

## **Frequently Asked Questions Regarding the 2014 Rental Production NOFA**

This FAQ provides answers to common questions regarding MHDC's 2014 NOFA application process. The FAQ is divided into three sections; the on line application, application exhibits/underwriting and questions regarding MBE and WBE initiative requirements. It will be updated weekly as needed until the application deadline.

### ***On Line Application***

Q. Who is required to complete the on line application.

A. Every developer that submits an application to MHDC under the rental production NOFA is required to submit the on line application to MHDC by the application due date of September 6<sup>th</sup>. MHDC no longer accepts a manual submission of the FIN 100.

Q. Do I still need to send in the two books as I have done in previous years for applications which were submitted on line?

A. No, since all applications are being submitted on line, you do not need to submit two books; however, you must submit one binder and a CD or Flash Drive with all of the exhibits referenced on the FIN 125. The Book and the CD or Flash Drive must be received at the MHDC offices by 4:30 PM CST on the application due date of September 6, 2013.

Q. If I am having difficulty completing the application is there help available?

A. Yes, there is a user guide posted on the MHDC web site at the following link:  
[http://www.mhdc.com/rental\\_production/2014\\_FY\\_items/application\\_links.htm](http://www.mhdc.com/rental_production/2014_FY_items/application_links.htm)

Q. What is the time requirement for approval of my registration by MHDC?

A. MHDC will endeavor to approve all requests with 72 hours of submission.

Q. A user submits an organization registration as the developer; however, they will also be the owner on the project. Should they submit another "request" as the owner or can they just add a new role for the developer as the "Owner" when they get the organization code for the developer?

A. You would only add a new role for the developer as the "Owner" if the same exact organization entity would be the owner and the developer. More than likely there will be two different organization entities (with different names) with the same contacts and key principals. In that case, you would not give a new role to the developer as an owner because the owner will be a different organization. After MHDC issues an approval for the development company, go into the Multifamily Portal and login as the development company. Then go to "Request New Access" and click the dropdown selection "Unlisted" and click the box for "My Organization is not registered." Next, complete the information for the ownership entity and at the bottom select "Manage your organizations information and users." Then, you can submit your request just as you previously did for the development company. After MHDC approves the new ownership entity request, you will be able to login as the Development Company and then "Change Organizations" to the ownership entity and complete information about it.

Q. Is there something that I can send to my affiliated organizations to show them how to register?

A. Yes, an affiliated organization registration user guide has been created to assist them with the registration process at the following link on the MHDC website:  
[http://www.mhdc.com/rental\\_production/2014\\_FY\\_items/application\\_links.htm](http://www.mhdc.com/rental_production/2014_FY_items/application_links.htm)

Q. Do all of the affiliated organizations that may be involved in my applications need to register?

A. Yes, these are the “team members” that you would have normally put in the FIN 100.

Q. Who does not need to register?

A. Tax Credit Investors, Bond Contacts, Market Analysts and Third Party lenders do not need to register. You can enter these names in the appropriate fields in your application.

Q. After an affiliated organization has registered, what should they do?

A. After they receive an e-mail telling them that their registration has been accepted, they should log back into the Multi Family Portal and they will be able to see their organization code. They should then send the developer an e mail confirming that they have registered and include their organization code.

Q. I am ready to begin my online application but have forgotten my password, what do I do?

A. Go to the registration page and click on I forgot my password, the system will send you an e mail with a new password.

Q. Can I download the application on to my computer?

A. No, this is strictly a web based process.

Q. Several people in my office will be responsible for filling out different sections of the application; can more than one user be logged in using the same password?

A. Yes, but this may cause data corruption or loss if care is not taken and it is not recommended.

Q. Which web browser do I need to use when completing the application?

A. The preferred browser is Internet Explorer 9.0 or 10.0. However Firefox 17 and 18 are compatible.

Q. Our company has multiple offices, what address should I use when I register?

A. Use the address of the home office.

Q. My internet connection went down while I was entering the application, is everything lost?

A. No, but you will lose anything entered since the last time you saved so MHDC recommends that you save often to avoid losing data.

Q. I am completing a page of the application and need to go back and update or refer to other page, can I do that?

A. Yes, but remember anytime you leave a page, remember that you will lose any information entered since the last time you saved.

Q. I am almost finished with completing the on line application and reached a page called “snapshots”, what is this?

A. The “snapshot” page will allow the user to create multiple versions of a basis application. It works similar to the “Save As” feature in Excel. There is a “Snapshot” Instructions “ icon on the top right hand side of the page for detailed instructions.

Q. I am ready to submit but how do I know if everything required has been entered?

A. You need to validate your data before submitting. When you click on Validate for Submission, it will give you a list of any errors or missing data on each page of the application. Any errors or missing data must be corrected before you can submit the application. After correcting all errors and submitting the application successfully a message will appear confirming the successful submission. Please print off this “receipt” of successful submission.

Q. The application has now been completed and submitted, can I print a copy for my files?

A. Yes, but unfortunately not easily. You will need to print the application page by page at this time. MHDC is currently working with our programmers to make this easier for future submissions.

If you have any additional questions after reviewing the user guide and these questions, please call Gus Metz at (816) 759-6878 or by e mail to [gmetz@mhdc.com](mailto:gmetz@mhdc.com).

### ***Application Exhibits/Priorities and General Underwriting Questions***

#### **Property Address**

Q. Why do we need to provide a street address for an unimproved property?

A. We need to pinpoint the location so that MHDC can notify the proper state and local officials and to assist MHDC staff in locating the property for the site review. Please provide your best estimate of the street number and street name. Please remember to put a sign on all vacant lots that identifies the site for MHDC site inspectors.

#### **Applicant Site Control**

Q. If an option or contract is provided, how long does it need to be?

A. The option or contract term should be for at least 30 days past the projected commission meeting date at which the applications will be voted on for approval. This date is currently scheduled for December 6, 2013. MHDC encourages the inclusion of a provision to extend the option for an additional six months contingent on the application receiving commission approval in December. Please remember, if you are requesting HOME funds on your application, you must use an option agreement, HUD will not accept a real estate contract for site control.

#### **Public Official Contact Verification**

Q. If I have a letter of support from the mayor, do I need to provide proof I contacted the mayor? Similarly, if I have a resolution of support signed by the mayor and the city council, must I provide proof I contacted the mayor and the city councilpersons?

A. Letters of support and council resolutions of support signed by the persons the applicant would be contacting are sufficient proof that the applicant has notified the officials and informed them of the developer’s intentions for the proposed development. Please provide the letter(s) in the appropriate location in exhibit 9 of the application as proof of contact.

Q. Am I to contact all councilpersons or just the council representatives for the district in which the property is located?

A. Yes, provide evidence that the local legislative body (for example: city council members) have been informed that the applicant has requested a letter of support from the chief executive officer of the local jurisdiction (for example: mayor).

## Statutorily Required Documentation

Q. IRS and MO Forms 8821 are required for the principals of the developer and general partner. If either of those are a non-profit entity, must it provide 8821 information for its board members?

A. No

Q. If the developer has not done business in the State of Missouri, what do they need to provide for Statutorily Required Documentation?

A. Include a statement that neither the entity nor its principals have done business in the State of Missouri in order to satisfy the requirement for Missouri Form 8821. The FIN 109 is required for every developer regardless of their location.

Q. Is Form 8821 considered public record and therefore able to be requested by an outside party?

A. Because Form 8821 contains social security numbers, federal employer identification numbers or other tax identification numbers, it is closed to requests for public information pursuant to the Sunshine Law.

Q. The instructions on the federal Form 8821 require all applicable lines to be completed. What is the appropriate information to enter?

A. Please see the screen prints below for specific information to include in addition to the taxpayer identification information and signature.

**Tax Information Authorization**

- ▶ Do not sign this form unless all applicable lines have been completed.
- ▶ Do not use this form to request a copy or transcript of your tax return. Instead, use Form 4506 or Form 4506-T.

OMB No. 1545-1105  
**For IRS Use Only**

Received by:  
 Name \_\_\_\_\_  
 Telephone \_\_\_\_\_  
 Function \_\_\_\_\_  
 Date \_\_\_\_/\_\_\_\_/\_\_\_\_

**1 Taxpayer information.** Taxpayer(s) must sign and date this form on line 7.

Taxpayer name(s) and address (type or print)	Social security number(s) _____ _____	Employer identification number _____
	Daytime telephone number ( ) _____	Plan number (if applicable) _____

**2 Appointee.** If you wish to name more than one appointee, attach a list to this form.

Name and address MHDC 3435 Broadway Kansas City, MO 64111	CAF No. _____ NONE Telephone No. _____ 816.759.6600 Fax No. _____ 816.759.6829 Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
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**3 Tax matters.** The appointee is authorized to inspect and/or receive confidential tax information in any office of the IRS for the tax matters listed on this line. Do not use Form 8821 to request copies of tax returns.

(a) Type of Tax (Income, Employment, Excise, etc.) or Civil Penalty	(b) Tax Form Number (1040, 941, 720, etc.)	(c) Year(s) or Period(s) (see the instructions for line 3)	(d) Specific Tax Matters (see instr.)
Income	1040	2006-2008	<b>Any related federal tax information pertaining to low-income housing credits, including audits findings and assessments.</b>

**4 Specific use not recorded on Centralized Authorization File (CAF).** If the tax information authorization is for a specific use not recorded on CAF, check this box. See the instructions on page 4. If you check this box, skip lines 5 and 6.

**5 Disclosure of tax information** (you must check a box on line 5a or 5b unless the box on line 4 is checked):

a If you want copies of tax information, notices, and other written communications sent to the appointee on an ongoing basis, check this box

b If you do not want any copies of notices or communications sent to your appointee, check this box

**6 Retention/revocation of tax information authorizations.** This tax information authorization automatically revokes all prior authorizations for the same tax matters you listed on line 3 above unless you checked the box on line 4. If you do not want to revoke a prior tax information authorization, you must attach a copy of any authorizations you want to remain in effect and check this box

To revoke this tax information authorization, see the instructions on page 4.

**7 Signature of taxpayer(s).** If a tax matter applies to a joint return, either husband or wife must sign. If signed by a corporate officer, partner, guardian, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify



MISSOURI DEPARTMENT OF REVENUE  
**AUTHORIZATION FOR RELEASE OF  
 CONFIDENTIAL INFORMATION**

FORM  
**8821**  
 (REV. 11-2007)

I, \_\_\_\_\_, authorize and request the Missouri Department of Revenue, to release confidential tax records pertaining to \_\_\_\_\_ for the tax reporting period(s): \_\_\_\_\_

I request these records for:

<input type="checkbox"/> Corporate Income / Franchise Tax	<u>Tax ID Number</u>	<input type="checkbox"/> Sales/Use Tax	<u>Tax ID Number</u>
<input type="checkbox"/> Employer Withholding Tax	<b>Choose the type of tax appropriate for the entity or individual that is the subject of the form.</b>	<input type="checkbox"/> Motor Fuel Tax	_____
<input type="checkbox"/> Individual Income Tax (List Social Security Number under Tax I.D. Number)		<input type="checkbox"/> Financial Institution Tax	_____
		<input type="checkbox"/> Other _____	_____

The record should be:

Made available for use by me or the specified agent on the 3rd Floor, Truman Building, Jefferson City, Missouri.

Photocopied and copies forwarded to me at: Street: \_\_\_\_\_  
 City, State, Zip: \_\_\_\_\_

Photocopied and copies forwarded to the agent specified below.

**I SPECIFICALLY AUTHORIZE THE FOLLOWING AGENT TO EXAMINE THE ABOVE IDENTIFIED CONFIDENTIAL TAX RECORDS.**

<small>NAME</small> Missouri Housing Development Commission	<small>TITLE</small>	<small>SSN</small>
<small>STREET ADDRESS</small> 3435 Broadway	<small>PHONE</small> (816) 759-6600	
<small>CITY, STATE, ZIP CODE</small> Kansas City, MO 64111		

(COMPLETE THIS SECTION IF REQUESTING CONFIDENTIAL TAX RECORDS FOR A BUSINESS, CORPORATION, S CORPORATION, OR PARTNERSHIP)

Q. What timeframe should the forms reflect?

A. The forms should be completed to reference the most recent tax year.

**PHA Approved Utility Allowance**

Q. If the development location is in an area that does not have a PHA, what do we do?

A. If the area does not have a PHA or a Community Action Agency acting as a PHA, MHDC will accept estimated utility costs from the local utility providers.

**Homeownership Plan**

Q. Do townhouses qualify for the homeownership opportunity?

A. Townhouses do not qualify for special consideration at application as potential homeownership opportunities for residents. However, if the developer intends to sell the townhomes at the end of the compliance period, they are required to notify MHDC in Year 10 of the compliance period of their intent.

**FIN-107 Developer Qualifications**

Q. Do I need to provide only construction guarantees or must I also disclose operating guarantees I have made to lenders and investors?

A. All guarantees currently outstanding for the entity and its principals must be disclosed.

## Mixed Use-Economic Development Area

Q. Does “mixed use” require a city revitalization plan or can it be a developer PUD?

A. A developer PUD approved by the city is acceptable, and MHDC reserves the right to review and determine that the size is significant enough to meet our definition of a mixed-use economic development.

## Sustainable Housing

Q. How will developments be expected to document that required green building standards have been met if the developments do not achieve green certification?

A. At the completion of property construction, MHDC expects to receive a letter from a certified green professional who can certify that the development has met the green standards outlined in the application.

## *Priorities*

### Service-Enriched Housing Priority

Q: Where does the developer explain the tenant services, etc.?

A: The explanation of proposed tenant services should be included both the Exhibit 4a (Narrative Description) and in Exhibit 12b(i) (Detailed Supportive Service Plan).

### Special Needs Housing

Q. If I have a special needs project, can I rent only to a particular type of special needs household?

A. No, MHDC’s special needs policy does not allow developments to prohibit qualified renters from any of the defined special needs categories. As a matter of practice, specific developments may specialize in a particular type of special needs household, but households with a different type of special need cannot be prohibited from renting a designated special needs unit.

## *General Underwriting Questions*

Q. How does MHDC look at costs and what is considered excessive?

A. MHDC reviews costs associated with amenities and materials and considers any costs beyond what is reasonably necessary to provide clean, safe, sustainable housing as excessive. In the 2014 QAP, MHDC has defined the maximum development costs as 100% of the 221 d (3) limits. These limits will be posted on the MDHC website.

Q. What does MHDC require in terms of the investor equity pay-in schedule?

A. At minimum, MHDC expects investors to pay in 10% of both federal and state LIHTC equity at closing, an additional 10% of both federal and state LIHTC equity at 50% completion, and that the amount of equity necessary to pay the loan down to the permanent amount to be provided at conversion.

Q. What should I do if the historical income or operating expenses for a property do not match the expenses submitted with a rehabilitation application?

A. Please attach a 2013 Exhibit A to the FIN 100 (this is not a preprinted form) which explains in detail why the income or expense items differ from the historical results. MHDC will review your explanations during our underwriting process.

Q. Will savings in development costs be allowed to reduce deferred developer fees?

A. MHDC recognizes each deal is different and will review financing on a case-by-case basis. As a general rule, if the cash flow of the property indicates the deferred developer fee can be reasonably repaid in four to five years, MHDC will use cost savings to reduce funding or increase reserves.

Q. Can we include investor asset management fees in operating expenses?

A. No. Asset management fees are usually defined in the limited partnership agreement as being paid out of distributable cash flow. Including them in operating expenses would distort the true debt service coverage of the property.

Q. Is an Option Agreement the only form of site control acceptable to MHDC for proposal seeking federal funding?

A. No, you can provide a Deed if you own the property prior to application submission.

Q. Does qualifying under MHDC Priority designation mean the same thing as qualifying for the “up to 30%” boost?

A. No. The Nonprofit Priority, the MBE/WBE Preference, extended compliance period and affordability @ 50% of AMI do not receive a boost.

Q. Does the general partner or co-general partner in a nonprofit set-aside designated application proposal need to be the managing general partner of the ownership entity to qualify for such designation?

A. No; however, they have to materially participate in the development and day to day affairs of the development throughout the compliance period.

Q. Is an application submitted under the Special Needs, Service-Enriched, Preservation, or MBE/WBE Priority absolved from meeting other selection criteria and successfully competing against other applications?

A. No. All applications, regardless of their designation must go through the same application process.

Q. When you review an application and calculate cost per square foot, which two numbers do you divide by? Do you use the net square feet or rentable square feet? And which construction number do you divide it by?

A. We actually use both to give us a clearer picture of the cost of the development for both living area as well as the cost of the common areas and amenities. To determine the cost per square foot, the total construction costs are divided by the net sq. ft. and the net rentable sq. ft.

If a developer has additional questions concerning underwriting or any of the required exhibits, please contact Frank Quagraine at (816) 759-7210 or by e-mail at [fquagraine@mhdc.com](mailto:fquagraine@mhdc.com).

### ***MBE and WBE Initiative***

Q. Does the MBE requirement of 10% MBE participation in both hard and soft costs and WBE requirement of 5% participation in both hard and soft costs apply to all development?

A. The participation standards apply to all properties which are greater than six units.

Q. Where do I find MBE/WBE listing and certifications? Will MHDC accept certifications from other states?

A. MHDC's website will have links to websites in Missouri that provide MBE/WBE lists and certifications. It will be up to the MBE/WBE entities to contact the certifying agencies for information on how to obtain their certification. MHDC will accept MBE/WBE certifications as part of their MBE/WBE Initiative from the State of Missouri, City of Kansas City, the City of St. Louis and St. Louis Airport Authority Certification Program. MHDC may, at its discretion, accept a certification from a certifying agency not listed here. MHDC is not a certifying agency. Various certifying agencies have reciprocal agreements with other states. Please check with your certifying agency to determine if this is the case.

Q. How do you assess the value of an investor who may be a MBE/WBE but is neither currently certified nor interested in becoming certified in the future?

A. While participation of MBE/WBEs as investors is encouraged; their involvement cannot count toward the participation standard.

Q. Are MBE/WBE utilization plans to be included in the narrative?

A. The Utilization Plan should be included as a separate narrative document under its respective tab.

Q. If a consultant is a MBE/WBE can that be counted toward the participation standards?

A. If the consultant is a MBE/WBE certified firm, the company can be counted toward the participation standards.

Q. Will MHDC disqualify applications that have MBE/WBE certifications "in-process"?

A. All certifications for MBE/WBEs performing soft costs items must be included in the initial Application. Certifications for MBE/WBE providing hard cost items must be provided no later than five days prior to the closing of the construction loan. MHDC will review on case-by-case basis certifications in process for the Participation Standard. The MBE/WBE to be utilized must have applied for certification, and have a reasonable opportunity to get approved prior to the end of the completion of the development in order to be counted for the MBE/WBE Initiative.

Q. What is the definition of a Mentor/Protégé Relationship?

A. A relationship in which an experienced or knowledgeable non MBE/WBE developer (the Mentor) provides guidance and assistance to a less experienced or less knowledgeable MBE/WBE (the Protégé) in the development of affordable housing. Such roles and functions of the MBE/WBE must be those typically performed by a developer. A Mentor/Protégé Relationship shall be designed to support, promote and develop the knowledge, skill and ability of the MBE/WBE protégé in a manner intended to assist in the growth and development of the MBE/WBE as a developer.

Q. What is the impact of the MBE/WBE Initiative on bond deals?

A. The 4% tax credit developments must follow the same MBE/WBE requirements as all other developments.

Q. What is the Schedule of Participation?

A. An Excel spreadsheet which lists all hard and soft costs associated with the development, demonstrates how the MBE/WBE Participation Standard will be achieved by listing the MBE/WBE entities proposed for the development, the category of work and the amount. The spreadsheet performs the calculations used to determine if the participation standards will be met and can be updated as necessary.

If after your review of the developers guide and the frequently asked questions concerning the MBE/WBE Initiative above you require further information or clarification, please contact Jennifer Tidwell at (816) 759-6890 or by e mail at [jtidwell@mhdc.com](mailto:jtidwell@mhdc.com).