



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 Capitol Mall, Room 311
Sacramento, CA 95814
p (916) 653-3255
f (916) 653-6827
cdlac@treasurer.ca.gov
www.treasurer.ca.gov/cdlac

MEMBERS

JOHN CHIANG, CHAIRMAN
State Treasurer

EDMUND G. BROWN JR.
Governor

BETTY YEE
State Controller

EXECUTIVE DIRECTOR
Jeree Glasser-Hedrick

FOR CDLAC USE ONLY
Application No. \_\_\_\_\_
Analyst: \_\_\_\_\_

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

APPLICATION FOR AN ALLOCATION OF THE STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A HOME IMPROVEMENT AND REHABILITATION MORTGAGE REVENUE BOND PROGRAM

ISSUER (Applicant): \_\_\_\_\_

The Applicant hereby makes Application to the California Debt Limit Allocation Committee ("CDLAC" or "Committee") for the purpose of providing a home improvement and rehabilitation mortgage revenue bond program as described herein.

The Applicant agrees it is our responsibility to provide the Committee with one original and one duplicate copy of the complete Application, accompanied by a check made payable to the Committee in the amount of \$600,1200 and a completed Performance Deposit Certification form. We understand that succinct answers providing the requested information are required and if additional space is required, each additional page will be clearly labeled. The Applicant agrees that it is also our responsibility to provide all other information that is deemed by the Committee to be necessary to evaluate the Application. The Applicant understands that the Committee may verify the information provided and analyze materials submitted as well as conduct its own investigation to evaluate the Application. The Applicant recognizes that it has a duty to inform the Committee when any information in the Application or supplemental materials is no longer true and to supply the Committee with accurate information.

The Applicant represents that it has read all Government Code sections relevant to the CDLAC Regulations Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds ("Regulations"). The Applicant acknowledges that the Committee recommends that the Applicant seek advice from tax counsel.

The Applicant acknowledges that all materials and requirements are subject to change by enactment of federal or state legislation.

In carrying out the development and operation of the proposed program, the Applicant agrees to comply with all applicable federal and state laws regarding unlawful discrimination and will abide by all Committee program requirements.

The Applicant acknowledges that the Application will be evaluated based on federal and state statutes and regulations pertaining to Qualified Private Activity Bonds for existing mortgage revenue bond programs and the Regulations, which identify the minimum requirements, evaluation criteria, priorities and other standards which will be employed to evaluate Applications.

The Applicant acknowledges that the information submitted to the Committee in this Application or supplemental thereto may be subject to the Public Records Act or other disclosure. The Applicant understands that the Committee may make such information public. The Committee will maintain as confidential, certain financial information, but cannot guarantee confidentiality.

The Applicant declares under penalty of perjury that the information contained in the Application, exhibits, attachments, and any further or supplemental documentation is true and correct to the best of its knowledge and belief. The Applicant understands that misrepresentation may result in the cancellation of an Allocation, and other actions which the Committee is authorized to take.

The Applicant agrees to hold the Committee, its members, officers, agents, and employees harmless from any matters arising out of or related to the awarded Allocation.

The Applicant certifies that it is in compliance with all applicable statutes, laws, rules, and regulations necessary for the transaction of its business.

The Applicant acknowledges that all Application materials are to be delivered to the address below, **by 4:00 p.m.** on the appropriate date at the following address:

The California Debt Limit Allocation Committee  
915 Capitol Mall, Room 311  
Sacramento, CA 95814

\_\_\_\_\_  
Signature of Applicant's Senior Official

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

Date \_\_\_\_\_

Additional information may be obtained by accessing the Committee's web site at <http://www.treasurer.ca.gov/cdlac> or by calling the Committee at (916) 653-3255.

The California Debt Limit Allocation Committee complies with the Americans with Disabilities Act (ADA) by ensuring that the facilities are accessible to persons with disabilities, and providing this notice and information given to the members of the California Debt Limit Allocation Committee in appropriate alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact the California Debt Limit Allocation Committee at (916) 653-3255 or TDD (916) 654-9922.

# THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

## APPLICATION FOR AN ALLOCATION OF THE STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A HOME IMPROVEMENT AND REHABILITATION MORTGAGE REVENUE BOND PROGRAM

All references to federal statute are cited for information only. Bond Counsel must be consulted as the requirements are subject to change.

### PART I – FINANCING TEAM INFORMATION

1. Name of Applicant (**Entity Converting Bonds**):

Mailing Address:  
City, State, Zip Code:

Federal Identification No.:

*For mailing of official documents:*

Name of Senior Official: Telephone #: (     ) )  
Title of Senior Official: Fax #: (     ) )  
E-mail:

*For questions concerning application:*

Name of Contact Person: Telephone #: (     ) )  
Title of Contact Person: Fax #: (     ) )  
Mailing Address: E-mail:  
City, State, Zip Code:

2. Name of Bond Counsel Firm:

Name of Attorney: Telephone #: (     ) )  
Mailing Address: Fax #: (     ) )  
City, State, Zip Code: E-mail:

3. Name of Bond Underwriter Firm:

Name of Agent: Telephone #: (     ) )  
Mailing Address: Fax #: (     ) )  
City, State, Zip Code: E-mail:

4. Name of Financial Advisor Firm:

Name of Agent: Telephone #: (     ) )  
Mailing Address: Fax #: (     ) )  
City, State, Zip Code: E-mail:

5. Name of Credit Enhancement Provider (if applicable):

Name of Agent: Telephone #: (     ) )  
Mailing Address: Fax #: (     ) )  
City, State, Zip Code: E-mail:

## PART II – ALLOCATION/BOND ISSUE INFORMATION

1. Amount of allocation requested: \$
2. Proposed date of bond issuance:
3. Issuer's adopted resolution(s) approving the Program and authorizing application to the Committee. The resolution should specify the maximum allocation amount that can be requested. (Section 5033(b)(4) of CDLAC Regulations). (**Attachment A**)
4. Date of TEFRA approval:

Submit proof of TEFRA (public approval process required by Title 26 U.S.C. Section 147(f)). (See Section 5033(b)(5) of the CDLAC Regulations). (**Attachment B**)

5. Indicate whether bonds will be sold in a public offering or in a private placement:

Indicate whether bonds will be variable or fixed rate:

If bonds carry a variable rate:

- A. Identify the index:
  - B. How frequently will be bonds be re-marketed and by whom?
  - C. Is there is a feature to allow a conversion to a fixed rate at some time in the future? If so, under what conditions and when?
6. Briefly describe the bond sale structure (Include, at a minimum, the amount, closing deadlines, security/collateral provided, guaranties, anticipated closing date, etc.)

Provide the credit enhancement commitment or commitment to purchase privately placed bonds. (See Article 6 of Chapter 1 of the CDLAC Regulations) (Attachment C, if more than one commitment, label Attachments in sequential order as C-1, C-2, etc.)

7. Anticipated bond rating (see Article 6 of Chapter 1 of the CDLAC Regulations):

	<u>Rating</u>	<u>Date Rating Anticipated</u>
Fitch		
Moody's		
Standard & Poor's		
Other		

8. Indicate the amount of taxable bonds and other taxable securities that will be issued in conjunction with the proposed tax-exempt bonds: \$

9. Indicate whether this is a single or a multiple jurisdiction Program:

If a multiple jurisdictional Program, provide a list of the participating jurisdictions in which bond proceeds will be used to finance loans. (see Section 5031(b) of the CDLAC Regulations). (**Attachment D**)

10. For each type of loan (Qualified Home Improvement Loan and Qualified Rehabilitation Loan, as defined in Section 5342 of the CDLAC Regulations), indicate the number of units expected to be financed and the average mortgage amount:

Loan Type	Number of Units	Percentage of Total	Average Loan Amount
Home Improvement		0%	
Rehabilitation		0%	
TOTALS	0	0%	

Indicate if the numbers indicated above are estimates or program requirements imposed by the Issuer:

Estimates: \_\_\_\_\_

Program Requirements: \_\_\_\_\_

## PART III – PROGRAM INFORMATION

### 1. Proposed Program Description

Provide a narrative of the proposed Program that, at a minimum, includes a description of all of the following (**Attachment E**):

- A. The population to be served (e. g. family size and income levels of the expected participant households).
- B. The housing stock expected to be improved or rehabilitated (e.g. house types (detached, condominium, etc.), units sizes (square footage, bedroom/bath sizes, etc.), and home improvement or rehabilitation cost.
- C. Any reservation(s) of bond proceeds for specific purposes that target lower household incomes, specific loan types, certain census tracts or neighborhoods, or specific segments of the population. If the program is a “forward commitment program”, include a description of how the program manages the bond allocation during the loan origination process to ensure all bond proceeds are used.
- D. The length of time that the proposed bond proceeds are expected to be available to fund mortgages and the anticipated monthly issuance rate of loan originations over the expected term. Include an explanation of the basis for the anticipated origination rate and a description of the factors that could positively or negatively influence this rate.
- E. The Program’s loan interest rates (annual percentage rate) and fees charged to borrowers.
- F. Other rebate and incentive programs offered to program participants directly in conjunction with the proposed Program.
- G. Any program requirements (contractor certification requirements, installed or allowable measure requirements, cost-effectiveness metrics, etc.)
- H. The Program’s marketing plan.
- I. The Program’s loan qualification plan specifying how appropriate program uses and household eligibility will be confirmed.
- J. The Program’s compliance monitoring plan specifying how the Issuer will ensure quality workmanship, ensure completion of work as per the scope of work, and verify contractor experience.
- K. If applicable, the program’s history (the loan types offered, category usage, etc.)
- L. Any special features unique to the proposed Program.

### 2. Program Pipeline and Historical Loan Information

Provide the following demand/supply information:

A. Total number of loan requests currently in the Applicant’s pipeline:	
B. Average estimated loan request amount for home improvement loans currently in the pipeline:	
C. Average estimated loan request amount for rehabilitation loans currently in the pipeline:	
D. Number of home improvement loans provided in program jurisdiction within the past 12 months:	
E. Number of rehabilitation loans provided in program jurisdiction within the past 12 months:	
F. Total number of home improvement and rehabilitation loans provided in program jurisdiction within the past 12 months:	
G. Average loan amount for home improvement loans in program jurisdiction within the past 12 months:	
H. Average loan amount for rehabilitation loans in program jurisdiction within the past 12 months:	

Additional information may be provided to explain the number of loans anticipated to be originated and the types of qualified loans expected to be available for use with the bond proceeds. (**Attachment F**)

**3. Qualifying Loan Programs and Lenders**

Provide contact information for participating lenders and term sheets for qualifying loans. **(Attachment G)**

Are lenders **required** to consider the value of the loan when qualifying potential borrowers for a home improvement or rehabilitation loan (Check one)?            Yes            No

If “NO”, explain:

**4. IRS-designated Target Areas**

Does the jurisdiction(s) include IRS-designated target areas (Check one)?            Yes            No

If **YES**, indicate the percentage of bond proceeds reserved for target areas:            %

**5. Maximum Loan Amounts**

The purpose of this section is to establish maximum loan amounts per the United States Internal Revenue Code (IRC). Issuers may institute lower program limits as desired but must adhere to the loan limits outlined in Internal Revenue Code Section 143(e). **(NOTE:** Loan limits are referred to as “purchase price requirements” in statute). Under statute, the maximum loan amount for a Qualified Home Improvement Loan is \$15,000. The maximum loan amount for a Qualified Rehabilitation Loan is equal to 90% (or 110% in target areas) of the Average Area Median Purchase Price over the past 12 months. Refer to statute for more information.

Input the Average Area Purchase Price in the chart below:

Average Area Purchase Price*	Non-Target Area Maximum Loan Amount	Target Area Maximum Loan Amount
	\$0	\$0

\*This is established by (check one of the following options):

A special survey conducted within the past 12 months. A copy of the survey along with tax counsel confirmation that the survey methodology complies with federal law must be provided. **(Attachment H)**

IRS safe harbor limitations.

**6. Maximum Income Limitations**

The purpose of this section is to establish maximum income limits per the IRC. Issuers may institute lower program limits as desired but must adhere to the income requirements outlined in Internal Revenue Code Section 143(f). Under statute, the household income for participants cannot exceed 115% (or 140% for target areas) of the Area Median Income. Refer to statute for more information.

Input the Area Median Income in the chart below:

Area Median Income*	Household Size	Non-Target Area Maximum Income	Target Area Maximum Income
	1-2 persons	\$0	\$0
	3+ persons	\$0	\$0

\*This is established by (check one of the following options):

Local median income as determined by a special survey conducted within the past 12 months. A copy of the survey along with tax counsel confirmation that the survey methodology complies with federal law must be provided. (**Attachment I**)

HUD Statewide Median Income

HUD County Median Income (High Cost Areas may use current county **Very Low (50%) Income Limits** for 4 Person households multiplied by 2.)

## PART IV – MINIMUM REQUIREMENTS

**Applicants are advised to read Sections 5344 and 5345 of the Committee’s Regulations regarding the Home Improvement and Rehabilitation Program when answering the following questions.**

The Applicant must certify to meeting the following minimum requirements of Section 5344(a) and (b) of the CDLAC Regulations: **(Attachment J)**

- A. A minimum of **twenty percent (20%)** of the participants in the Single Family Housing Program will be households:
  - i. Earning eighty percent (80%) or less of the Applicable Median Family Income of the area in which the program is located; **or**
  - ii. Located in a Qualified Census Tract.
- B. Demonstrate that all proceeds from a bond issuance in the calendar year three years prior to the current year (other than amounts that are insufficient to fund one MRB loan):
  - i. Have been used to finance loans, or;
  - ii. Have been refunded on either a short or long term basis so as to be available to finance loans;
- C. Certify that any remaining bond proceeds from an Allocation up to two (2) calendar years prior to the current year will be used either: **(Attachment K)**
  - i. Before the use of new Allocation and/or;
  - ii. In conjunction with new Allocation in satisfying federal requirements (42-month rule) for such funds. **Attachment L** (described in PART V – EVALUATION CRITERIA) will be used to verify that the minimum requirements specified in 1 (A) and 1(B) have been met.

An Applicant may request an exemption to the minimum requirements specified in items B. and C. above (Section 5345) of the CDLAC Regulations. To be considered for an exemption, provide documentation of the programmatic or economic reasons why the minimum requirements specified in Section 5344(b) cannot be met. **Note:** The minimum requirement outlined in Section 5344(a) cannot be waived. **Attachment K-1** must sufficiently demonstrate the Applicant’s need to use new Allocation when unused bond proceeds remains (other than amounts that are insufficient to fund one loan) from prior years. **(Attachment K-1)**

## PART V – EVALUATION CRITERIA

**Applicants are advised to read Sections 5346 and 5347 of the Committee’s Regulations regarding Home Improvement and Rehabilitation Program when answering the following questions.**

### 1. Past Program Performance

Programs will be evaluated based on the percentage of the previous year’s allocation used. Provide the information requested below *and* provide evidence documenting the Program’s performance over the past three years. Applicants must demonstrate that Mortgage Revenue Bond Program Allocation from the past year has been used to issue Mortgage Revenue bonds. (**Attachment L**)

Input the total allocation awarded in the previous calendar year and the total allocation used in the previous calendar year in the chart below.

a. Total allocation awarded in the previous calendar year:	
b. Total allocation used in the previous calendar year:	
c. Percentage of previous year’s allocation used (a/b):	0%

### 1. Potential Public Benefit Calculations

Programs will be further evaluated and ranked on how effectively they will achieve the following three program goals relative to their competitor’s performance: (1) Serving the maximum number of households in Qualified Census Tracts; (2) Ensuring the lowest interest rates to borrowers; and (3) Serving the maximum number of households with the allocation. In the event of a tie, applications demonstrating the greatest public benefit will receive the allocation.

*Attachment L* must support the information provided below.

a. Percentage in Qualified Census Tract:		%
b. Average Loan Interest Rate:		%
c. Average Loan Amount:		%
<b>Public Benefit Score:</b>	<b>0</b>	

## PART VI – PERFORMANCE EVALUATION MONITORING

Applicants are advised to read Section 5348 of the Committee’s Regulations regarding Home Improvement and Rehabilitation Program when answering the following questions.

### 1. Program Performance Monitoring

Applicants will be required to track the information identified in the *Exhibits 1 and 2* attached to this form and report that information to the Committee *by March 1 of each calendar year*.

## EXISTING MRB APPLICATION DOCUMENTS CHECKLIST

**This checklist is provided to ensure that a completed application package is filed with the Committee. If an attachment does not apply, please write N/A in the space provided.**

Check Box	Document Description	Attachment Name
	\$ <del>600</del> 1200 initial filing fee. (See Section 5054(a) of CDLAC Regulations.)	N/A
	Signed Performance Deposit Certification (See Section 5050 of CDLAC Regulations.)	N/A
	Evidence of Performance Deposit	N/A
	Completed and signed Application with copy. <b>Copy shall be bound in a three ring binder with all attachments labeled.*</b>	N/A
	Issuer's Adopted Resolution(s) authorizing Program & CDLAC Application (See Section 5033(b)(4) of CDLAC Regulations.)	A
	Proof of TEFRA (public approval process required by 26 U.S.C. Section 147(f)).	B
	Commitment(s) for credit enhancement or private placement bond purchase. (See Article 6 of Chapter 1 of CDLAC Regulations.)	C
	List of participating jurisdictions	D
	Program description narrative	E
	Program Pipeline Information	F
	List of participating lenders and loan term sheets (See Section 5031(b) of CDLAC Regulations)	G
	Special Survey regarding average area purchase prices with certification, if applicable (Section 143(e) of the Internal Revenue Code)	H
	Special Survey regarding area median income with certification, if applicable (Section 143(f) of the Internal Revenue Code)	I
	Certification regarding commitment to meet 20% requirement (Section 5344(a) of CDLAC Regulations)	J
	Certification regarding use of prior year allocation (Section 5344(b) of the CDLAC Regulations)	K
	Evidence of undue hardship/financial burden re: Minimum Requirements, if applicable (Section 5345 of the CDLAC Regulations)	K-1
	Evidence of Past Program Performance (Section 5346 of the CDLAC Regulations)	L
	Required Tracking Information (Section 5348 of the CDLAC Regulations)	EXHIBIT 1
	Report on Public Benefit (Section 5348 of the CDLAC Regulations)	EXHIBIT 2
	*Any subsequent mailings of additional application materials should be in <u>duplicate.</u> ]	



1. Each Applicant for a Qualified Private Activity Bond Allocation must submit evidence to the Committee that it has on deposit in an account in a financial institution an amount **equal to one half of one percent** of the amount of Qualified Private Activity Bond Allocation being requested, **not to exceed \$100,000**. Applicants are advised to read Article 5 of Chapter 1 of the Committee's Regulations.
2. The Performance Deposit Certification Form (see other side) must be filed with the Committee in conjunction with the filing of an Application and by the Application Deadline.
3. The Committee will authorize release or require forfeiture of the deposit as follows:
  - a. If the Committee provides no Allocation, or grants an amount lower than requested by the Applicant, the Committee will authorize release of the deposit or release of a pro rata amount of the deposit so that only one-half of one percent (0.5%) of the Allocation granted is on deposit:
  - b. If the Applicant uses only a portion of the Allocation granted to issue bonds (or convert the Allocation to mortgage credit certificate authority), the Committee will authorize the release of the deposit in accordance with the conditions imposed at the time of Allocation. The Committee will approve the Allocation with the deposit fully refundable if 80% or more of the Allocation is used to issue bonds prior to the expiration date. If less than 80% of the Allocation is used to issue bonds prior to the expiration date, the refundable performance deposit will be pro-rated. For Mortgage Credit Certificate Programs, if 80% or more of the Allocation is converted to mortgage credit certificate authority and at least one mortgage credit certificate is issued prior to the expiration date, the performance deposit will be refunded in full. If less than 80% of the Allocation is converted to mortgage credit certificate authority and at least one mortgage credit certificate is issued prior to the expiration date, the refundable performance deposit will be pro-rated.
  - c. If the Applicant does not use any of the Allocation to issue bonds prior to the expiration date (or convert the Allocation to mortgage credit certificate authority and issue at least one mortgage credit certificate prior to the expiration date), the entire deposit will be forfeited; and
  - d. If the Applicant or the Project Sponsor withdraws the Application in writing prior to the Committee's consideration of the Application, the performance deposit shall be automatically released and no written authorization from the Committee shall be necessary.
4. If the Applicant forfeits all or a part of a deposit pursuant to Article 5 of Chapter 1 of the Committee's Regulations, the Applicant shall send the required amount to the Committee in a check made payable to "The California Debt Limit Allocation Committee". Amounts received will be deposited in the Committee's Fund.
5. Project Sponsors bear the risk of forfeiting all or part of their performance deposit if the Allocation is not used in accordance with the conditions and timeframes set forth in the Committee Resolution.

## ATTACHMENT L

1. In the table below, provide the information requested relating to three previous years of allocation awards.

Year	Amount of Allocation Awarded	Amount of Allocation Used	Number of Loans Originated	Outstanding Bond Proceeds
				\$0
				\$0
				\$0

Explain the reason for any outstanding bond proceeds, the federal expiration date for using the bond proceeds, and the plan for expending the bond proceeds prior to the expiration date or reasons for not expending the bond proceeds prior to the federal expiration date.

2. In the tables below, provide the information requested relating to program performance in the three previous three years (regardless of which year allocation was awarded).

Year	Total Number of Households Assisted	Number of Households Assisted in Qualified Census Tracts	Percent (%) of Households Assisted in Qualified Census Tracts
			0%
			0%
			0%

Year	Total Number of Rehabilitation Loans	Average Rehabilitation Loan Amount	Range of Rehabilitation Loan Amounts (Lowest-Highest)

Year	Total Number of Home Improvement Loans	Average Home Improvement Loan Amount	Range of Home Improvement Loan Amounts (Lowest-Highest)

## EXHIBIT 1

### **MRB-FUNDED LOAN INFORMATION**

Issuers of Mortgage Revenue Bonds shall collect the following information for individual mortgage revenue bond recipients and report such data to CDLAC *by March 1 of each year*. The Committee's staff will consider the information as part of its evaluation of future Applications for Allocation of the State Ceiling.

1. Date of (month/year) loan origination:
2. Household size (number of persons in the household):
3. Household income (total household income used for qualification):
4. Census tract:
5. Loan Type: Qualified Home Improvement                      Qualified Rehabilitation
6. Total loan value: \$
7. Total rebates and other incentives used: \$
8. Loan interest rate (annual percentage rate):
9. Loan Term (in months):
10. Year of MRB allocation:
11. Ethnicity of purchaser:

**REPORT ON PUBLIC BENEFIT**

Issuers of Mortgage Revenue Bond Programs shall collect the following information for the Program and report such data to CDLAC *by March 1 of each calendar year*. The Committee’s staff will consider the information as part of its evaluation of future Applications for Allocation of the State Ceiling.

**Benefit to Households:**

1. Percentage of previous year’s allocation used (only applicable after first allocation): %
2. Number of households served:
3. Average household income: \$
4. Average loan interest rate (annual percentage rate) for the borrower: %
5. Total federal, state, local or private funds leveraged funds to provide additional assistance to household:

**Benefit to Local Economy:**

1. Number of previous year’s loan originations in QCT areas:
2. Percentage of previous allocation awarded in QCT areas. (Must be at least 20%): %
3. Jurisdiction’s economic need/social indicators (Multi-jurisdictional applicants shall use an average of all participating jurisdictions.):
  - a. Unemployment Rate: %
  - b. Poverty Rate: %
  - c. Average Age of Home: %
4. Was the program aligned with job training or employment programs? Yes No  
If “YES,” list and describe programs.
5. Provide the estimated number of jobs created by the program:
6. Provide the estimated number of code violations, abandoned, and dilapidated properties improved:

**Benefit to Environment:**

1. Estimated reduction in energy usage (in kilowatts hours): KWh
2. Estimated reduction in greenhouse gas emissions (in metric tons): MT
3. Estimated reduction in water usage (in gallons): gal
4. Do you have a material recycling or landfill aversion program? Yes No  
If “YES,” list and describe programs.