



Application Form

April 2020



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

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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, identification of the site, basic project plans, estimated project costs and proposed financing, etc.
2. The Proposal outlines the details of the proposed development, including a detailed analysis of the financial feasibility of the development and requires submittal of a complete application.
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 and with Internal Revenue Code Sections 142; 42; 1.42 and other areas of the code as appropriate.

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 Low Income Housing Tax Credit (LIHTC) have been requested, in addition to tax exempt financing, are required by Federal Law to comply with the requirements of the SDHDA LIHTC Qualified Allocation Plan (QAP).

Regardless of whether LIHTCs are to be utilized, all sponsor/owners must complete an SDHDA LIHTC/HOME application package.

Bond transactions will be underwritten by 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.

VI. SDHDA BOND FINANCING APPLICATION

1. Project name: _____
Site Address: _____
City: _____ County: _____ Zip: _____

2. Applicant: _____
Mailing Address: _____
City: _____ State: _____ Zip: _____
Contact Person: _____
Phone: _____ E-mail: _____
Capacity of Applicant: ___ Owner; ___ Developer; ___ Sponsor; ___ General Partner; ___ Managing Member; ___ Other (specify) _____

3. Contact person during the application process:
Name: _____
Company: _____
Phone: _____ E-mail: _____

4. Ownership entity (if known): _____
Owner Federal ID No: _____ Duns No: _____
Mailing Address: _____
City: _____ State: _____ Zip: _____
Contact Person: _____
Phone No: _____ E-mail: _____
Nonprofit status of owner: ___ Not Applicable; ___ 501(c)(3); ___ 501(c)(4); ___ 501(a)

5. Description of Project:

6. Legal Description:

7. Evidence of Proper Zoning:

10. Project income:

Total NET monthly tenant paid rent for all units: \$ _____
Miscellaneous monthly income from all other: \$ _____
Total monthly income: \$ _____
Total annual income: \$ _____

11. Project Expenses:

Administrative Expenses: \$ _____
Maintenance Expenses: \$ _____
Operating Expenses: \$ _____
Fixed Expenses: \$ _____
Total Operating Expenses: \$ _____
Replacement Reserves (\$400 per unit/year) \$ _____
Total Annual Expenses: \$ _____

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

Land Costs (Excluding any buildings) \$ _____
Building(s) Cost \$ _____
Site Improvements \$ _____
Roads, Driveways Walks..... \$ _____
Landscaping..... \$ _____
New construction or Rehabilitation..... \$ _____
General requirements, Profit, Overhead..... \$ _____
Building fees and permits..... \$ _____
Appliances..... \$ _____
Excise Taxes..... \$ _____
Other..... \$ _____
Construction Contingency..... \$ _____
Architect..... \$ _____
Engineer..... \$ _____

Financing Costs	\$ _____
Legal Costs	\$ _____
Marketing Costs	\$ _____
Appraisal, market study, environmentals.....	\$ _____
Syndication.....	\$ _____
Developer Fees	\$ _____
Administrative Costs – (accounting, other)	\$ _____
Project Reserves.....	\$ _____
Other Costs:	
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL PROJECT COSTS	\$ _____

13. Number and type of temporary (i.e. construction) and permanent jobs created:

14. 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:

15. Proposed Effect on Taxes

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

16. Source and Amount of Funds for Costs:

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

17. Projected Development (SDHDA) Loan Terms:

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

18. 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):

19. Description of all financing involved with this development:

20. Expected Date to Close Financing _____

Expected Date to Start Project _____

Expected Date to Complete Project _____

21. Name and Address of Participating Professionals:

PROFESSIONALS SELECTED AT A LATER DATE MUST BE APPROVED BY SDHDA

BORROWER CONTACT PERSON

LEGAL COUNSEL

Name: _____

Name: _____

Address: _____

Address: _____

Phone: _____

Phone: _____

E-mail: _____

E-mail: _____

VII. FEE SCHEDULE

1. Pre-Application Fee - A nonrefundable fee of \$1,000 to be submitted with basic Bond Application form.
2. Application - A nonrefundable fee of 1/8 of 1% of the Bond amount requested (minimum of \$1,000). Submitted with a full or complete application package (HTC/HOME Application) if the pre-application is approved by the SDHDA Board of Commissioners through the issuance of an Inducement Resolution. The \$750 housing tax credit application fee is not required if tax credits are requested with the tax-exempt bond.
3. Issuance Fee - 7/8 of 1% of the bond amount (paid at closing)
4. State Volume CAP Set-Aside Fee - 1/8 of 1% of the bond amount requested (paid at closing).
5. Administrative Fee - This includes SDHDA servicing fees, on-going trustee fees and other fees. The first-year fee is paid up front at closing.
 - Long Term Bond (over 36 months): 30 basis points paid at closing and 30 basis points per year on outstanding balance, paid on the first day of each successive year.
 - Short Term Bond (36 months or less): 50 basis points paid at closing and 30 basis points per year on outstanding balance, paid on the first day of each successive year.
 - If SDHDA trustee is utilized, successive payments may be made on a monthly basis.

6. SDHDA Legal Counsel Fee - These will vary with issue size and complexity. A minimum of \$3,500 will be collected.
7. Applicant Bond Counsel Fee - These will vary with issue size and complexity. A minimum of \$15,000 per issue will be collected.
8. Other Expenses - All costs of issuance including but not limited to: initial trustee fee, arbitrage calculation, rebate calculation, underwriting, cash flows, printing, rating, travel, public hearing, and other miscellaneous costs. Such fees to be agreed upon between developer and SDHDA prior to issuance of bonds.
9. If housing tax credits are allocated with the bond financing, a final allocation fee of 10% of the tax credits allocated via IRS form(s) 8609 will be collected at the time of the final cost certification.

The undersigned hereby certifies the following:

1. Applicant understands 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 under penalties of perjury, all information provided is true and correct to the best of his/her knowledge;
2. 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. Any information provided which is knowingly incorrect will subject this application to immediate disqualification and forfeiture of all fees submitted.

DATE

APPLICANT SIGNATURE

PRINTED NAME

COMPANY

Completed application should be forwarded to the attention of:

Rental Housing Development
 South Dakota Housing Development Authority
 3060 East Elizabeth Street
 PO Box 1237
 Pierre, SD 57501-1237