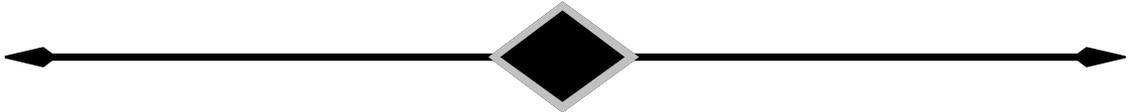


SDHDA Bond Application Form



3060 East Elizabeth Street
P.O. Box 1237 • Pierre, SD 57501-1237
(605) 773-3181 / TTY (605) 773-6107
FAX (605) 773-5154
www.sdhda.org

THIS INFORMATION IS PROVIDED AS A BRIEF OVERVIEW AND SHOULD NOT BE
CONCEIVED AS THE TOTAL APPLICATION PACKAGE FOR FINANCING.

Alternate formats of this document are available upon request. Please
write or call SDHDA at the address or phone number found on the front
cover.



I. Introduction

The South Dakota Housing Development Authority (SDHDA) was created in 1973 by the South Dakota Legislature as a body politic and corporate and an independent public instrumentality. Its purpose is to encourage the investment of private capital and to stimulate the construction and rehabilitation of residential housing to meet the needs of persons and families of low and very low income.

This is accomplished through the sale of tax-exempt revenue bonds at reduced rates of interest, thus enabling SDHDA to provide permanent financing to eligible borrowers at below-market interest rates.

SDHDA is governed by a bi-partisan Board of Commissioners, which is appointed by the Governor. The Board is responsible for establishing policies for SDHDA and approving loans for rental housing developments. SDHDA's staff is responsible for carrying out Board policy and for the administration of SDHDA programs.

II. Rental Housing Development Program

Permanent and construction financing is provided through the sale of tax-exempt or taxable revenue bonds, which are amortized over the lifetime of the mortgage loan through mortgage payments. The bonds sold by SDHDA to make its program operational represent obligations of SDHDA and not of the State of South Dakota.

The purpose of SDHDA's Rental Housing Development Program is to encourage and provide for development of quality housing for low and very low-income South Dakota families. SDHDA accomplishes this by providing sponsors of selected developments with up to 50-year mortgage loans. Sponsors obtain a commitment from SDHDA in a three-step process: Application, proposal, and commitment.

1. The Application is an outline of the basic ideas of the proposed development, i.e., identification of the sponsor and development team, the identification of the site, etc.
2. The Proposal gives the details of the proposed development, including a detailed analysis of the financial feasibility of the development.
3. The Commitment is the final step in the process. Once the sponsor submits final documentation as required by SDHDA, the Board of Commissioners may authorize a loan commitment by resolution.

III. Bond Requirements, Underwriting and Counsel

All developments for which bond financing is requested must comply with the SDCL 11-11. We draw particular attention to the SDCL 11-11-146 and 11-11-146.1, which pertains to the basic criteria necessary to comply with the requirement for a needs assessment and local governmental certification. Requests must also comply with the appropriate Internal Revenue Code Sections.

Bond financing MAY ONLY be used with one or more credit enhancements, i.e. FHA, FNMA, GNMA, and others. Developments using any or a combination of the above types of financing should contact SDHDA early in the development process in order to ascertain the fullest possible consideration of programs suitable and eligible for use.

All developments for which LIHTC have been requested, in addition to tax exempt financing, are required by Federal Law to comply with the requirements of the SDHDA Low Income Housing Tax Credit Allocation Plan.

Regardless of whether Low Income Housing Tax Credits are to be utilized, all sponsor/owners must complete an SDHDA Low Income Housing Tax Credit application package.

Bond transactions will be underwritten SDHDA's underwriting team. SDHDA's Bond counsel is Kutak Rock LLP, Omaha, Nebraska, and the Trustee is Wells Fargo Bank Minnesota, N.A., Minneapolis, Minnesota.

IV. Underwriting

Major underwriting criteria and submission of appropriate documentation, some of which is listed below, will be required.

1. Development Cost Analysis
2. Equity Requirements
3. Mortgage Amounts
4. Development Cost Escrow
5. Reserves
6. Dividends or Return on equity
7. Working Capital Escrow
8. Cost certifications
9. Architectural Submissions
10. Financial Statements

V. Mortgages will be limited to the following amounts:

1. 100% for a nonprofit sponsor/owner
2. 90% maximum for all limited and for profit developers. This amount, at SDHDA's discretion, may be reduced depending on other funding sources and fund availability.

South Dakota Housing Development Authority
Bond Financing Application

1. Applicant (Individual or Sponsor): _____

Principals (If a partnership, name of partners; If a corporation, name officers and directors):

2. Project to be Financed:

Check those which are applicable:

- | | | | |
|--------------------------|--------------------------------|--------------------------|------------------|
| <input type="checkbox"/> | Taxable | <input type="checkbox"/> | Tax Exempt |
| <input type="checkbox"/> | Acquisition and Rehabilitation | <input type="checkbox"/> | New Construction |
| <input type="checkbox"/> | Substantial Rehabilitation | | |

3. Description of Project and Location (Address):

Legal Description:

For Multifamily Projects Only

a. # of Units

Efficiencies _____ Rent _____ Sq. Ft. _____

1 Bedroom _____ Rent _____ Sq. Ft. _____

2 Bedroom _____ Rent _____ Sq. Ft. _____

3 Bedroom _____ Rent _____ Sq. Ft. _____

4 Bedroom _____ Rent _____ Sq. Ft. _____

4. Evidence of Proper Zoning (Provide date of expected zoning approval):

5. Number and Type of Temporary (i.e. construction) and Permanent jobs created:

6. How is economic base of community and state assisted (i.e. How the low and moderate income person is assisted). Describe fully and in detail, include feasibility study:

7. Proposed Effect on Taxes

Present Property Tax Base	\$ _____
Property Taxes After Completion	\$ _____
Property Tax Increase	\$ _____
Estimated Sales Taxes During Construction	\$ _____

8... Expected Date to Close Financing _____

Expected Date to Start Project _____

Expected Date to Complete Project _____

9. Estimated Project Cost (Please indicate which costs, is any, have been incurred previously by Applicant):

Land Costs (Excluding any buildings) \$ _____

Building Costs on Existing Land \$ _____

Construction or Rehabilitation Costs (Specify components or more than \$5,000):

..... \$ _____

..... \$ _____

..... \$ _____

..... \$ _____

..... \$ _____

..... \$ _____

..... \$ _____

..... \$ _____

Design (architect, engineer) \$ _____

Financing Costs \$ _____

Legal Costs \$ _____

Marketing Costs \$ _____

Administrative Costs \$ _____

Other Costs:

..... \$ _____

..... \$ _____

..... \$ _____

..... \$ _____

..... \$ _____

TOTAL CONSTRUCTION AND ADMINISTRATIVE \$ _____

TOTAL PROJECT COSTS \$ _____

10. Source and Amount of Funds for Costs:

Equity \$ _____
Grants \$ _____
Bonds issued by SDHDA \$ _____
Other (Specify) \$ _____

TOTAL..... \$ _____

11. Projected Development (SDHDA) Loan Terms:

Principal Amount: \$ _____
Interest Rate: Fixed ____ Variable ____ _____ %
Term: _____ Years
Amortization: Fixed ____ Balloon ____

12. Credit Enhancement:

FHA Mortgage Insurance Yes No
FNMA Yes No
GNMA Yes No
FHLMC Yes No
Other Assistance: Yes No

If "Yes", what type: _____

Other (if any, such as bond surety, bond insurance, collateral pledge):

13. Description of all financing involved with this development:

14. Name and Address of Participating Professionals:

PROFESSIONALS SELECTED AT A LATER DATE MUST BE APPROVED BY SDHDA

BORROWER CONTACT PERSON

COMPANY COUNSEL

Name: _____

Name: _____

Address: _____

Address: _____

Phone: _____

Phone: _____

FEE SCHEDULE

1. SDHDA Application Fee - A NONREFUNDABLE fee of 1/8 of 1% of the Bond request with a minimum of \$1,000 must be submitted with the application request.
2. State Volume CAP Set-Aside Fee - 1/8 of 1% of the bond amount requested.
3. Administration Fee - Approximately 30 basis points, depending upon the transaction, collected monthly. This includes servicing and trustee fees, among other things.
4. SDHDA Legal Counsel Fee - These will vary with issue size and complexity. A minimum of \$2,500 will be collected.
5. Applicant Bond Counsel Fee – These will vary with issue size and complexity. A minimum of \$15,000 per issue will be collected.
6. SDHDA Issuance Fee – Due at Bond closing 7/8 of 1%
7. Other Expenses – All costs of issuance including underwriting, cash flows, printing, rating, travel, public hearing, misc. Such fees to be agreed upon between developer and SDHDA prior to issuance of bonds.

The undersigned hereby certifies the following:

1. That it is understood that this is only a preliminary application and additional documentation will be required and that any additional requirements will be submitted as an amendment to the original application. Furthermore, the applicant agrees to provide all additional requirements in a timely manner, and that under penalties of perjury, all information provided is true and correct to the best of his/her knowledge;
2. That SDHDA and its employees will at all times be indemnified and held harmless against all losses, cost, damages, expenses, and liabilities of any nature directly or indirectly resulting from, arising out of or relating to SDHDA's acceptance, consideration, approval or disapproval of this request and the issuance or non-issuance of financing herewith; and
3. That any information provided which is knowingly incorrect will subject this application to immediate disqualification and forfeiture of all fees submitted.

DATE

Applicant Signature

Completed application should be forwarded to the attention of the:

Executive Director
South Dakota Housing Development Authority
PO Box 1237
Pierre, SD 57501-1237