceedings brought against them by any administrative, governmental, or regulatory agency?
- _____yes _____no If yes, furnish details on a separate attachment
- M. Have any of the persons listed in Items D or E been denied any license by any administrative, governmental, or regulatory agency on the grounds of moral turpitude?
- _____yes _____no If yes, furnish details on a separate attachment
- N. Has the applicant or management of applicant or any of the persons listed in Items D or E been informed of any current or on-going investigation of the applicant or management of the applicant for possible violation of State or Federal laws, or has the applicant or management of the applicant been indicted or subpoenaed by any grand jury or investigative body or had any records subpoenaed by any grand jury investigative body?
- _____yes _____no If yes, furnish details on a separate attachment
- O. Has the applicant or any person listed in Items D or E above or any concern with which any person(s) listed in Items D or E has been connected, ever been in receivership or adjudicated a bankrupt?
- _____yes _____no If yes, furnish details on a separate attachment
- P. Has the applicant or any person listed in Items D or E above been denied a business related license or had it suspended or revoked by an administrative governmental or regulatory agency?
- _____yes _____no If yes, furnish details on a separate attachment
- Q. Has the applicant or any person listed in Items D or E above been debarred, suspended or disqualified from contracting with any federal, state or municipal agency?
- _____yes _____no If yes, furnish details on a separate attachment
- R. Has the applicant, if a corporation, had its charter revoked or suspended in the State of New Jersey?
- _____yes _____no If yes, furnish details on a separate attachment

- S. Are any of the persons listed in Items D and E above, or any of the applicant's supervisory employees or any members of their respective families, employed with the NJ Housing and Mortgage Finance Agency?

_____yes _____no If yes, furnish details on a separate attachment

- T. Does any employee or member of the NJ Housing and Mortgage Finance Agency have any interest, direct or indirect, in the applicant's business?

_____yes _____no If yes, furnish details on a separate attachment

1. Name, address & telephone number of Counsel to applicant:

2. Name, address & telephone number of loan officers at principal bank(s) of account:

3. Name, address & telephone number of accountant to applicant:

CERTIFICATION: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto, to the best of my knowledge, are true and complete. I acknowledge that the New Jersey Housing and Mortgage Finance Agency is relying on the information contained herein and thereby acknowledge that the undersigned entity is under a continuing obligation, from the date of this Certification through the completion of any contracts with the Owner of subject Project, to notify the Agency in writing of any changes to the answers or information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am and/or the undersigned entity is subject to criminal prosecution under the law and that it will also constitute a material breach of any agreement between the undersigned entity and the Owner of the subject Project and that either the Owner or the New Jersey Housing and Mortgage Finance Agency, at its option, may declare all such contracts associated with the subject Project void and unenforceable.

The undersigned entity authorizes the New Jersey Housing and Mortgage Finance Agency to verify any answer(s) contained herein, to investigate the background and credit worthiness of the undersigned entity and to enlist the aid of third parties including State police checks which may be completed by the New Jersey Housing and Mortgage Finance Agency in its investigative process. The undersigned entity further authorizes the New Jersey Housing and Mortgage Finance Agency to disclose any of the foregoing information and any information discovered in any investigation pursuant to this certification to any party which has entered or is entering into any contract with the undersigned entity in connection with the subject Project.

COMPANY NAME_____

SIGNATURE_____

NAME (PRINT)_____

TITLE_____

DATE_____

BE IT REMEMBERED, that on this_____ day of _____, 20 before me personally appeared _____, who, I am satisfied is the person named in the within instrument and who, being duly sworn upon his/her oath has executed the same as his/her voluntary act and deed.

Notary Public

PERSONAL QUESTIONNAIRE

HMFA# _____
PROJECT _____
DATE _____
SERVICE _____

**NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
CERTIFICATION AND QUESTIONNAIRE**

(Personal)

This information is necessary to obtain the approval of the NJHMFA, and it will be expressly relied upon. Complete each item, using ***NONE*** or ***NOT APPLICABLE*** where necessary. If more space is needed to answer any specific item, use a separate sheet.

- A. Applicant (Officer, Director, Partner, Shareholder of 10% or more interest).
Circle appropriate category and indicate name of entity.

Name		
_____		_____
Street		City
_____	_____	_____
County	State	Zip Code
_____	_____	
Telephone #	Social Security No.	
_____	_____	
Date of Birth	Place of Birth	

- B. Please describe the type of services to be provided to the project and the amount and method of compensation:
- C. Other than as described in Item B, do you have any present interest in or relationship with the project or the property on which it is located or do you have any identity of interest whatsoever now existing or which will exist in connection with the project?
- _____yes _____no If yes, furnish details on separate attachment
- D. Have you shared or accepted any compensation or will you share or accept any compensation directly or indirectly in any form whatsoever from or with any other party with an interest in or a relationship to the project?

_____yes _____no If yes, furnish details on separate attachment

- E. Have you entered into any agreement, participated in a collusion, or otherwise taken any action in restraint of free and competitive bidding or negotiation in connection with the services to be provided?

_____yes _____no If yes, furnish details on separate attachment

- F. Please list all other companies, partnerships, or associations in which you have more than a 10% interest. (Use a separate page if needed).

- G. Have you within the last five years, been a party defendant in litigation or administrative proceedings involving laws governing hours of labor, minimum wage standards, discrimination in wages, child labor, worker's compensation, payroll or withholding taxes, employment discrimination or occupational safety and health?

_____yes _____no If yes, furnish details on separate attachment

- H. Have you ever been charged with, or convicted of any criminal offenses other than a minor motor vehicle violation?

_____yes _____no If yes, furnish details on separate attachment

- I. Are you now a plaintiff or defendant in any civil or criminal litigation?

_____yes _____no If yes, furnish details on separate attachment

- J. Have you been subject to any disciplinary action, past or pending, by any administrative, governmental or regulatory body?

_____yes _____no If yes, furnish details on separate attachment

- K. Are you now subject to any order resulting from any criminal, civil or administrative proceedings brought against them by any administrative, governmental, or regulatory agency?

_____yes _____no If yes, furnish details on separate attachment

- L. Have you been denied any license by any administrative, governmental or regulatory agency on the grounds of moral turpitude?

_____yes _____no If yes, furnish details on a separate attachment

- M. Are you or any member of your family (including in-laws) the subject of a current or on-going investigation with respect to possible violations of State or Federal laws, or has the applicant or management of the applicant been indicted or subpoenaed by any grand jury or investigative body or had any records subpoenaed by any grand jury or investigative body?
_____yes _____no If yes, furnish details on a separate attachment
- N. Have you ever been adjudicated a bankrupt or filed for bankruptcy?
_____yes _____no If yes, furnish details on a separate attachment
- O. Have you ever been denied a business-related license or had it suspended or revoked by any administrative, governmental or regulatory agency?
_____yes _____no If yes, furnish details on a separate attachment
- P. Have you ever been debarred, suspended, or disqualified from contracting with any federal state or municipal Agency?
_____yes _____no If yes, furnish details on a separate attachment
- Q. Are you or any members of your family employed with the NJ Housing and Mortgage Finance Agency?
_____yes _____no If yes, furnish details on a separate attachment

CERTIFICATION: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto, to the best of my knowledge, are true and complete. I acknowledge that the New Jersey Housing and Mortgage Finance Agency is relying on the information contained herein and thereby acknowledge that the undersigned entity is under a continuing obligation, from the date of this Certification through the completion of any contracts with the Owner of subject Project, to notify the Agency in writing of any changes to the answers or information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am and/or the undersigned entity is subject to criminal prosecution under the law and that it will also constitute a material breach of any agreement between the undersigned entity and the Owner of the subject Project and that either the Owner or the New Jersey Housing and Mortgage Finance Agency, at its option, may declare all such contracts associated with the subject Project void and unenforceable.

The undersigned entity authorizes the New Jersey Housing and Mortgage Finance Agency to verify any answer(s) contained herein, to investigate the background and credit worthiness of the undersigned entity and to enlist the aid of third parties including State police checks which may be completed by the New Jersey Housing and Mortgage Finance Agency in its investigative process. The undersigned entity further authorizes the New Jersey Housing and Mortgage Finance Agency to disclose any of the foregoing information and any information discovered in any investigation pursuant to this certification to any party which has entered or is entering into any contract with the undersigned entity in connection with the subject Project.

SIGNATURE_____

NAME (PRINT)_____

TITLE_____

DATE_____

BE IT REMEMBERED, that on this _____ day of _____, 19____
before me personally appeared _____, who, I
am satisfied is the person named in the within instrument and who, being duly sworn upon
his/her oath has executed the same as his/her voluntary act and deed.

Notary Public

**FORM OF
RESOLUTION OF NEED FROM MUNICIPALITY**

[NOTE: this may be used for Agency financing only]

WHEREAS, _____ (hereinafter referred to as the “Sponsor”) proposes to construct a (*) _____ housing project (hereinafter referred to as the “project”) pursuant to the provisions of the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended (N.J.S.A. 55:14K-1 et seq.), the rules promulgated thereunder at N.J.A.C. 5:80-1.1 et seq., and all applicable guidelines promulgated thereunder (the foregoing hereinafter collectively referred to as the “HMFA Requirements”) within the _____ of _____ (hereinafter referred to as the “Municipality”) on a site described as Lot _____, Block _____ as shown on the Official Assessment Map of the _____ of _____, _____ County and commonly known as _____, _____ [project name and/or street address], New Jersey; and

WHEREAS, the Project will be subject to the HMFA Requirements and the mortgage and other loan documents executed between the Sponsor and the New Jersey Housing and Mortgage Finance Agency (hereinafter referred to as the “Agency”); and

WHEREAS, pursuant to the HMFA Requirements, the governing body of the Municipality hereby determines that there is a need for this housing project in the Municipality.

NOW, THEREFORE, BE IT RESOLVED by the Council of the _____ of _____ (the “Council”) that:

- (1) The Council finds and determines that the (*) _____ Project proposed by the Sponsor meets or will meet an existing housing need;
- (2) The Council does hereby adopt the within Resolution and makes the determination and findings herein contained by virtue of, pursuant to, and in conformity with the provisions of the HMFA Law to enable the Agency to process the Sponsor’s application for Agency funding to finance the Project.

(*) Please include Project Name and available descriptive information about the project – number of units, family or senior citizen, low- or moderate-income.

[*FORM OF*]
AGREEMENT FOR PAYMENT IN LIEU OF TAXES

_____, HMFA #(s) _____
Insert project name and Agency number(s) above.

THIS AGREEMENT, made this _____ day of _____, 19_____, between _____, a [limited partnership, limited liability company, corporation] of the State of _____, having its principal office at _____ (hereinafter the "Sponsor") and the _____ of _____, a municipal corporation in the County of _____ and State of New Jersey (hereinafter the "Municipality").

WITNESSETH

In consideration of the mutual covenants herein contained and for other good and valuable consideration, it is mutually covenanted and agreed as follows:

1. This Agreement is made pursuant to the authority contained in Section 37 of the New Jersey Housing and Mortgage Finance Agency Law of 1983 (N.J.S.A. 55:14K-1 et seq.) (hereinafter "HMFA Law") and a Resolution of the Council of the Municipality dated _____, 19_, (the "Resolution") and with the approval of the New Jersey Housing and Mortgage Finance Agency (hereinafter the "Agency"), as required by N.J.S.A. 55:14K-37.

2. The Project is or will be situated on that parcel of land designated as Block____, Lot as shown on the Official Assessment Map of the____ of _____, and more commonly referred to as____, New Jersey.

3. As of the date the Sponsor executes a first mortgage upon the Project in favor of the Agency (hereinafter referred to as the "Agency Mortgage"), the land and improvements comprising the Project shall be exempt from real property taxes, provided that the Sponsor shall make payments in lieu of taxes to the Municipality as provided hereinafter. The exemption of the Project from real property taxation and the sponsor's obligation to make payments in lieu of taxes shall not extend beyond the date on which the Agency Mortgage is paid in full, which, according to the HMFA Law, may not exceed fifty (50) years.

4. (a) For projects receiving construction and permanent financing from the Agency, the Sponsor shall make payment to the Municipality of an annual service charge in lieu of taxes in such amount as follows:

- (1) From the date of the execution of the Agency Mortgage until the date of substantial completion of the Project, the Sponsor shall make payment to the municipality in an amount equal to _____ (pursuant to the HMFA Law, the annual amount may not exceed the amount of taxes due on the property for the year preceding the recording of the Agency Mortgage). As used herein, "Substantial Completion" means the date upon which the Municipality issues the Certificate of Occupancy for all units in the Project.
- (2) From the date of Substantial Completion of the Project and for the remaining term of the NJHMFA Mortgage, the Sponsor shall make payment to the Municipality in an amount equal to 6.28 percent of Project Revenues.

(b) For Projects receiving permanent financing only from the Agency, the Sponsor shall make payment to the Municipality in an amount equal to 6.28 percent of Project Revenues from the date of the Agency Mortgage and for the remaining term of the Agency Mortgage.

(c) As used herein, "Project Revenues" means the total annual gross rental or carrying charge and other income of the Sponsor from the Project less the costs of utilities furnished by the Project, which shall include the costs of gas, electricity, heating fuel, water supplied, and sewage charges, and less vacancies if any. Project Revenues shall not include any rental subsidy contributions received from any federal or state program.

(d) The amount of payment in lieu of taxes to be paid pursuant to paragraphs (a) or (b) and (c) above is calculated in Exhibit "A" attached hereto. It is expressly understood and agreed that the revenue projections provided to the Municipality as set forth in Exhibit "A" and as part of the Sponsor's application for an agreement for payments in lieu of taxes are estimates only. The actual payments in lieu of taxes to be paid by the Sponsor shall be determined pursuant to Section 5 below.

5. (a) Payments by the Sponsor shall be made on a quarterly basis in accordance with bills issued by the Tax Collector of the Municipality in the same manner and on the same dates as real estate taxes are paid to the Municipality and shall be based upon Project Revenues of the previous quarter. No later than three (3) months following the end of the first fiscal year of operation after (i) the date of Substantial Completion (for projects receiving construction and permanent financing) or (ii) the date of the Agency Mortgage (for projects receiving permanent financing only) and each year thereafter that this Agreement remains in effect, the Sponsor shall submit to the Municipality a certified, audited financial statement of the operation of the Project (the "Audit"), setting forth the Project Revenues and the total payments in lieu of taxes due to the Municipality calculated at 6.28 percent of Project Revenues as set forth in the Audit (the "Audit Amount"). The Sponsor simultaneously shall pay the difference, if any, between (i) the Audit Amount and (ii) payments made by the Sponsor to the Municipality for the preceding fiscal year. The Municipality may accept any such payment without prejudice to its right to challenge the amount due. In the event that the payments made by the Sponsor for any fiscal year shall exceed the Audit Amount for such fiscal year, the Municipality shall credit the amount of such excess to the account of the Sponsor.

(b) All payments pursuant to this Agreement shall be in lieu of taxes and the Municipality shall have all the rights and remedies of tax enforcement granted to Municipalities by law just as if said payments constituted regular tax obligations on real property within the Municipality. If, however, the Municipality disputes the total amount of the annual payment in lieu of taxes due it, based upon the Audit, it may apply to the Superior Court, Chancery Division for an accounting of the service charge due the Municipality, in accordance with this Agreement and HMFA Law. Any such action must be commenced within one year of the receipt of the Audit by the Municipality.

(c) In the event of any delinquency in the aforesaid payments, the Municipality shall give notice to the Sponsor and NJHMFA in the manner set forth in 9(a) below, prior to any legal action being taken.

6. The tax exemption provided herein shall apply only so long as the Sponsor or its successors and assigns and the Project remain subject to the provisions of the HMFA Law and Regulations made thereunder and the supervision of the Agency, but in no event longer than the term of the Agency Mortgage. In the event of (a) a sale, transfer or conveyance of the Project by the Sponsor or (b) a change in the organizational structure of the Sponsor, this Agreement shall be assigned to the Sponsor's successor and shall continue in full force and effect so long as the successor entity qualifies under the HMFA Law or any other state law applicable at the time of the assignment of this Agreement and is obligated under the Agency Mortgage.

Upon the payment in full of the Agency Mortgage, the Sponsor or its successor, as applicable, shall give notice to the Municipality within ten (10) business days of the date the Agency Mortgage is paid.

7. Upon any termination of such tax exemption, whether by affirmative action of the Sponsor, its successors and assigns, or by virtue of the provisions of the HMFA Law, or any other applicable state law, the Project shall be taxed as omitted property in accordance with the law.

8. The Sponsor, its successors and assigns shall, upon request, permit inspection of property, equipment, buildings and other facilities of the Project and also documents and papers by representatives duly authorized by the Municipality. Any such inspection, examination or audit shall be made during reasonable hours of the business day, in the presence of an officer or agent of the Sponsor or its successors and assigns.

9. Any notice or communication sent by either party to the other hereunder shall be sent by certified mail, return receipt requested, addressed as follows:

(a) When sent by the Municipality to the Sponsor, it shall be addressed to _____ or to such other address as the Sponsor may hereafter designate in writing and a copy of said notice or communication by the Municipality to the Sponsor shall be sent by the Municipality to the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085.

(b) When sent by the Sponsor to the Municipality, it shall be addressed to the _____ or to such other address as the Municipality may designate in writing; and a copy of said notice or communication by the Sponsor to the Municipality shall be sent by the Sponsor to the New Jersey Housing and Mortgage Finance Agency, 637 South Clinton Avenue, P.O. Box 18550, Trenton, New Jersey 08650-2085.

10. In the event of a breach of this Agreement by either of the parties hereto or a dispute arising between the parties in reference to the terms and provisions as set forth herein, either party may apply to the Superior Court, Chancery Division, to settle and resolve said dispute in such fashion as will tend to accomplish the purposes of the HMFA Law.

11. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a sufficient number of counterparts to evidence the execution of this Agreement by each party hereto.

ATTEST

SPONSOR:

By: _____

By: _____

ATTEST

MUNICIPALITY:

By: _____

FORM OF
TAX ABATEMENT RESOLUTION

WHEREAS, _____ (hereinafter referred to as the "Sponsor") proposes to construct a housing project [_____ *insert some descriptive information about the project- name, number of units, multi family, senior, high, mid, low-rise*] (hereinafter referred to as the "Project") pursuant to the provisions of the New Jersey Housing and Mortgage Finance Agency Law of 1983, as amended (N.J.S.A. 55:14K-1 et seq.), the rules promulgated thereunder at N.J.A.C. 5:80-1 et seq., and all applicable guidelines (the foregoing hereinafter referred to as the "HMFA Requirements") within the municipality of _____ (hereinafter referred to as the "Municipality") on a site described as Lot _____, Block _____ as shown on the Official Assessment Map of the _____ of _____, _____ County and commonly known as [street address]; and

WHEREAS, the Project will be subject to the HMFA Requirements and the mortgage and other loan documents executed between the Sponsor and the New Jersey Housing and Mortgage Finance Agency (hereinafter referred to as the "Agency"); and

[INCLUDE THIS PARAGRAPH IF HOME EXPRESS FINANCING IS PART OF THE PROJECT'S PROPOSED FUNDING]: WHEREAS, the Project will be subject to requirements of the New Jersey Department of Community Affairs (hereinafter referred to as the "Department of Community Affairs"), Neighborhood Preservation Balanced Housing Program in accordance with N.J.S.A. 52:27D-320 and applicable rules promulgated thereunder at N.J.A.C. 5:43-1.1 et seq., and the mortgage and other loan documents executed between the Sponsor and the Commissioner of the Department of Community Affairs; and

[INCLUDE THIS PARAGRAPH IF AGENCY BOND FINANCING IS PART OF THE PROJECT'S PROPOSED FUNDING]: WHEREAS, the Project will be subject to the HMFA Requirements and the mortgage and other loan documents executed between the Sponsor and the Agency; and

WHEREAS, pursuant to the HMFA Requirements, the governing body of the Municipality hereby determines that there is a need for this housing project in the Municipality; and

WHEREAS, the Sponsor has presented to the Municipal Council a revenue projection for the Project which sets forth the anticipated revenue to be received by the Sponsor from the operation of the Project as estimated by the Sponsor and the Agency, a copy of which is attached hereto and made a part hereof as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Council of the _____ of _____ (the "Council") that:

- (1) The Council finds and determines that the proposed Project will meet or meets an existing housing need;

- (2) The Council does hereby adopt the within Resolution and makes the determination and findings herein contained by virtue of, pursuant to, and in the conformity with the provisions of the HMFA Requirements with the intent and purpose that the Agency shall rely thereon in making a mortgage loan to the Sponsor, which shall construct, own and operate the Project; and
- (3) The Council does hereby adopt the within Resolution with the further intent and purpose that from the date of execution of the Agency mortgage, the proposed Project, including both the land and improvements thereon, will be exempt from real property taxation as provided in the HMFA Requirements, provided that payments in lieu of taxes for municipal services supplied to the Project are made to the municipality in such amounts and manner set forth in the Agreement for Payments in Lieu of Taxes attached hereto as Exhibit "B"; and
- (4) The Council hereby authorizes and directs the Mayor of the _____ of _____ to execute, on behalf of the municipality, the Agreement for Payments in Lieu of Taxes in substantially the form annexed hereto as Exhibit "B"; and
- (5) The Council understands and agrees that the revenue projections set forth in Exhibit "A" are estimates and that the actual payments in lieu of taxes to be paid by the Sponsor to the municipality shall be determined pursuant to the Agreement for Payments in Lieu of Taxes executed between the Sponsor and municipality.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
P.O. BOX 18550, 637 S. Clinton Ave., Trenton, NJ 08650-2085

Bond No: _____
No. _____

HMFA Project

Project
Name: _____

PAYMENT AND PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS, that We, the undersigned
_____, located at
_____ as Principal, and
_____, as Surety, are hereby
held and firmly bound unto _____ (the
"Owner") and the NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY (the "Lender"), the
Owner and Lender being hereinafter collectively referred to as the "Obligee," in the penal sum of
_____ (\$
_____) DOLLARS, for the payment of which well and truly to be made, Principal and
Surety hereby jointly and severally bind themselves, their heirs, executors, administrators,
successors and assigns.

Signed, this _____ day of _____, 20__.

WHEREAS, the Principal entered into a written contract with the Owner, dated
_____ (the "Contract"), which Contract was made for the construction,
rehabilitation, repair or improvement of a housing project (the "Project") and which Contract is
made a part of this bond the same as though set forth herein; and

WHEREAS, the Lender has agreed to lend the Owner a sum of money to be secured by a
mortgage on the Project, which money will be used in making payments to the Principal under the
terms of the Contract.

Now, if Principal shall well and faithfully do and perform all of the things agreed by it to be
done and performed according to the terms of the Contract, and shall pay all lawful claims of
subcontractors, material men, laborers, persons, firms or corporations for labor performed or
materials, provisions, provender or other supplies or teams, fuels, oils, implements or machinery
furnished, used or consumed in the carrying forward, performing, or completing of the Contract,
We agreeing and assenting that this undertaking shall be for the claim as well as for the Obligee
herein, then this obligation shall be void; otherwise the same shall remain in full force and effect; it
being expressly understood and agreed that the liability of the surety for any and all claims
hereunder shall in no event exceed the penal amount of this obligation as herein stated.

The Surety hereby stipulates and agrees that no modifications, omissions or additions in or to the terms of the Contract or in or to the plans or specification therefore shall in any way affect the obligation of the Surety on this bond.

(SEAL)

Attest:

Title

Attest:

Title

(SEAL)_____

Principal

by:_____

Title

Surety

by:_____

Title

**New Jersey Housing and Mortgage Finance Agency
637 South Clinton Avenue – Trenton – NJ – 08611**

MAINTENANCE/WARRANTY BOND

Bond No.: _____ **NJHMFA Project No.:** _____

Project Name: _____

Project Address: _____

KNOW ALL PERSONS BY THESE PRESENTS:

That we, _____
as “Principal”, and

_____ (NAIC # _____)

_____ (NAIC # _____)

as “Surety” or as “Co-Surety”,

each a corporation duly licensed to transact business in the State of New Jersey and the Surety or Co-Surety authorized or admitted as an insurance company in the State of New Jersey, are hereby jointly and severally held and firmly bound unto the NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY, as “Obligee”, in the sum of \$ _____ (the “Bonded Sum”) for the payment whereof the Principal and Surety (or Co-Sureties) bind themselves, and their heirs, executors, administrators, representatives, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has heretofore entered into a Financing, Deed Restriction and Regulatory Agreement (the “Contract”) with said Obligee dated _____ for the financing of the multifamily residential rental Project located at the Project Address noted hereinabove, said Project known as _____ “Project” and;

WHEREAS, the Principal is required to guarantee the construction of the Project developed under said Contract against defects in materials and workmanship which may develop during the period beginning on the ____ day of _____, 20__ and ending on the ____ day of _____, 20__ {Must include a two (2) year time period} (the “Warranty Obligations”).

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH THAT, if Principal shall promptly and faithfully carry out and perform the said guarantee, and shall, on due notice, repair and make good at its own expense any and all defects in materials or workmanship in the said work to the satisfaction of the Obligee which may develop during the period specified above and shall pay over, make good and reimburse to the Obligee any loss said Obligee may sustain by reason of failure or default of the Principal to do so, then this obligation shall be null and void otherwise this obligation shall remain in full force and effect, it being expressly understood and agreed that the liability of the Surety for any and all claims hereunder shall in no event exceed the Bonded Sum.

WHENEVER Principal shall be, and is declared by the Oblige to be in default with respect to its warranty obligations under the Contract, provided that the Oblige is not then in material default thereunder, Surety shall promptly take one of the following actions with the consent of the Oblige:

- (1) Arrange for Principal to perform and complete the Warranty Obligations of this Bond;**
- (2) Complete the Warranty Obligations in accordance with the terms and conditions of the Contract then in effect, through its agents or through independent contractors;**
- (3) Obtain bids or negotiated proposals from qualified contractors acceptable to the Oblige for a contract for performance, completion and correction of defective materials and/or workmanship through a procurement process approved by the Oblige, arrange for a contract to be prepared for execution by the Oblige and the contractor selected with the Oblige's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the contract; or**
- (4) Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances, (i) after investigation, determine the amount for which it may be liable to the Oblige and, as soon as practicable after the amount is determined, tender payment therefore to the Oblige, or (ii) deny liability in whole or in part and notify the Oblige citing reasons therefore.**

If Surety does not proceed with reasonable promptness, Surety shall be deemed to be in default on this Bond fifteen (15) days after receipt of an additional written notice from the Oblige to Surety demanding that Surety perform its obligations under this Bond, and the Oblige shall be entitled to enforce any remedy available to the Oblige. If Surety proceeds as provided in (4) above, and the Oblige refuses the payment tendered or Surety has denied liability, in whole or in part, without further notice the Oblige shall be entitled to enforce any remedy available to the Oblige.

After the Oblige has terminated the Principal's right to complete the Warranty Obligations, and if Surety elects to act under (1), (2) or (3) above, then the responsibilities of Surety to the Oblige shall not be greater than those of the Principal under this Bond, and the responsibilities of the Oblige to Surety shall not be greater than those of the Oblige under this Bond. To the limit of the Bonded Sum the Surety is obligated without duplication for:

The responsibilities of the Principal for correction of defective materials and workmanship;

(a) Actual damages, including additional legal, design professional and delay costs resulting from Principal's default and resulting from the actions or failure to act of Surety;

(b) Liquidated Damages under the Contract;

No alteration, modification or supplement to the Warranty provisions of the Contract Documents or the nature of the work to be performed thereunder, including without limitation any extension of time for performance, shall in any way affect the obligation of the Surety under this Bond. Surety waives notice of any alteration, modification, supplement or extension of time.

IN WITNESS WHEREOF, Principal and Surety have caused this Bond to be executed and delivered as of the _____ day of _____, 20_.

Principal: _____

BY: _____

ITS _____

(Seal)

Surety: _____

BY: _____

ITS _____

(Seal)

Co-Surety: _____

BY: _____

ITS _____

(Seal)

IRREVOCABLE STANDBY LETTER OF CREDIT

LETTER OF CREDIT NO.
DATE

ISSUE DATE

EXPIRATION

New Jersey Housing and Mortgage Finance Agency
P.O. Box 18550
Trenton, New Jersey 08650-2085

We hereby open our Irrevocable Standby Letter of Credit in your favor for the account of **[insert project owner name and address]** in the aggregate amount of \$ _____ available by payment against the following documents:

1. The Beneficiary's draft(s) drawn on us at sight, duly endorsed on the reverse side thereof, and bearing the clause: "Drawn Under **[insert bank name]** Standby Letter of Credit number _____".
2. A typewritten statement on the letterhead of and purportedly signed by the Secretary or an Assistant Secretary of New Jersey Housing and Mortgage Finance Agency certifying that: "Funds drawn under this Letter of Credit are for the construction completion guaranty for the _____ Project. Therefore, we demand payment of \$ _____ under **[insert bank name]** Standby Letter of Credit number _____".
3. The original of this Letter of Credit and all amendments, if any, for our endorsement. If your demand represents a partial drawing hereunder, we will endorse the original Letter of Credit and return same to you for possible future claims. If however, your demand represents a full drawing or if such drawing is presented on the day of the relevant expiration date hereof, we will hold the original for our files and remove same from circulation.

This Irrevocable Letter of Credit sets forth in full the terms of our undertaking. This undertaking shall not in any way be revoked, modified, amended, or amplified by reference to any document, instrument or contract referred to herein or in which this Letter of Credit is referred to or to which this Letter of Credit relates and any such reference shall not be deemed to incorporate herein by reference any document or instrument.

We hereby agree with you that draft(s) drawn under and in compliance with the terms and conditions of this credit shall be duly honored if presented together with document(s) as specified and the original of this credit on or before the above stated expiry date.

Documents may be presented at:
[insert bank name and address]

Authorized Signature
[insert name of bank officer]