

**DELAWARE STATE HOUSING AUTHORITY
HOUSING DEVELOPMENT FUND
PRE-DEVELOPMENT LOANS**

PURPOSE

These loans provide nonprofit sponsors with money for initial project organizational expenses and pre-development costs that may have to be incurred in the process of obtaining a funding award from the U. S. Department of Housing and Urban Development or other construction/permanent financing sources.

It is expected that these loans will be repaid when other financing is obtained. However, if there is an outstanding amount that cannot be repaid, the sponsor may request the balance to be deferred or forgiven by the Council on Housing. The funds for a pre-development loan originate through the State's Housing Development Fund.

To the extent pre-development loans are funded by the U. S. Department of Housing and Urban Development's HOME Program, they must be repaid from construction loan proceeds or other project income. However, Delaware State Housing Authority may waive repayment of the loan, in whole or part, if there are impediments to project development that are determined to be reasonably beyond the control of the borrower.

CRITERIA FOR PRE-DEVELOPMENT LOAN APPLICANTS

- Organizational and financial capacity to meet its operating expenses and to provide for unforeseen occurrences.
- Previous experience in housing for families of low and moderate income.
- Continuity of an organizational structure.
- Desire to provide housing for persons of low and moderate income and continued involvement with the project throughout the term of the mortgage loan.
- Significant involvement in the community where the development is located.
- Support for the housing development by the organization's membership.
- Expertise within the nonprofit entity and staff availability to assist in the successful planning, constructing, marketing, and managing of the project.

9/1/06

To improve the overall viability of a project, DSHA may suggest that a nonprofit sponsor joint venture the development with another acceptable entity. This request will be made if the project has merit but the sponsoring nonprofit entity lacks experience in one or more of the areas needed to maintain the long-term viability of the project.

USES OF PRE-DEVELOPMENT LOANS

Property Acquisition

- Option or Downpayment
- Appraisal Fees
- Non-HDF Loan Application Fees

Legal & Organizational

- Attorney Fees
- Consultant

Architectural & Engineering

- Preliminary Design
- Surveys
- Test Borings
- Environmental Audit
- Wetland Study
- Feasibility Study

Marketing

- Marketing Study

Please complete the following application form. Feel free to provide any additional information as an attachment. Sponsors should be prepared to provide the Authority copies of its three most recent annual financial statements.

There will be a non-refundable \$500 pre-development loan application fee. Should the Authority be asked to participate in construction/permanent financing, the standard Housing Development Fund (HDF) fee will be requested upon submission of a HDF application and the pre-development application fee will be credited toward the standard fee. Approval of a pre-development loan shall not be construed as a commitment or an implication for subsequent funding approvals. Loan will be secured by a promissory note or other acceptable security.

All questions concerning this application process, and completed applications, should be directed to:

Jerry W. Jones
Housing Finance/Development Administrator
Delaware State Housing Authority
18 The Green
Dover, Delaware 19901
PH: (302) 739-4263
FAX: (302) 739-1118
E-MAIL: jerry@destatehousing.com

APPLICATION FORM
HOUSING DEVELOPMENT FUND
 Delaware State Housing Authority
 Pre-Development Loans

This application is designed to be sufficiently comprehensive and precise to address all information necessary for a responsible funding decision for a pre-development loan. However, the Delaware State Housing Authority and the Council on Housing reserve the right to ask for additional information during the review process, should it be deemed necessary.

I. APPLICANT INFORMATION

Name of Proposed Project_____

Site Location_____

Sponsor_____

 Address_____

Contact Person_____ Phone No._____

The sponsor expects to obtain permanent financing for this proposed housing development as follows:

_____ HUD Section 811 _____ DSHA HDF _____ DCIC

_____ HUD Section 202 _____ Other _____

 Type of Organization: (please check)

_____ Nonprofit _____ Local Government _____ Joint Venture

II. PROJECT INFORMATION

	<u>Pre-Construction Development</u>	<u>Additional Cost Of Fee Through Completion Of Development</u>	<u>Total</u>
Property Acquisition			
Option	\$ _____	\$ _____	\$ _____
Downpayment	\$ _____	\$ _____	\$ _____
Appraisal Fees	\$ _____	\$ _____	\$ _____

Legal & Organizational

Attorney	\$ _____	\$ _____	\$ _____
Loan Consultant	\$ _____	\$ _____	\$ _____
Other	\$ _____	\$ _____	\$ _____

Architectural & Engineering

Preliminary Design	\$ _____	\$ _____	\$ _____
Surveys	\$ _____	\$ _____	\$ _____
Test Borings	\$ _____	\$ _____	\$ _____
Environmental Audit	\$ _____	\$ _____	\$ _____
Wetland Study	\$ _____	\$ _____	\$ _____

Marketing

Market Study	\$ _____	\$ _____	\$ _____
Other	\$ _____	\$ _____	\$ _____

Other

_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
Total	\$ _____	\$ _____	\$ _____

Less:

Sponsor Contribution (\$ _____)
(if applicable)

LOAN REQUESTED \$ _____

Type of project (rental, housing sales, group home, transitional housing, etc.):

Target groups being served (income, geographic area, other, as appropriate):

Other information that would benefit application:

III. DESCRIPTION OF ORGANIZATION

Past experience with housing projects: (EXHIBIT A)

Background/experience of board officers/staff: (EXHIBIT B)

Resolution of applicant's governing body approving request for loan (attach as EXHIBIT C).

Legal status (attach articles of incorporation, bylaws, IRS tax-exempt status, if applicable): (EXHIBIT D)

Affiliations: (EXHIBIT E)

Briefly explain the need for this project (attach supporting data, market study, survey, etc.) (EXHIBIT F)

Letters of support (local government, community associations, service providers, attach as EXHIBIT G)

Timetable (start dates):

Acquisition: _____
Operations: _____

Construction: _____

Financial Information:

Cost of land/building acquisition: _____

Anticipated construction costs - source and status of commitment:

▶ Hard costs: _____

▶ Soft costs: _____

Anticipated permanent financing - source and status of commitment:

Projected income and expenses (attach first year's operating budget).
(EXHIBIT H)

Requested terms of loan:

_____ Deferred _____ Amortizing

Explain reasons for requested type of loan:

Other sources of financing for this project (status of applications, if applicable):

IV. QUALIFICATIONS OF SPONSOR

- Has the Sponsor previously participated in any housing programs of the Federal Housing Administration or any other governmental agency?
 _____ Yes _____ No If the answer is "Yes", indicate agency involved, name, size, type and location of development, present mortgage status (current, default, payment deferred, etc.), and other details:

2. Has the sponsor ever been debarred or declared ineligible to participate in any federally sponsored program or other government program?
_____Yes _____No If the answer is "Yes", please explain:

3. List other real estate enterprises in which the Sponsor participated, including names, location, size, type, present mortgage status (current, default, payment deferred, etc.), type of financing, and role of Sponsor.

4. List current real estate enterprises of the Sponsor including location, type of development (for-sale, rental, rental special populations). If under construction, list estimated total development cost, estimated completion date, and role of Sponsor.

5. List non-real estate enterprises or programs in which Sponsor participated or is participating, including name of enterprise, Sponsor's role, clientele served, source and amount of financing, and administrative method employed.

6. Has the Sponsor employed a Housing Consultant, Loan Consultant, Mortgage Banker, Project Planner, or other party to assist in planning, financing, or otherwise developing the proposed project? Name and describe the responsibilities of each consultant engaged. (If none, so state)

7. Describe in detail how the project will be managed.

8. Describe anticipated marketing plan.

If Sponsor proposes to contract for management or marketing services and firms have been selected, attach resumés, detailed experience history of firms, and all other pertinent information.

Attachments: Resumé for each Development Consultant (EXHIBIT I)
Resumé for each Management or Marketing Coordinator (EXHIBIT I)

Application is hereby made by the undersigned for an interest-free pre-development loan, in the amount and for the purposes stated above, for use in connection with the low/moderate income housing project proposal. The undersigned hereby certifies that the proposed costs are reasonable and not in excess of the costs prevailing in the area for such items and services, and that the individual line items are necessary.

The program shall be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, and Delaware Code Chapter 46, Title 6, The Equal Right To Housing provisions and Americans With Disabilities Act.

The Delaware State Housing Authority is required to maintain disclosure reports for recipients of HUD housing assistance. In addition, notice of the availability of these disclosure reports must be published periodically at various stages until the completion of the project for which the HUD assistance is provided. The purpose of the disclosure reports and public notification of their availability is to ensure that documentation regarding all funding decisions utilizing HUD funds is adequate to indicate the basis for such decisions.

Applicant covenants and agrees that, in the event Applicant makes false statements or otherwise provides information to DSHA with the intent to mislead DSHA, or otherwise violates the rules and regulations of DSHA, in addition to any other contractual remedies available to DSHA, DSHA may impose such sanctions as to the Housing Director shall deem reasonable under the circumstances as are authorized by DSHA's rules and regulations. In the event Applicant objects to any such sanctions in writing within thirty (30) days after notice of their imposition, Applicant shall have the right to have the imposition of sanctions reviewed at a public session of the Council on Housing, and the parties agree that the Council on Housing shall have the right to modify, increase, suspend or cancel such sanctions and such decision shall be binding upon DSHA and Applicant.

I/we fully understand that it is a State crime punishable by fine up to \$2,300 or up to 1 year in prison, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 11, Delaware Code, Section 1233.

(Date)

(Name)

(Title)

(Legal Name of Applicant)

APPLICATION CHECKLIST
HOUSING DEVELOPMENT FUND
Delaware State Housing Authority
Pre-Development Loans

The following exhibits should accompany the HDF Application Form and Qualifications of Applicant, where appropriate. Please be sure each exhibit included is labeled with the letter shown below, even if some exhibits are excluded from your package.

- Exhibit A - Past experience with housing project(s)
- Exhibit B - List of board officers and staff
- Exhibit C - Resolution of governing body approving request for loan
- Exhibit D - Articles of Incorporation, Bylaws, Partnership Agreements and Tax Status
- Exhibit E - Affiliations
- Exhibit F - Marketing plan or needs assessment for project (i.e.; supporting data, survey)
- Exhibit G - Letters of support
- Exhibit H - Operating budget for 1st year of operation
- Exhibit I - Resumé of development consultant and/or management or marketing consultant
- Exhibit J - Audited financial statement (for last 3 years)