

2025

HOME ACTION PLAN

The State of Alabama's 2025 HOME Investment Partnerships Program Action Plan (the "Plan") was approved by the Board of Directors of the Alabama Housing Finance Authority on September 18, 2024, and will be included as part of the State of Alabama's Consolidated Plan to be submitted to the U.S. Department of Housing and Urban Development ("HUD") for its approval.

Until approved by HUD, the Plan is available for information purposes only and is subject to change in whole or in part.

On January 23, 2024, HUD issued its Guidance on Submitting Consolidated Plans and Annual Action Plans for Fiscal Year (FY) 2024 under Notice CPD 24-01 (the "Notice"). In accordance with the Notice, AHFA hereby notifies all potential applicants of the following:

- All amounts of 2025 HOME Funds shown in the Plan are merely estimates based on AHFA's 2024 HOME Funding levels.
- All amounts of HOME Funds shown in the Plan will be amended when HUD announces the final 2025 HOME Funding levels.
- HUD's announcement of final 2025 HOME Funding levels may not occur until after the AHFA Application Cycle has begun.
- As provided in the Notice, AHFA will not submit the Plan to HUD for review and approval until HUD announces the final 2025 HOME Funding levels, and the Plan has been revised to reflect those Funding levels. The Plan and all 2025 HOME Funding levels described therein will remain subject to change in whole or in part until HUD's review and approval is received.
- The 2025 HOME Funding levels announced by HUD may be materially different than those described in the Plan, and HUD may require AHFA to amend the Plan in whole or in part, which may alter significantly how applications are scored and funded.

As a result, please be advised that all time, money, and other resources committed to the submission of an application to AHFA under the Plan will remain entirely at risk until HUD announces the 2025 HOME Funding levels and provides final approval of the Plan.



Alabama Housing Finance Authority

2025 HOME Action Plan

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1. Alabama Housing Finance Authority’s
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2. Alabama Housing Finance Authority’s
Design Quality Standards and Construction Manual

I. HOME INVESTMENT PARTNERSHIPS PROGRAM

The Home Investment Partnerships Program (HOME) is a federally funded housing program established in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act (the “Act”). Under guidelines from the United States Department of Housing and Urban Development (HUD), Alabama Housing Finance Authority (AHFA) is the designated administrator and designer of Alabama’s HOME Program. AHFA has specifically designed the HOME Program to meet the needs of low- and moderate-income Alabamians consistent with HUD guidelines.

II. DEFINITIONS

Capitalized terms used in this HOME Action Plan have the meanings set forth below or elsewhere in this HOME Action Plan. Capitalized terms not defined herein shall have the meanings assigned in the AHFA Plan Defined Terms available at www.AHFA.com or as regulations or other context require. Singular terms include the plural as well as the singular, and vice versa.

Act: the Cranston-Gonzalez National Affordable Housing Act passed in November 1990. This Act contains the provisions for the HOME Program and is further defined in 24 CFR Part 92.

AHFA-Approved CHDO: A CHDO that has requested and obtained prior approval from AHFA to submit a funding application. Without this prior approval, a CHDO will be treated like a non-CHDO applicant under AHFA’s programs and will not be eligible for funding under the mandatory CHDO set-aside established by the HOME Program.

Alabama Housing Finance Authority (AHFA): AHFA was designated the administrator of Alabama’s HOME Program by the Governor of the State of Alabama on February 22, 1991.

Application Cycles: a period of time established by AHFA during which applications for funding under Alabama’s HOME Program may be accepted.

Community Housing Development Organization (CHDO): To qualify as a CHDO, an organization must be a non-profit organization and meet the requirements specified in 24 CFR Section 92.2. The qualifying CHDO must have staff that is experienced in developing projects of the same size, scope, and level of complexity as the activities for which HOME Funds are being reserved or committed. HUD defines CHDO staff as paid employees responsible for day-to-day operations (volunteers, board members, and consultants are not considered staff). The organization must recertify annually to remain an active and qualified CHDO for purposes of applying for HOME Funds.

Consolidated Plan (Plan): the consolidated plan designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus funding from the CPD formula block grant programs: Community Development Block Grant (CDBG) Program, HOME Investment Partnerships (HOME) Program, Housing Trust Fund (HTF), Emergency Solutions Grants (ESG) Program, and Housing Opportunities for Persons with AIDS (HOPWA) Program.

HOME Funds: funds made available under Alabama’s HOME Program through allocations and reallocations, and may consist of any repayments and interest or other return on the investment of these funds from prior year allocations.

Participating Jurisdiction (PJ): a unit of state or local government that has met the requirements of Section 216 of the National Affordable Housing Act and receives a separate appropriation of HOME Funds to be

used within its jurisdictional boundary. The State of Alabama is the Participating Jurisdiction for the HOME Funds administered by AHFA. The local Participating Jurisdictions in Alabama: Anniston, Birmingham, Huntsville, Jefferson County, Mobile, Mobile County, Montgomery, and Tuscaloosa.

Project: a site or an entire building or two or more buildings, together with the site or (when permissible) sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME Funds made available under a Written Agreement, as a single undertaking. Project includes all the activities associated with the site(s) and building(s).

Recipient: an individual, public agency, for-profit developer(s), CHDO, non-profit developer(s), or any entity that receives State of Alabama HOME Funds.

Written Agreement: Alabama's HOME Investment Partnerships Program Written Agreement. The Written Agreement is an agreement executed by AHFA and the entity approved to receive an allocation of HOME Funds.

III. ALABAMA'S HOME PROGRAM

- Develop selection criteria to be used in determining housing priorities for the State. The selection criteria include ranking each project in accordance with its location, fulfillment of housing needs, project and applicant characteristics, tenant populations with Special Housing Needs and with families, public housing waiting lists, projects intended for eventual tenant ownership, energy efficient projects and participation of local tax-exempt organizations;
- Develop an evaluation process whereby preference is given to projects that serve: (1) the lowest-income tenants, (2) qualified tenants for the longest period(s), and (3) projects which are located in Qualified Census Tracts and contribute to a Concerted Community Revitalization Plan (CCRP); and
- Develop compliance monitoring procedures to test for compliance with HOME Regulations and for notifying HUD of noncompliance.

A. Development of Selection Criteria

AHFA has been responsible for preparing a housing needs assessment and strategy for the State of Alabama since the HOME Investment Partnerships Program was created. In 1992, AHFA prepared the first Comprehensive Housing Affordability Strategy (CHAS) as a prerequisite for Alabama to receive federal dollars for housing. Prior to submitting the CHAS to HUD, AHFA prepared an extensive list of interested relevant stakeholders from which to gather information and mailed letters of inquiry, questionnaires and surveys to various state agencies, service providers, housing directors and individuals. Based on the information gathered, along with data from the relatively then new 1990 U.S. Census, AHFA then compiled a blueprint document for creating affordable housing across the State.

Beginning in 1995, HUD abandoned the CHAS and created the Consolidated Plan in an effort to blend its four Community Planning and Development (CPD) programs - CDBG, HOME, ESG, and HOPWA - into a single submission process. AHFA, as administrator of the HOME Program, was deemed responsible for writing the housing portion of the new document. The State Consolidated Plan provided a detailed overview of how the State planned to utilize its annual Community Planning and Development funding to meet

economic development objectives, provide affordable housing, and address other Special Needs. As a contributor, AHFA offered a detailed analysis of the current status of housing in Alabama with special attention devoted to the condition of housing and housing affordability.

The early State Consolidated Plan submissions relied on figures from the 2000 U.S. Census. Once the 2010 U.S. Census became available, the State relied upon the newer figures. While Alabama, like all states, has experienced fluctuations in population, income, and other critical Census-tracked data between 1990 and 2000 and between 2000 and 2010, one realization has not been altered – many in our State are still poor (our 17% poverty rate ranks 49th among the 50 states) and thousands of Alabama families and households need a safe and affordable place to live. A great many unmet needs still exist and AHFA will use the limited resources available to address as many unmet needs as feasible across the State.

The State Consolidated Plan, in addition to providing an overall assessment of housing needs for the State, identifies the housing needs for groups with Special Housing Needs. As the administrator of the HOME Program for Alabama, AHFA identifies areas of need, prepares plans to address those needs, and reports on the use of allocated funds to meet those needs.

A demographic analysis performed for the first State Consolidated Plan (and still true today) concluded “that a significant number of individuals in all parts of the state are in need of housing assistance. Those with the greatest needs are, predictably, concentrated at the lowest levels of the income hierarchy, wherein the housing cost burden is also the most severe. The largest numbers relative to housing needs are found in the State’s most populous urban and metropolitan counties, but the greatest concentration of need is observed in the rural counties located in the southern portion of the State, the Black Belt in particular.”

A component of the State Consolidated Plan, the Analysis of Impediments to Fair Housing Choice (updated March 27, 2020), identifies impediments to fair housing choice existing within Alabama’s non-entitlement communities so as to determine courses of action designed to address those impediments. This study recommended 6 primary fair housing issues / impediments and offered recommended corrective actions. Outreach and education were the recommended courses of corrective action, either in part or in whole for 3 of the identified impediments. To that end, AHFA encourages and offers Fair Housing training in efforts to measurably overcome those identified impediments. Alabama’s Consolidated Plan and the Analysis of Impediments to Fair Housing Choice are available at www.adeca.alabama.gov.

Pursuant to the Fair Housing Act (42 U.S.C. 3601 et seq., and including any and all regulations and guidance promulgated by HUD thereunder), discrimination on the basis of race, color, religion, national origin, sex, disability or familial status is strictly prohibited. In addition to prohibiting discrimination, the Fair Housing Act also imposes an obligation to affirmatively further the goals of the Fair Housing Act. AHFA is fully committed to affirmatively furthering fair housing by taking meaningful actions to promote fair housing choice, overcome patterns of segregation, and eliminate disparities in access to opportunity.

Additionally, the State Consolidated Plan continues to be updated with historical AHFA data, including a list of HOME and Housing Credit projects Placed-In-Service and/or

committed by AHFA since those programs began. The new Census data did not dramatically alter the State's affordable housing priorities. While State HOME Funds provide hundreds of traditional affordable housing units across Alabama each year, the primary beneficiaries have been families and the elderly. Meeting those needs is consistent with the Consolidated Plan findings and the need for additional family units and elderly units remains strong.

Annually, subject to the availability of HOME funds, AHFA will encourage citizen participation in the HOME planning process by providing a draft of the HOME Action Plan for public comment. AHFA will begin the annual process by providing public notice that the draft HOME Action Plan is available for review at www.ahfa.com. This public notice will be published in major statewide newspapers, will be posted online at www.ahfa.com, and will be delivered by email to all who have registered with AHFA to receive its email notifications. AHFA will also provide a public notice, which notice may be included in the initial notice or circulated separately by all the same means, of the date and time of a public hearing at which AHFA will present a brief description of the draft HOME Action Plan and accept comments from the public, both orally and in writing. AHFA will provide a number of copies of the draft HOME Action Plan for those in attendance. Provision will be made to accommodate the needs of interested parties in compliance with the Americans with Disabilities Act (ADA). For a period of 30 days following the public hearing, AHFA will continue to accept written comments from all interested parties regarding the draft HOME Action Plan. After providing the public notices, conducting the public hearing, completing the 30-day public comment period, and giving due consideration to all comments received, AHFA will publish a final version of the HOME Action Plan at www.ahfa.com that will be accompanied by a summary of the Citizen Participation Process and Proposed Changes and of all public comments received. To finalize the HOME Action Plan for each year, AHFA must present the final HOME Action Plan for approval by the applicable state and federal authorities.

Prior to the preparation of this HOME Action Plan, ADECA submitted requests for proposals for the completion the State of Alabama's Program Year (PY) 2020-2024 Analysis of Impediments to Fair Housing Choice, which will be prepared pursuant to HUD's guidelines and, when available, will be included with the PY 2020-2024 Five Year Consolidated Plan for CDBG, ESG, HOME, HOPWA, and HTF programs.

B. Establishment of Housing Priorities

This HOME Action Plan seeks to ensure that, where economically feasible, every county in Alabama regardless of population size and other factors, will have an opportunity to compete for funding to address its unmet housing needs, with the understanding that respective county stakeholders should proactively engage to a) provide additional funding sources and incentives as available, b) help to remove regulatory and discriminatory barriers, and c) seek experienced Housing Credit and HOME development partners to assist in creating affordable housing solutions for their respective communities. AHFA has established certain housing priorities that affect the distribution of HOME Funds. In the current application cycle, AHFA seeks to promote the following housing priorities (not in order of preference):

- Projects that add to the affordable housing stock

- Projects that, without HOME Funds, would not ly set aside units for lower income tenants, inclusive of tenants with disabilities who are able to live in integrated settings, independently with limited supportive services, and/or persons who are homeless
- Projects that use additional assistance through federal, state, or local subsidies
- Projects that promote healthy living and tenant quality of life by providing tenant services such as blood pressure screening, CPR and first aid training, promoting nutrition and healthy eating, budget counseling and various other quality of life services
- Balanced distribution of HOME Funds throughout the State in terms of geographical regions, counties, and urban/rural areas

C. Application Criteria

ALL DETERMINATIONS, CALCULATIONS, JUDGMENTS, ASSESSMENTS OR OTHER DECISIONS MADE BY AHFA UNDER THIS HOME ACTION PLAN, INCLUDING WITHOUT LIMITATION ITS ADDENDA AND RELATED APPLICATION INSTRUCTIONS AND FORMS, SHALL BE MADE IN AHFA’S SOLE AND ABSOLUTE DISCRETION.

AHFA is required to evaluate each application to determine which projects should receive HOME Funds. To facilitate the evaluation process, all applicants must complete the following basic steps:

- 1) Submit a complete application to AHFA. All or portions of the application may be required to be submitted online. After application submittal, AHFA will conduct a completeness review. The application will be deemed complete if the Application Package contains, at a minimum, the following:
 - All required AHFA-provided forms for current year application. The application forms will be posted at www.ahfa.com prior to the beginning of the application cycle. AHFA will post these forms as they become available, and applicants should check www.ahfa.com regularly in order to begin work on the required forms as soon as possible. All AHFA-provided forms should be completed pursuant to instructions, legible, and all applicable spaces fully completed.
 - The AHFA DMS Authority Online Application must be completed and submitted by the Application Cycle deadline. Failure to submit the AHFA DMS Authority Online Application by the Application Cycle deadline will result in termination of the application.
 - All required third-party documents in form and content acceptable to AHFA. Refer to the application checklist and the current Application Package and Application Instructions for the complete list of required documents as provided at www.ahfa.com.

- All required AHFA-provided and third-party forms and documentation must be in numerical order behind blue index pages. The Application Package should be provided in a format per AHFA written instructions.
- Applicants requiring special accommodations covered under the Americans with Disabilities Act (ADA) must notify AHFA in advance so that appropriate accommodations can be made with respect to their application submission.

After the completeness review, if an applicant has failed to submit and/or complete the items described in this Section III.C.(1) (inclusive of items requiring clarifications), AHFA will contact the applicant via email regarding any missing and/or incomplete items.

If an applicant during a Competitive Application Cycle receives an email from AHFA identifying missing and/or incomplete items or documents, the applicant must submit all missing and/or incomplete items or documents in form satisfactory to AHFA (along with the required fee for each such item or document as specified in Section III.D.(2)) within 10 business days after receipt of the email from AHFA. If the applicant fails to submit the missing and/or incomplete items when required or fails to pay the required fees or if the applicant's fee payment is rejected for any reason, the application will be terminated and will receive no further consideration.

If AHFA determines during the completeness check that any application has an aggregate total of 8 or more missing and/or incomplete items, the application will be terminated automatically by AHFA, and AHFA will notify the applicant by email of this termination.

AHFA shall deliver notices of missing and/or incomplete items to each applicant at the primary and secondary email addresses provided by the applicant in its application, and all deadlines for response shall be calculated from the date such email notice is sent. Each applicant is solely responsible for providing correct and valid email addresses (primary and secondary) in its application, for ensuring that both email addresses remain active on an ongoing basis, and for monitoring both email addresses for notices from AHFA.

AHFA performs the completeness check solely in order to determine whether any materials required under this Section III.C.(1) or under the threshold items described in Section IV.C are missing and/or incomplete. The completeness check does not include a review of any point scoring items, any material environmental items (except to the limited extent described in AHFA Environmental Policy located at www.ahfa.com or any other item not specifically described in this paragraph.

- 2) Provide evidence that the project is a Qualified Affordable Housing Project for multifamily rental housing that meets the basic occupancy and rent restrictions required of Section 42 and HOME Regulations.

Multifamily rental housing projects must be on a single site or contiguous sites. Sites may be considered contiguous if separated only by 1 neighborhood street.

Under the HOME Action Plan, the following projects do not qualify for HOME Funds:

- Mobile home developments
- Intermediate care facilities
- Group homes
- Congregate care facilities

In addition, any residential rental unit that is part of a hospital, nursing home, sanitarium, life-care facility, or intermediate care facility for the mentally and/or physically handicapped that is not for use by the general public and not eligible for HOME Funds. Projects must contain no fewer than 12 units and no more than 56 units.

Multifamily rental housing units must be under common ownership, deed, financing, and property management.

- 3) Provide evidence acceptable to AHFA that the proposed project meets the current AHFA Market Study Certification requirements and related Application Instructions. The proposed rental project must meet AHFA’s market feasibility and analysis requirements. The market study must be conducted by an independent third-party market analyst that has conducted a market study for a prior application submitted to AHFA for Housing Credits, HOME Funds or Multifamily Housing Revenue Bonds or has received prior written approval from AHFA to submit a market study for the current application cycle. A current list of market analysts who have conducted market studies for prior applications is available at www.AHFA.com. The market study must also meet AHFA’s market feasibility and analysis requirements, which include, at minimum, the following criteria:
- (i) The project’s market area must be clearly defined and supported;
 - (ii) The supply analysis of comparable subsidized or non-subsidized developments must include, but not be limited to, vacancies, amenities, and rental rates;
 - (iii) The demand analysis must convincingly demonstrate a need for the proposed type of housing;
 - (iv) The market feasibility of the proposed rent structure must demonstrate that there is a rent advantage over non-subsidized housing in the defined market area;
 - (v) The analysis of the relationship between supply and demand must demonstrate an acceptable absorption rate; and
 - (vi) The summary of important facts and conclusions as provided in the market study must include a statement from the market analyst clearly stating in the analyst’s professional opinion whether the project as proposed will be successful.

The market study must demonstrate an adequate market for the proposed units and that the proposed project would not adversely impact any existing AHFA projects or create excessive concentration of multifamily units.

AHFA will review the market study submitted, in-house documentation collected by AHFA from onsite compliance audits, market information submitted by Rural Development, audited financial statements, and applicant-submitted project budgets to determine if there is an adequate need for the proposed project.

AHFA will terminate an application based on any one of the following market criteria:

- (i) The proposed project's capture rate is above 35%.
 - (ii) All Active AHFA Projects in the defined market area have an overall average stabilized vacancy rate of 15% or above.
 - (iii) A determination by AHFA that the proposed project's market will not support the proposed project and/or the proposed project will have a clear long-term negative impact on an existing AHFA-funded development(s) in the same market.
 - (iv) The market study contains Misleading Information.
- 4) Demonstrate that the project is financially feasible. The project must meet certain financial feasibility requirements as defined in Section IV(E)(1)(iii) of this HOME Action Plan.
 - 5) Demonstrate adequate infrastructure capacity consistent with options provided within the local jurisdiction or municipality, including alternatives to traditional utility infrastructure, evidenced by the proposed project's utility documentation provided in a completed application.
 - 6) Demonstrate the likelihood of sustained 20-year HOME Affordability Period with the HOME Regulations based on the following criteria: (a) the market study demonstrates a need for the project as proposed, (b) the application demonstrates that the project is financially feasible as defined in Section IV(E)(1)(iii) at the time of application and (c) the Ownership Entity and Management Company demonstrate their respective financial capacity and experience consistent with Section 42 requirements related to development and compliance guidelines.

D. Fees

The following fees, as applicable, must be paid with a cashier's check or certified funds and made payable to Alabama Housing Finance Authority. Cash or personal checks will not be accepted:

- 1) A ***non-refundable fee*** must accompany the Application Package at the time of application submission. For applicants with up to eight Responsible Owners applying in a single application:
 - (i) \$10,000 if (x) each Responsible Owner has fewer than 3 Placed-In-Service projects funded with Housing Credits and/or HOME Funds awarded by

AHFA and (y) any Responsible Owner has one or more multi-family rental projects financed from non-AHFA sources.

- (ii) \$7,500 if at least one or more Responsible Owner(s) has 3 or more Placed-In-Service projects funded with Housing Credits and/or HOME Funds awarded by AHFA, regardless of whether any Responsible Owner has other multi-family rental projects financed from non-AHFA sources.
- (iii) \$7,500 if (x) each Responsible Owner has fewer than 3 Placed-In-Service projects funded with Housing Credits and/or HOME Funds awarded by AHFA and (y) no Responsible Owner has any multi-family rental projects financed from non-AHFA sources.
- (iv) \$2,000 for all AHFA-Approved CHDO applicants applying for HOME Funds regardless of the number of Placed-In-Service projects awarded by AHFA.

An additional application fee will be due at the time of application submission for application(s) that have Ownership Entities exceeding 8 Responsible Owners. The amount of the fee will be \$1,000 per each owner (individual/entity) exceeding 8. This fee does not apply to the Investor Owner.

All application fees are non-refundable. If an application fee is returned for any reason, the application will terminate.

In addition to the non-refundable application fee(s), AHFA may require the applicant to provide additional funds in amounts sufficient to cover all third-party costs that AHFA reasonably anticipates having to pay or to reimburse AHFA for any third-party costs incurred during the application review and analysis process. Third-Party fees include without limitation, legal fees, architect and engineers' fees, consultant (construction, environmental or otherwise) fees, and any other third-party report (construction, environmental or otherwise) fees related to the review of any third-party report(s) submitted by the applicant. These amounts must be paid by applicant within 5 business days of the invoice date.

Any unused portion of the additional funds collected will be returned to applicant without interest once all third-party invoices have been submitted and refund amount is determined.

- 2) Missing and/or Incomplete Items (Excludes Threshold Requirements and Material Environmental Findings): Applicants are required to submit their final and complete Application Packages by the submission deadline. If an applicant receives an email from AHFA regarding missing and/or incomplete items identified during AHFA's completeness check under Section III(C)(1), and the applicant elects to submit, complete or clarify these items within the time required by Section III(C)(1), the applicant's delivery of the missing and/or incomplete items or clarifying information must be accompanied by payment in full of a fee calculated based on the following schedule:

Missing and/or Incomplete Documents	Required Fee	Missing Item Occurrence
Missing and/ or incomplete application document(s)	\$2,000 per document	1 occurrence per document
Incomplete third-party report ¹	\$2,000 per report	1 occurrence per document
Requests for additional information or clarification of third-party report(s) ¹	\$2,000 for 5 or more per report	1 occurrence for 5 or more clarifications (or requests for additional information) per report

If the applicant fails to pay the full amount of the required fee upon delivery of these items or information or if the applicant’s fee payment is rejected for insufficient funds, the application will be terminated and will receive no further consideration.

Any application with an aggregate total of 8 or more missing item occurrences will result in the automatic termination of the application by AHFA and the applicant will be notified by AHFA via email.

An applicant may pay the above-referenced fee(s) to cure missing and/or incomplete items only to the extent that they are identified by AHFA in connection with the completeness check under Section III.C.(1). If an application has missing and/or incomplete items that are not included in the items reviewed by AHFA during the completeness check, the missing and/or incomplete items cannot be cured after the application is submitted and will have an adverse impact on the application, including without limitation a loss of points under the Point Scoring System or termination of the application without opportunity to cure.

- 3) A complete list of AHFA’s fees (from notification of approval of awards through the Extended Use Period) is located at www.ahfa.com.

E. Amendments AHFA has the right to provide technical updates or interpretative releases to clarify circumstances, foreseen and unforeseen, relative to its administration of the Plan.

AHFA is also entitled to amend this HOME Action Plan as required by the promulgation or amendment of HOME Rules and Regulations from time to time or to implement new features or provisions of the HOME Rule or applicable regulations. Such amendment(s) are expressly permitted and the making of such amendment(s) will require a public notice.

Certain defined terms used in the HOME Action Plan are located at www.ahfa.com. Such defined terms may be amended at any time with public notice.

F. Uses of HOME Funds

HOME Funds will be allocated primarily toward the production of residential rental housing for low-income households. AHFA anticipates receiving additional HOME Funds

¹ Applicant can supply missing and/or incomplete items with respect to environmental reports only to the extent permitted by AHFA Environmental Policy requirements located at www.ahfa.com , and this table applies only to such items.

from the repayment of previously allocated funds in the form of Program Income throughout the current Program Year. Those funds will also be allocated toward the production of residential rental housing for low-income households and for other uses deemed necessary by AHFA that are consistent with the State’s Consolidated Plan. Fifteen percent (15%) of HOME Funds allocated to AHFA is required by federal regulations to be reserved for investments in housing owned by CHDOs and/or other specific organizational activities. AHFA will meet this required set aside for use by CHDOs by allocating HOME Funds in the form of loans for project construction and development. AHFA reserves the right in its discretion to award a sufficient number of projects to CHDO applicants, regardless of point scoring, to meet the 15% set aside of HOME Funds. AHFA will make efforts to identify and assist eligible organizations in using HOME Funds to meet the housing needs of the State. These organizations must meet the criteria identified by the Act and demonstrate the feasibility of their proposed endeavors.

Alabama’s HOME Program will utilize loans to promote the production of affordable housing in an effort to meet the needs as identified in the State’s Plan. A general outline of the HOME Program is as follows:

Anticipated Uses of 2025 and Prior Year HOME Funds:

AHFA estimates the following uses of HOME Funds for the State of Alabama:

2025 HOME Funds:

Entitlement	\$ 12,419,271
Program Income	6,023,080
Uncommitted HOME	<u>3,138,380</u>
Total	\$ 21,580,731

2025 USES of HOME Funds:

CHDO Loans (15% of Entitlement)	\$ 1,862,891
Administrative Fee (10% of Entitlement)	\$ 1,241,927
Loans	\$ 17,200,424

G. Loan Structure

The structure of the loans made under Alabama’s HOME Program will be determined based upon AHFA’s assessment of the proposed project’s ability to address the needs as identified by this HOME Action Plan. The amount of HOME Funds to be allocated to any project will not exceed the amount, determined by AHFA, needed to make the project economically feasible. The amount, terms and rate structure will be set by AHFA. General loan guidelines are as follows and are subject to change at AHFA’s discretion:

- 1) Loan Terms and Repayment: HOME Funds will be allocated to approved projects in the form of a loan(s). AHFA may allocate HOME Funds to an approved project(s) in the following ways:

- (i) The HOME loan will bear an interest rate of one-half of one percent (1/2%) accrued annually with all principal and accrued interest payments due at the end of the 20th year. In the event of default, AHFA reserves the right to set a default rate more than the prevailing Prime Lending Rate applicable at the time of default; or
 - (ii) If a project with a conventional loan more than \$750,000 is not financially feasible, the project may combine the loan structure described in item (i) above with a second loan from AHFA that will bear an interest rate of one percent (1%) and fully amortizes within twenty (20) years with required quarterly principal and interest payments. The loan will be in first position relative to any other proposed Soft Debt for the project. The loan will require a minimum Debt Service Coverage ratio of 1.20:1 and if not repaid will result in foreclosure. AHFA will determine the allowable operating expense per unit based on historic and current HOME and Housing Credit properties' financial statements.
 - (iii) The HOME loan will bear an interest rate of one-half of one percent (1/2%) accrued annually with all principal and accrued interest payments due at the end of the 20th year. However, the repayment of the HOME loan will be forgiven entirely (but never in part) if the Project remains in compliance with HOME and AHFA requirements for the entire HOME Affordability Period. In the event of default, AHFA reserves the right to set a default rate more than the prevailing Prime Lending Rate applicable at the time of default and accrued interest and principal will due.
- 2) Eligible Activities and Costs: HOME Funds will be used primarily to fund new construction costs of rental units. Any additional costs associated with the development such as the demolition of existing structures onsite or offsite cost associated with the development will not be eligible for HOME Funds.
 - 3) Eligible Participants: For-profit developers, CHDOs, non-profit developers or any entity eligible to receive an appropriation under Title II of the Act.
 - 4) Security: The loan may be secured by a first or subordinate mortgage on the land and the existing or proposed improvements. In addition, a collateral assignment of rents and leases will be executed in connection with the property. Additional collateral may also be required, subject to the discretion of AHFA based on the nature of the transaction involved.
 - 5) Guaranty: AHFA, in its sole discretion, may require that the loan be guaranteed by an individual(s) or entity acceptable to AHFA.
 - 6) Insurance: Appropriate insurance will be required in connection with the principal security as collateral for the loan. In addition, the applicant, developer and/or builder must evidence insurance coverage to include, but not be limited to, builder's risk insurance, general liability insurance, and loss of rents insurance.
 - 7) Good Standing: No loan application will be processed for any borrower or related entity which is not in good standing with AHFA and any other state housing finance authority, the ADECA, HUD or Rural Development. An applicant can be

denied consideration of the HOME Funds under Alabama’s HOME Program if the applicant or its Related Parties have a history of payment delinquencies, bankruptcy, foreclosure, or activities determined to be unsound or unlawful.

- 8) Closing Costs: The borrower is responsible for all closing costs incurred in connection with any HOME Program loan(s), inclusive of all AHFA-appointed attorneys’ costs.
- 9) Environmental Review: AHFA may select and engage an environmental professional at borrower’s expense to review and comment on the environmental report(s) submitted by the applicant. AHFA may also select and engage an environmental professional to complete a Phase I Environmental Site Assessment after approval. Environmental reviews will be conducted in accordance with the applicable HOME Regulations and AHFA’s Environmental Policy. Before AHFA can execute the HUD Form 7015.15 Request for Release of Funds, all environmental issues identified in the Environmental Site Assessment(s) must be cleared in a manner acceptable to AHFA.
- 10) Survey: Loans closed under Alabama’s HOME Program will require an as-built survey of the property, which must be completed prior to closing, and contain a Flood Zone certification. The survey and certification, in form and content, must be acceptable to AHFA and must demonstrate that no portion of the property, including areas necessary for ingress or egress (e.g., offsite areas required for ingress, egress, or parking), are located within the 100-year flood plain.
- 11) Declaration of Land Use Restrictive Covenants: Prior to closing, applicants must execute and record a copy of the Declaration of Land Use Restrictive Covenants. The terms of the Declaration of Land Use Restrictive Covenants will require that the covenants remain in effect for the required low-income occupancy period.
- 12) Construction Consultant: AHFA will contract with an independent construction consultant who may: (i.) perform an up-front analysis of the construction budget to determine the reasonableness of costs as presented; (ii.) review the final plans and specifications of the project (during and upon the completion of the project) for compliance with AHFA’s Design Quality Standards & Construction Manual, applicable local, state and federal building codes and ordinances; (iii.) review specifications and make comments and/or recommendations regarding the quality of materials to be used in connection with the project; and (iv.) review work in progress and the completed project for any material defects and quality of work.
- 13) Appraisal: Appraisals will be required on all loans and must adhere to applicable federal and state laws. AHFA will select and engage all appraisers.
- 14) Applying for Funds: Applications for Alabama HOME Funds may be made to AHFA during a Competitive Application Cycle (funding decisions will be based upon the project selection criteria and Point Scoring System as detailed herein and Addendum A). If funds are available after the Competitive Application Cycle, AHFA may consider an application under AHFA’s Multifamily Housing Revenue Bond program for new construction applications or a Non-Competitive HOME only Cycle. Due to the limited amount of HOME funds, applications combining HOME funds with Multifamily Housing Revenue Bonds will be considered on a

first-come, first-served basis for applications received by AHFA by 5:00 p.m. November 1, 2025. All applicants must meet the 2025 HOME Action Plan with the following restrictions and exceptions:

- (i) No more than fifty (50%) percent of the AHFA annual HOME allocation will be allocated towards Multifamily Housing Revenue Bond projects.
 - (ii) Acceptable applications will include projects located in a city or county that is a HUD approved participating jurisdiction and receives its own allocation of HOME funds.
 - (iii) Acceptable applications will include projects with greater than 56 units.
 - (iv) For applications with missing and/or incomplete documents, the applicant will have thirty (30) business days to provide the required items(s) or documents(s) and missing item fee(s).
 - (v) Applications will not be evaluated using a Point Scoring system. However, each application must also meet the Multifamily Housing Revenue Bond requirements per the 2025 Housing Credit Qualified Allocation Plan.
 - (vi) AHFA will not consider an application for a proposed project located within a two (2) mile radius of an AHFA Project approved during the 2024 or 2025 Competitive Application Cycle, except for HOME only-, HOME-ARP only or HTF only AHFA Projects.
- 15) Existing HOME Loans: The full principal and accrued interest is due and payable on the maturity date specified in the project loan documents. For projects unable to pay the full principal and accrued interest, AHFA will consider an extension. Projects not able to pay off 100 percent of the HOME loan (Principal and interest) or be approved for a fifteen (15) year extension of HOME loan balance will not be eligible for additional funding under the Housing Credit Program.

H. Defined Terms

Capitalized terms used in this HOME Action Plan and not otherwise defined herein shall have the meanings assigned in the AHFA Defined Terms – Multifamily Funding Programs available at www.ahfa.com or as regulations or other context require. Singular terms include the plural as well as the singular, and vice versa. Certain defined terms used in this HOME Action Plan are located at www.ahfa.com. Such defined terms may be amended at any time with public notice.

I. Website Links

ALL WEBSITE LINKS IN THIS HOME ACTION PLAN ARE PROVIDED SOLELY FOR CONVENIENCE. IT IS THE RESPONSIBILITY OF THE APPLICANT OR ITS ENVIRONMENTAL PROFESSIONAL (EP) TO VERIFY THAT THE CORRECT WEBSITE HAS BEEN ACCESSED AND THAT THE CURRENT VERSION OF ALL APPLICABLE INFORMATION HAS BEEN IDENTIFIED, REVIEWED AND COMPLIED WITH.

J. Notices and Communications

From the date of application submission through the end of the HOME Affordability Period, AHFA will deliver all notices or other communications under the HOME Program to the owner contact(s) or contact email(s), as applicable, designated in the Application. All notices or communications sent to the contact(s) designated in the Application will be considered validly delivered for all purposes of the HOME Program, including without limitation the calculation of applicable deadlines. Each applicant or recipient is solely responsible for designating correct contact information in the Application, and for updating that designation as needed. In no event will AHFA be deemed to receive constructive notice of a change in contact information by any means or communication outside of the Plan Requirements and Application as updated in accordance with this paragraph. For the avoidance of doubt, this paragraph governs all notices and communications under the HOME Program to all applicants or recipients of HOME Funds or Housing Credits, regardless of the specific term used to describe them in a particular HOME Program document, which may include applicant, owner, project owner, Ownership Entity or any term or phrase of equivalent meaning.

K. Definitive Requirements

The version of this HOME Action Plan that is approved by the AHFA Board of Directors, approved by the Governor of the State of Alabama, and posted on www.ahfa.com as the qualified allocation plan for particular application cycle, together with all related materials posted on www.ahfa.com, shall contain the final and definitive requirements for the HOME Program for that application cycle. Information from prior application cycles, including comments at public hearings and feedback on applications, is not applicable to subsequent application cycles. It is the responsibility of the applicant or its EP to identify and review the final, definitive requirements for each application cycle in order to ensure that they have been reviewed and complied with.

IV. ALLOCATION PROCESS

A. Application Cycle

The dates of the application cycle (or cycles, if more than one) will be determined by AHFA on an annual basis. All individuals who have requested to be on the email distribution list as described in Section IV (B) will receive notification of the cycle via Constant Contact. Notice of the cycle will also appear at www.ahfa.com and in major or regional newspapers throughout Alabama. Prospective applicants and other stakeholders are encouraged to visit the website regularly for updates in addition to the email notification process.

To apply for HOME Funds, an applicant must complete the applicable AHFA Multifamily Funding application which is available online at www.ahfa.com.

All correspondence and inquiries regarding the application are to be directed to the following:

Alabama Housing Finance Authority
Attn: Multifamily Division
P. O. Box 242967
Montgomery, Alabama 36124-2967
www.ahfa.com
ahfa.mf.application@ahfa.com

Phone (334) 244-9200
Fax (334) 279-6957

Applications received during a Competitive Application Cycle will be evaluated on a competitive basis.

AHFA may award HOME Funds without the use of a Competitive Application Cycle or the Point Scoring System to:

- Any project eligible for HOME Funds pursuant to any waiver, exception, program, or other special action by HUD.
- Any project that must be funded to meet the CHDO set aside as specified in the Final HOME Rule.
- Any HTF project application which will require additional sources of funds to make the proposed project economically feasible, subject to the availability of excess or unallocated HOME funds from the most recent Competitive Application Cycle.

However, Ownership Entities for the projects listed above may be required to submit a complete Application Package and be subject to AHFA's threshold items, underwriting and cost requirements, in order to be considered for an award of HOME Funds.

B. E-Mail Distribution List

AHFA maintains an email distribution list for those interested in receiving notifications of application cycles and other AHFA Multifamily program activities. Visit www.ahfa.com to be added to the email list or you may submit a written request to the address specified in Section IV(A). Changes or updates to contact information are the responsibility of each applicant or interested party who wishes to remain (or be placed) on AHFA's email distribution list.

C. Application Threshold Requirements

Although it is recognized that each application is different, certain standard requirements must be met by all applicants before the application can be considered for full evaluation. The threshold requirements are critical to efficient and timely administration of the State of Alabama's funding for affordable housing. The threshold requirements ensure that projects are ready to proceed, have sufficient sources of funds, meet construction quality requirements, can be constructed, and leased up on a timely basis, will be located on the most environmentally safe sites for tenants, and be financially feasible on an ongoing basis. Evaluation of the threshold requirements is essential to a project's prospects for success, because AHFA does not provide funding for construction overruns, lease-up delays, operating shortfalls, or environmental remediation. Upon application submittal, if AHFA determines that any threshold requirement is missing or fails to materially adhere to AHFA

defined standards during the completeness review, the application will be terminated. A list of all threshold requirements and explanations are provided below:

- 1) Fee(s). If any fee(s) described in Section III (D) is not paid in full when due or is returned due to insufficient funds, the application will terminate.
- 2) Complete Application. The applicant must submit to AHFA a complete application as defined in Section III(C)(1). An application with 8 or more missing and/or incomplete documents will be terminated.
- 3) Status of Previously Funded Projects. If any application has a Responsible Owner that is also a Responsible Owner for a project that (i) received an initial allocation of HOME Funds in 2022 or prior years and (ii) is not at least 50% complete as reflected by the project's most recent construction inspection report/progress report to AHFA on or before the date of application, the application is not eligible to receive an allocation of HOME Funds in the 2025 Competitive Application Cycle.
- 4) Existing Project Inspection. Applications with one or more owners applying on a single application that has **less than** 3 Placed-In-Service projects funded with Housing Credits and/or HOME Funds awarded by AHFA, AHFA will perform an on-site inspection. The applicant must provide, at the time of the initial application submission, a complete AHFA Schedule of Real Estate Owned for each owner.

Each such Responsible Owner must consent to an on-site inspection by AHFA (or by AHFA's designated consultant) of any of such Responsible Owner's existing projects, including physical inspections of buildings and units as deemed necessary by AHFA (or the AHFA designated consultant). AHFA will select 1 Non-AHFA Project for inspection based on the AHFA Schedule of Real Estate Owned submitted by the applicant. For applicants with Non-AHFA Projects in the State and/or out-of-State, the project selected for inspection may be in Alabama or in another state. All applicant Ownership Entities will be subject to the same AHFA requirements defined in attached Addendum B during the current application cycle.

For applicants with one or more Responsible Owners applying on a single application where each Responsible Owner has three (3) **or more** Placed-In-Service projects funded with Housing Credits and/or HOME Funds allocated by AHFA, AHFA may schedule an on-site inspection if AHFA has not performed an on-site inspection in the current year. However, if AHFA determines there are sufficient and satisfactory on-site inspections for each Responsible Owner's current projects that were performed within 3 years prior to the date of Responsible Owner's application in the current application cycle and show that such projects were in compliance with AHFA requirements defined in attached Addendum B, AHFA reserves the right to waive the on-site inspection for any Responsible Owner listed in an application.

- 5) Site Control. If the applicant does not already own the property for which funds are requested at the time of application, the applicant must have Site Control as evidenced by a purchase option. Conditional sales contracts or leaseholds will not be accepted for HOME projects. Because of regulations that impact the varying

lengths of the approval process for each property and the significant risks to the applicant for failing to do so, AHFA requires, at or before application submittal: (i) that the applicant secure, at a minimum, a 6 month purchase option with an option to renew for an additional 6 months, that complies with all applicable Application Instructions, (ii) if the proposed site is subject to any restrictions that allow any other person or entity, such as a homeowner's association or neighborhood design review board, to approve any aspect of the proposed Project (excluding construction-related approvals from local government that become necessary only if AHFA awards funding to the proposed project, e.g. building permit, traffic engineering approval, storm water drainage permit, architectural endorsement...), that the applicant disclose any such restrictions in its purchase option and deliver evidence satisfactory to AHFA that all such approvals have been obtained; and (iii) that the option agreement not impose any obligation upon the potential buyer to purchase the property. An applicant's purchase option must comply with all rules and regulations issued by HUD, including 24 C.F.R. § 58.22. **If the applicant is applying for HOME funds in conjunction with Housing Credits, Site Control must be evidenced by a purchase option (not a sales contract or long-term lease) in the name of the applicant, and the option must comply with the Site Control requirements set forth in the applicable year's HOME Action Plan.**

- 6) Evidence of Zoning based on Intended Use (Proper Zoning). The applicant must provide evidence that the property owned (or to be owned) is properly zoned and consistent with the proposed project's use. AHFA does not consider the property zoned if final Zoning (but not including plans and specifications for issuance of building permits) is contingent upon further city meetings, approvals and/or advertisement. Evidence must be in the form of a signed statement from the local jurisdiction where the property is located.
- 7) Market Study. The applicant must provide a market study at the time of application submission. All market studies must be less than 6 months old. If the market study does not meet AHFA requirements at the time of application, the application will terminate as described in Section III(C)(3).
- 8) Design Quality Standards and Construction Manual. All projects are required to meet AHFA's Design Quality Standards and Construction Manual located at www.ahfa.com for construction of attached new construction rental units or for single-family rental homes. These are minimum standards and AHFA permits applicants to exceed these project standards (e.g., to provide specific accommodations for persons with disabilities, among other special populations). Each applicant may construct the proposed project in a manner that reflects applicant goals or that exceeds local building codes. Any deviations from these standards must have the written approval of AHFA.
- 9) Flood Certification. The applicant must provide a Certified Boundary Survey including the flood certification indicating the map and panel number of the Flood Insurance Rate Map, the Flood Zone designation and that no portion of the property, including areas necessary for ingress or egress (e.g., offsite areas required for ingress, egress, or parking), is located within the 100-year flood plain.

- 10) Applications submitted in other Participating Jurisdictions. AHFA will not accept or consider an application(s) submitted in a city or county that is a HUD approved participating jurisdiction and receives its own allocation of HOME Funds.

AHFA-Approved CHDOs or non-profits applying for HOME Funds combined with Housing Credits in a Competitive Application Cycle are allowed to apply in another Participating Jurisdiction. If the proposed project is in an area that is covered by a local Consolidated Plan, the AHFA-Approved CHDO applicant or non-profit must provide a Certification of Consistency with the Consolidated Plan completed by an authorized official of the participating jurisdiction. In the event that the Certification of Consistency with Consolidated Plan is signed by someone other than the designated person(s) listed on the current year list of Consolidated Plan Coordinators-PJ's found at www.ahfa.com, it is the responsibility of the Applicant to provide AHFA with evidence that the signer is authorized to execute this certification.

- 11) Environmental Site Assessment. The applicant must provide an Environmental Site Assessment at the time of the initial application submission. The Environmental Site Assessment must meet the AHFA's Environmental Policy requirements located at www.ahfa.com . If the Environmental Site Assessment does not meet AHFA's requirements, the application will terminate.

- 12) Architect's Certification of Project Progress. For each Project (New Construction or Rehabilitation) that received a Reservation Letter or Binding Commitment – Future-Year's Credit Authority for Housing Credits and/or HOME Written Agreement in 2019 (or any prior year) that has not closed an AHFA HOME loan, submitted an Actual Cost Certification to AHFA, or been issued an 8609 by AHFA, the Project architect must certify as follows:

New Construction: The Project's architect must certify that all building foundation slabs, or crawl spaces, are in place.

Rehabilitation: The Project's architect must certify that 90% of the units are Habitable or ready for immediate occupancy.

- 13) Site Location. AHFA will not consider any application for a new construction project, if the proposed project is located within a radius of two (2) miles (2-Mile Radius Requirement), as hereinafter defined, of any other Project approved by AHFA for funding in a prior year's cycle, that has not been Placed-In-Service and/or is 90% or more Occupied at the time of application, including without limitation all Active AHFA Projects, excluding HOME only, HOME-ARP and/or HTF only funded AHFA Projects.

The radius must be determined by using a starting point at the centroid (geometric center) of the proposed Project's site and measured using Geographic Information System (GIS) maps. The 2-Mile Radius Requirement for each proposed Project must be clearly defined and depicted in the Market Study.

The following is an exception to the 2-Mile Radius Requirement:

Applications that contain financing through HUD's Choice Neighborhood funds, HUD Capital Fund Program funds, or HUD's Rental Assistance Demonstration (RAD) Program.

Upon request, AHFA will provide reasonable assistance in determining the occupancy of applicable Projects solely for purposes of applying the 2-Mile Radius Requirement. All information provided to applicants by AHFA may be based upon third-party information provided to AHFA.

AHFA determination of occupancy is final and binding for all applicants. AHFA is not responsible for errors or omissions in occupancy reported.

Note: If a Project has been awarded Housing Credits but returns the Housing Credits before the start of the current application cycle, that project will not be considered in determining the 2-Mile Radius Requirement.

- 14) Extended Use Period. All Projects must commit in writing to not apply for a Qualified Contract until after the 19th year of the Extended Use Period, which is 4 years after the end of the 15-Year Compliance Period. If eligible to apply, the Responsible Owner and proposed purchaser must mutually agree via a fully executed option/sales agreement to provide reasonable written notice to AHFA regarding the proposed date of sale and require all ownership information and other required documents be provided to AHFA for its review and action well in advance of the proposed sale date.
- 15) CHDO Designation Application (if applicable). AHFA will not consider an application under the CHDO set-aside unless the applicant has been previously designated as an AHFA-Approved CHDO. AHFA's determination as to the designation of the applicant as a CHDO is final. If AHFA does not pre-approve an organization as a CHDO, then the Project application may continue to compete in the current cycle for funding beyond the CHDO set-aside.
- 16) Owner-Provided Tenant Services. The owner must provide at least 3 of the AHFA-approved tenant services throughout the Extended Use Period. A list of AHFA-approved tenant services is available at www.ahfa.com.

D. Negative Actions

Should any of the following actions occur after the application has been submitted and prior to approval by AHFA, consideration of the application will terminate unless otherwise provided below:

- 1) Site change or alteration of any kind or change of property ownership
- 2) Change in ownership of the Ownership Entity (e.g., addition of a new general partner/member or removal of an existing general partner/member)
- 3) Change in syndication structure, including without limitation a change in the role of the syndicator or in the distribution of allocated funds to others through syndication as stated in the application without prior written consent of AHFA
- 4) Change in unit design, square footage, unit mix, number of units, number of buildings, etc. (unless changes are required by a local regulatory authority and/or codes)
- 5) Change in the general contractor
- 6) Change in the Management Company

- 7) Change in the architect
- 8) If AHFA receives a determination from a federal, state, or local regulatory authority or agency of significant or uncorrected non-compliance on applicant's Non-AHFA Projects, AHFA may terminate the application
- 9) Any Development Team Member (listed in the application) who has instances of excessive, flagrant, or uncorrected non-compliance within the timeframe provided by AHFA, Housing Credit, HOME, TCAP/Exchange, National Housing Trust Fund or Multifamily Housing Revenue Bond regulations on existing projects
- 10) Any Development Team Member listed in the application is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Housing Credits
- 11) Applicant has a project that goes into foreclosure or has been foreclosed within the last 10 years
- 12) Any material adverse change relating to the Project or Responsible Owner. AHFA will determine whether the change(s) is material and/or adverse in its sole discretion and further reserves the right to terminate an application
- 13) Applicant (including all Development Team Members listed in the application) has any outstanding fee(s) due to AHFA on other projects; and/or
- 14) If AHFA determines that the applicant failed to materially adhere to AHFA's Environmental Policy located at www.ahfa.com defined environmental standards as set forth in Addendum B, including without limitation, the failure by the applicant to identify any unsatisfactory environmental condition that the applicant (or any Responsible Owner of applicant) knew or should have known about or failed to investigate fully prior to application submission.
- 15) For any applicant having a single (first time AHFA funded) Project which received a Reservation Letter for Housing Credits and/or a HOME Written Agreement or a first-time reservation or commitment for other AHFA Program Funding in a current or prior application cycle, the Project must, at the time of application, (i) be complete (that is, the construction/rehabilitation is 100% complete per the Quarterly Status Report effective as of the date of application), and (ii) have provided satisfactory documentation to AHFA that it has reached 90% occupancy. Projects funded with HUD Choice Neighborhood Funds, HOME ARP Funds, CDBG Disaster Relief funds and Capital Fund Program funds are exempt from this requirement.

The above list of negative actions is not all-inclusive. The Application Package itself will list other necessary requirements via forms, related instructions, and other items. AHFA will terminate consideration of an application if it determines that the application contains Misleading Information.

E. Application Evaluation

AHFA follows a competitive process by which all applicants are objectively scored according to criteria specified in the HOME Action Plan. AHFA strictly adheres to the

policy and procedures of the HOME Action Plan. Efforts to influence the outcome of the application process through lobbying efforts either directly (by the applicant) or indirectly (via the efforts of third parties on the applicant's behalf), will be futile, considered as a violation of the HOME Action Plan and may result in the termination of the application. In addition, the applicant could be subject to civil or criminal liability. Each application must stand on its own merits.

- 1) Process of Evaluation. Provided each applicant has met the threshold requirements in Section IV.C. of the HOME Action Plan, each application will be subject to the following evaluation process:
 - (i) Completeness. The applicant must submit a complete application (see Section IV.C(1)) to AHFA.
 - (ii) Point Scoring. The application will be evaluated using the Point Scoring System included in Addendum A. The applicant will not receive points if the item(s) or document(s) required to qualify for points are missing and/or incomplete or fail to be submitted in the format as required per AHFA instructions.
 - (iii) Determination of Financial Feasibility. The Project will be evaluated to determine its financial feasibility as hereinafter defined, including its financial viability as a Qualified Affordable Housing Project throughout the HOME Affordability Period.

At minimum, AHFA will evaluate a proposed Project's financial feasibility based on the following criteria:

- a) the extent to which the Project's sources of funds equals the Project's uses of funds
- b) the extent to which the proposed developer fee deferral can be paid within the time frame allowed by the Internal Revenue Service
- c) the reasonableness of total Project costs, taking into account AHFA's hard and soft cost standards and AHFA's minimum Design Quality Standards and Construction Manual
- d) the proposed repayment terms (including interest rate, total debt, and loan term) for all proposed debt (hard and soft) in connection with the proposed Project

AHFA will determine the financial feasibility of the Project based on an amount of Housing Credits equal to the lesser of the amount requested by applicant or the amount that is determined by AHFA. HOME Funds are allocated as gap financing based on the Housing Credit Amount determined by AHFA. Because AHFA is permitted to allocate only the resources necessary to make a Project financially feasible, AHFA cannot and should not be expected to fund the full amount requested by an applicant, especially in those cases where an applicant proposes to complete a higher-than-normal cost development which far exceeds AHFA minimum Design Quality Standards and Construction Manual.

Therefore, AHFA will allocate Housing Credits based on the lesser of the amount requested by applicant or the Housing Credit amount that is determined by AHFA to be necessary to make a Project financially feasible and will evaluate financial feasibility on this basis.

AHFA's determination of the appropriate amount of Housing Credits is not a representation or warranty as to the financial feasibility of any Project, and may not be relied upon as such by the applicant, Responsible Owner, developer, Investor Owner, lender, or any other person. The amount of Equity contributed by Investor Owners to a Project partnership shall not be less than the amount generally contributed by Investor Owners to similar projects based on current market conditions. In the event that the Ownership Entity receives less Equity proceeds than the amount which should be reasonably obtained based on prevailing market rates, AHFA will underwrite each project's projected Equity proceeds based on the prevailing market rate. Any equity deficits will become the responsibility of the Ownership Entity to contribute. In the event of a surplus in Equity, AHFA may reduce the amount of Housing Credits allocated to the Project at the time of Actual Cost Certification as described herein to avoid over subsidizing the Project.

Special purpose or high-cost housing applications that exceed construction and soft costs of other applications received must be supported with other subsidy sources, especially in those cases where proposed costs significantly exceed those of other projects that meet AHFA's minimum Design Quality Standards and Construction Manual. AHFA fully expects that any proposed application submitted will include sufficient other subsidy sources needed to leverage AHFA's limited Housing Credit and HOME Funds.

AHFA will require a minimum Debt Service Coverage ratio of 1.20:1 for HOME development debt financing that would foreseeably result in foreclosure if not repaid. AHFA will determine the allowable operating expense based on historic and current HOME and Housing Credit properties' financial statements.

AHFA will require the Project to establish and maintain throughout the Extended Use Period a minimum operating reserve. The operating reserve will be an amount equal to four months of the projected first year operating expenses (including replacement reserve payments) plus two months of debt service.

AHFA will require the Project to establish and maintain throughout the Extended Use Period a minimum replacement reserve account of (a) \$250 per unit annually for new construction projects for the elderly, and (b) \$300 per unit annually for all other projects.

Additional underwriting criteria and assumptions that are market-driven, such as interest rates, Housing Credit pricing, and Project operating expenses will be available at www.ahfa.com prior to the application cycle.

- (iv) Credit Worthiness. AHFA will perform credit examinations of the individual(s) and review trade reports for all businesses comprising the proposed development team involved in the development and operation of the Project. The application must contain sufficient documentation to obtain all applicable credit and trade reports. If these reports prove to be less than satisfactory, including but not limited to the finding of federal tax liens, bankruptcies, judgements, etc., the application will be terminated.
- (v) Reasonableness of Project Costs.
- a) Any line-item costs, square footage costs or total unit costs exceeding a range of reasonableness may be disallowed at the determination of AHFA. Additional information and documentation (verified by AHFA and/or an AHFA third-party consultant) may be required to substantiate the reasonableness of the cost, including without limitation information regarding proposed costs which significantly exceed AHFA minimum Design Quality Standards and Construction Manual. Any allocation of Housing Credits, regardless of funding type or project type, will be determined using AHFA's assessment of cost and overall application feasibility. Any allocation of HOME Funds cannot exceed the limits published by HUD. A list of applicable limits can be provided by AHFA.
- b) AHFA determines reasonableness of Project costs by comparing aggregate cost data based on all applications received, historical cost certification, cost data of completed projects, and current cost data provided by AHFA third-party construction consultant reports. After evaluating all the data, reasonable standard project hard construction costs and soft costs are established for each application cycle.

AHFA reserves the right to request certification or verification in a form acceptable to AHFA of any line-item cost at any time between the application cycle and Actual Cost Certification.

- 2) Frequency of Evaluation. Applications will be evaluated at least two times:
- At submission; and,
 - Before the closing of the HOME loan.

F. Developer and Builder Fees

- 1) Developer Fee. The developer fee, which includes the developer's overhead and profit plus consultant fees and the Ownership Entity's profit, should not exceed 15% of the total project costs (excluding the developer fee).
- 2) Builder Fee. The builder fee, which includes builder profit and overhead, should not exceed 8% of the construction costs, excluding the fee. General requirements must be cost-certified and, as a general rule, should not exceed 6% of the total

construction costs. Items included in general requirements will be consistent with HUD and USDA Rural Development regulations.

G. HOME Funds Allocations

All AHFA issued Written Agreements for HOME Funds to approved projects are contingent upon AHFA's receipt of an allocation of HOME Funds from the U.S. Department of the Housing and Urban Development and subject to any change in applicable laws or regulations. Each approved Written Agreement may be reduced or terminated if AHFA does not have available the expected amount of HOME Funds or if there is a change in applicable laws or regulations. AHFA shall have no liability whatsoever to any Ownership Entity if AHFA's Written Agreement for HOME Funds to such Ownership Entity is impacted by a change in AHFA's HOME Action Plan or in applicable laws or regulations.

No single Ownership Entity, Responsible Owner or their Related Parties shall be allocated HOME Funds in excess of 25% of the State's current HOME Fund allocation when combined with Housing Credits. Regardless of the percentage ownership in a project, 100% of the project's HOME Fund allocation will count towards all caps.

The intent of the HOME Cap is to promote fair and objective administration of the HOME Program by ensuring that no single applicant can receive an excessive share of the available HOME Funds in any application cycle. Parties that have an Identity of Interest are presumed to be sufficiently related for them to be treated as a single applicant for purposes of the HOME Cap. As described below, AHFA may in its discretion, identify other parties whose relationship is sufficiently close to cause them to be treated as a single applicant for purposes of the HOME Cap. A significant factor in the evaluation will be whether, based on the facts and circumstances, a primary purpose of a party's involvement in a project appears to be avoidance of the HOME Cap. For purposes of this paragraph, the following relationships constitute an Identity of Interest for purposes of identifying Related Parties in order to apply the HOME Cap:

- 1) Individual persons are considered related to each other (a) if they have any of the following direct relationships: parent, child, spouse, son-in-law, daughter-in-law, father-in-law, and mother-in-law, including any such direct relationship created by marriage, remarriage, adoption, or any other legally recognized status, or (b) if one individual is an employer, by common law or otherwise, of the other.
- 2) Entities are considered related to each other (a) if any director, shareholder, partner, member or any other type of Responsible Owner of any Ownership Entity would be considered a related individual (under item (a) above) to any director, shareholder, partner, member or any other type of Responsible Owner of another Ownership Entity, (b) if the Ownership Entity has the ability to control another Ownership Entity, or (c) if the Ownership Entity owns a material interest in another Ownership Entity. An Ownership Entity will be presumed to control another Ownership Entity if it has a percentage of ownership in the other Ownership Entity or the ability to appoint a percentage of the members of the other Ownership Entity's governing body (i.e., board of directors, board of trustees, partners, managers, etc.) that would permit it to control the other Ownership Entity either by operation of law or by agreement. A material interest means any ownership interest in excess of 20% of the stock, partnership interests, membership interests

or other forms of ownership of any Ownership Entity; provided, however, that ownership interests held by Housing Credit investors, Housing Credit syndicators or special administrative partners or members shall be disregarded for purposes of 20% test.

- 3) Without limiting the above, a trust will be considered related to any individual or Ownership Entity if any trustee, trustor, grantor, settlor, beneficiary, permissible distributee, any person or entity serving a role similar to the foregoing, or any person holding power of appointment (general or limited) over trust property would be considered related to the individual or entity under items (a) or (b) above.
- 4) Any other relationship which, while not specifically listed above, is determined to constitute an Identity of Interest because it is a relationship at least as close as an Identity of Interest described above or because it would permit an allocation that violates the intent of the HOME Cap. For example, the facts and circumstances relating to relationships involving a former employer and employee or longstanding business partners could be determined to constitute an Identity of Interest.

H. Notification of Approval

Applicants may be notified of the award decisions via email notification, by a letter of non-selection, or a Reservation Letter until all conditions necessary for the issuance of a Written Agreement have been met. In addition, award recipients will be listed at www.ahfa.com. The Written Agreement will outline the requirements that must be met for an Ownership Entity to receive HOME Funds. Failure to accept the Reservation Letter or Written Agreement when required or to comply with the terms of both agreements will cause the award decision to be automatically terminated.

All Applicants selected for an award of Credits must prepare and submit an Affirmative Fair Housing Marketing Plan (AFHMP) outlining how the project will market units to underserved residents including residents with disabilities. The AFHMP must include formal documented strategy and outreach examples for individuals with Limited English Proficiency (LEP) for languages identified as being prevalent in the surrounding market area.

Design requirements for all construction and rehabilitation projects must include Equal Opportunity in regard to marketing and tenant selection (affirmative marketing procedures), and reasonable accommodation and modification for those tenants covered under the law.

Any applicants that are not selected for funding may schedule a conference call or meeting with AHFA staff to discuss the reasons their application was not selected for funding. The call or meeting must be scheduled and held within the timeframe specified in the notification letter from AHFA. Once the call or meeting has concluded, AHFA will not have any further discussion regarding the application.

I. Progress Requirements After the Written Agreement

From the date of the Written Agreement, the Ownership Entity must deliver each item listed in the Written Agreement on or before the deadline specified for that item. The deadlines outlined in the Written Agreement will be enforced. Requests for extensions must

be submitted on the AHFA-provided forms with the required fees, which are found at www.ahfa.com. Failure to comply with any one of the deadlines (in whole or in part) and/or providing incomplete or unacceptable content of the required document(s) will cause the Written Agreement to be automatically terminated. A list of the required items is provided at www.ahfa.com ..

- 1) The Ownership Entity must submit AHFA's HOME/Housing Credit Progress Report as required.
- 2) If any unforeseen or unusual environmental condition(s) not otherwise identified after completing AHFA's environmental requirements is discovered with respect to a project that received an award of HOME Funds, Housing Credits, or both under this plan or the plan for any prior year, and such unforeseen environmental condition(s) results in the inability of the project to Place-in-Service by the deadline established under Section 42, AHFA may elect to exchange the Housing Credits awarded to the project for a current or future year allocation of Housing Credits, subject to the Ownership Entity's payment of the environmental extension penalty specified at www.ahfa.com herein and the Ownership Entity's compliance with AHFA Environmental Policy located at www.ahfa.com and with all other conditions specified by AHFA based on the specific nature of circumstances of the project.
- 3) Within 180 days after Placed-In-Service Date, the Ownership Entity must provide AHFA with the Actual Cost Certification package (Available at www.ahfa.com).

Construction on the project cannot begin until a pre-construction conference has been held with AHFA.

J. Negative Action after Notification of Approval until Closing of HOME Loan

Should any of the following actions occur after the notification of approval of HOME Funds the award will be terminated unless otherwise provided below:

- 1) Site change--a change from the original site location or a change in property ownership will not be allowed under any circumstances. Any change in the site configuration or size from what was originally proposed in the application must have prior written consent from AHFA;
- 2) Change in ownership--a change in the parties involved in the Ownership Entity (e.g., addition of a new general partner/member or removal of an existing general partner/member) without prior written consent of AHFA. Examples of situations in which consideration may be given for a change in Ownership Entity include but are not limited to death or bankruptcy. Even if an exceptional circumstance occurs in which AHFA will consider the removal of a Responsible Owner from an Ownership Entity, including death or bankruptcy, that change in ownership will not be approved if the project would have received a lower score in the application process if the Responsible Owner proposed to be removed had not been included in the application at the time of submission. This test is applied without taking into account any persons or entities nominated to be substituted in place of the Responsible Owner being removed. Any person or entity, including syndicators, that attempts to circumvent this requirement, may be subject to debarment from all AHFA programs;

- 3) Change in syndication structure--a change in the role of the syndicator or in the distribution of funds/allocation to others through syndication as stated in the application without prior written consent of AHFA;
- 4) Change in unit design, square footage, unit mix, number of units, number of buildings, etc. (unless changes are required by a local regulatory authority and/or regulatory codes);
- 5) Change in the general contractor without prior written consent of AHFA;
- 6) Change in the Management Company without prior written consent of AHFA;
- 7) Change in the architect without prior written consent of AHFA;
- 8) If AHFA receives a determination from a federal, state, or local regulatory authority or agency of significant or uncorrected non-compliance on applicant's existing Non-AHFA Projects, AHFA may terminate the application;
- 9) Any Development Team Member listed in the application who has instances of excessive, willful neglect or uncorrected (within the time required by AHFA) non-compliance with AHFA, Housing Credit, HOME, TCAP/Exchange, or Multifamily Housing Revenue Bond regulations on existing projects;
- 10) Any Development Team Member listed in the application who is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Housing Credits;
- 11) Applicant has a project that is in foreclosure or has been foreclosed in the past 10 years;
- 12) Any material adverse change relating to the Project or Ownership Entity. AHFA will determine whether the change(s) is material and/or adverse and further reserves the right to terminate the allocation based on the effect of said change(s) in comparison to original application approved by AHFA;
- 13) Applicant (including all Development Team Members listed in the approved application) has outstanding fees due to AHFA; and/or
- 14) If Housing Credits are combined with HOME Funds and the Environmental Site Assessment review by AHFA (or AHFA's consultant) identifies any unsatisfactory environmental condition that the applicant (or any Responsible Owner of applicant) knew or should have known about or failed to investigate fully prior to application submission.

The above list of negative actions after an award of HOME Funds is not all-inclusive. The Written Agreement itself will list other necessary requirements. AHFA will terminate the Written Agreement if it determines that any information supplied in connection with the project contains Misleading Information.

If an applicant requests or receives a reservation of Housing Credits combined with a commitment of HOME Funds, the more restrictive requirements (Housing Credit or

HOME, as applicable) will apply to the applicant, the application, and the project. For example, if a project has requested or received a reservation of Housing Credits combined with a commitment of HOME Funds and the project fails to satisfy requirements for either the Housing Credits or the HOME Funds, then both the reservation of Housing Credits and the commitment of HOME Funds may be terminated. Under no circumstance can an application or reservation for combined Housing Credits and HOME Funds be decoupled in order to circumvent the more restrictive requirement(s) as determined by AHFA.

K. Change in or Denial of HOME Allocation

The application evaluation described in Section IV (E)(2) of the HOME Action Plan may result in a possible change in the amount of HOME Funds allocated to a project or denial of the total allocation altogether due to, but not limited to, one of the following reasons:

- 1) AHFA determines that the application contains Misleading Information;
- 2) Conditions in the Written Agreement are not met;
- 3) Changes in the actual cost of the project;
- 4) Obtains additional subsidies or financing other than those disclosed in the application;
- 5) Appraised value of the land that will be included in the Project is not equal to or higher than the purchase price based on the option to purchase provided at the time of application; and
- 6) Applicant's failure to notify AHFA promptly of any material or adverse changes in the original application. Material or adverse changes include, but are not limited to, applicant's loss of Site Control, rights of way, ingress and egress, environmental issues, adverse change in the financial condition of the applicant, and applicant's inability to perform tasks proposed in the application by the deadline set by the applicant and further set or agreed to by AHFA.

L. Disclosure

AHFA will attempt to request all information necessary to make informed decisions regarding HOME allocations. Therefore, it is in the best interest of all parties involved with the process to disclose completely and accurately all information regarding each proposed project. AHFA acknowledges that errors and misjudgment sometimes occur and simply requests that the applicants notify AHFA of any errors that may occur upon discovery.

V. ADMINISTRATIVE OVERVIEW

A. Alabama Housing Finance Authority (AHFA)

AHFA is a public corporation and instrumentality of the State of Alabama, organized pursuant to the provisions of Title 24 Chapter 1A of the Code of Alabama, as revised. AHFA was established as the housing finance entity for the State in 1980. Currently, AHFA has an experienced staff of employees with many having 10-20 years of commercial banking, mortgage banking or accounting experience. AHFA staff includes experienced commercial real estate and construction lenders, mortgage bankers, accountants, and support personnel. The multifamily staff, responsible for the HOME Program, has experience in dealing with other federal programs, which include the Housing Credit and

Multifamily Bond Financing Programs. The single-family staff administers a number of programs including the Mortgage Revenue Bond program, the Mortgage Credit Certificate program, the Down Payment Assistance program, the Step Up program, the Rural Alabama Mortgage program, the Building Blocks to Homeownership program, and the Habitat for Humanity Loan Purchase program.

AHFA has the necessary computer hardware and software programs required to properly administer and service loan transactions in connection with the HOME Program. Hardware components consist of a personal computer local area network with multiple large-capacity file servers with the capacity to run mortgage loan servicing software packages.

B. Administrative Policies and Procedures

AHFA's administration of the HOME Program includes, but is not limited to, the following functions: accounting, loan processing, loan servicing, administration, compliance, investments, and disbursement of funds. AHFA will be compensated for any and all expenses incurred in performance of its duties (inclusive of those duties for which AHFA may subcontract) through draws from available administrative funds in the HOME account.

The State of Alabama, as a Participating Jurisdiction, is responsible for ensuring that HOME Funds are used in accordance with all program requirements. AHFA, acting in its capacity as Administrator of the State of Alabama's HOME Program, AHFA's Board of Directors, officers, employees and agents will not be held responsible or liable for losses incurred from claims, suits, damages, and costs and expenses of any kind or of any nature that the HOME Program may suffer, incur or pay arising out of decisions by AHFA concerning any application, loan decision(s), or action(s) associated with the administration of the HOME Program unless said responsibility or liability is specifically contained within the Act.

1) HOME Disbursement Accounts

Accounts have been established to administer Alabama's HOME Program. The primary account, the HOME Investment Trust Fund, is established in the Treasury Department and managed through HUD's Integrated Disbursement and Information System (IDIS). In addition, separate account(s), Alabama's HOME Account(s), may be utilized by AHFA as additional deposit and disbursement accounts of HOME Funds. HOME Funds from the federal government, interest earnings and repaid principal will be deposited and disbursed from this account. All HOME related funds in this account will be kept separate from other accounts maintained by AHFA. AHFA may establish other administrative accounts, which are allowed under Title II of the Act.

Once a project has been approved for funding, and all conditions required to be satisfied prior to the execution of the HOME Written Agreement have been satisfied, an account for said project will be established in IDIS. Requests for HOME Funds will be made to the IDIS by AHFA or its designee.

2) Administrative Duties

- (i) Audits and Reviews:** AHFA, as administrator, may conduct reviews and audits of recipients as may be necessary or appropriate to determine

compliance with the rules and regulations of Title II of the National Affordable Housing Act. An accounting firm chosen by AHFA will conduct required external audits of Alabama's HOME Program.

- (ii) Monitoring: AHFA will monitor each designated recipient of HOME Funds for compliance with occupancy and use restrictions. The scope and frequency of monitoring activities will meet or exceed the minimum requirements of the specific program as outlined in the Act or regulations. See Compliance Section VI.

Recipients of HOME Funds must comply with the reporting requirements as defined in 24 CFR Section 92.508 and are responsible for providing AHFA with the information necessary to complete the annual reporting requirements. Recipients must report all instances of non-compliance to AHFA at P. O. Box 242967, Montgomery, AL 36124-2967 and the HUD office in Birmingham, The Plaza, 417 20th Street North, Suite 700, Birmingham, AL 35203.

VI. COMPLIANCE

A. Minority and Women's Business Outreach

As required in Section 281 of the HOME Investment Partnerships Act, AHFA will work to involve minority and women's business enterprises whenever possible.

AHFA will give preference points to those applications which evidence the participation of minorities in connection with the project. AHFA will maintain a record of reported activities of Minority- and Women- Owned Businesses involved in the HOME Program.

B. Equal Opportunity and Fair Housing

Affirmative marketing procedures will be utilized so that no person in the United States shall, on the grounds of race, color, national origin, religion, or sex, be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity funded in whole or in part with funds made available under Alabama's HOME Program. Recipients of Alabama's HOME Funds must adhere to the requirements of the Fair Housing Act and the Age Discrimination Act of 1975. AHFA will maintain records, whenever possible, of the percentage of low-income units Occupied or purchased by minority and single parents.

All loan applicants or local units of government applying for Alabama HOME Funds must certify in the application that they will adhere to the affirmative marketing procedures (as defined in 24 CFR Section 92.351). Records concerning the characteristics of tenants renting HOME assisted units must be maintained by the Ownership Entity; and supplied to AHFA on an annual basis. AHFA will analyze this data to assess the success of the Ownership Entity's affirmative marketing procedures.

C. Build America Buy America (BABA) Act

The Applicant must comply with the requirements of the Build America , Buy America (BABA) Act, 41 USC 8301 note, and all applicable rules and notices, as may be amended. Pursuant to HUD's Notice, CPD-2023-12, any funds obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements.

D. Section 3 Economic Opportunities for Low – and Very Low-Income Persons

As required by Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u and its associated regulations (24 C.F.R. Part 75), recipients of HOME Funds must ensure that employment and other economic opportunities generated by housing development must be directed toward low- and very low-income persons, and eligible businesses.

E. Environmental Review

AHFA will conform to the Environmental Review requirements of Title II of the Act.

F. Matching

NOTE: The State of Alabama is currently required to match a portion (twenty-five percent) of annual HOME Funds. This match may be derived from several possible sources including the donation of land by localities, the donation of voluntary skilled or unskilled labor, sweat equity, the use of tax-exempt bond proceeds, the value waived of property taxes by localities, cash injections by localities, and any other source which may be determined at a later date. Additionally, a number of AHFA programs (Down Payment Assistance, Habitat for Humanity Partnership) provide financial assistance to HOME-eligible Alabama households and a portion of this funding may count as match. The use of any possible State funds would require an appropriation by the legislature. Specific sources and the amount of possible funds available to meet the matching requirements for a program year will be determined prior to any draw of HOME Funds. A HOME recipient may be required to provide a “Match” source to close their project. Specific waivers may be granted if an Alabama county is listed as a presidentially declared disaster area.

G. Occupancy and Rent Requirements

In HOME and Housing Credit residential rental projects at least 20% of the units must be Occupied by households with incomes at or below 50% of median family income and the rent must be restricted at or below the 50% rent level or Section 8 Fair Market Rent, whichever is less. The remaining units must be Occupied with households with incomes at or below 60% of median family income and the rent must be restricted at or below the 60% rent level or Section 8 Fair Market Rent, whichever is less. HOME income limits and rent limits are calculated annually by HUD’s Office of Policy Development and Research (PDR), once the Section 8 income limits have been issued.

H. Compliance Monitoring

The compliance monitoring procedures apply to all buildings Placed-In-Service in Alabama, which have received allocations of HOME Funds as determined under the HOME Regulations. A complete outline of AHFA’s compliance requirements is located in AHFA Compliance Manual available at www.ahfa.com. A description of AHFA’s basic compliance monitoring procedures and requirements are described in Addendum B.

VII. AMERICAN DREAM DOWNPAYMENT INITIATIVE

A. American Dream Downpayment Initiative (ADDI)

ADDI is a HOME Program-based funding source for the provision of down payment assistance to eligible first-time homebuyers. AHFA serves as administrator of the State of Alabama HOME Program and the State of Alabama ADDI Program.

The initial allocation of ADDI funds to the State was approximately \$1,463,919 -- 2003 HUD- appropriated funds totaling \$671,691 and 2004 new funding totaling \$792,228. Each source had its own separate requirements.

B. ADDI Funds

The State of Alabama has not received a new allocation of funds since 2009. Should the program continue to be funded, AHFA will continue to use these funds to provide down payment assistance throughout the State. The per-family assistance shall not exceed \$10,000 in the form of a grant or a forgivable loan.

Families and households eligible to receive ADDI funds must (a) earn 80% or less of the Area Median Income (AMI) per HOME guidelines, (b) have less than \$4,000 in liquid assets at the time of loan application through the date of closing, (c) complete a homeownership counseling course provide by a HUD-approved counseling agency or any other AHFA-approved homeownership counseling course and meet lenders credit requirements.

Outreach and marketing efforts for ADDI will be conducted by AHFA and its many business partners such as the Homebuilders Association of Alabama, the Mortgage Bankers Association of Alabama, the Alabama Association of Realtors, the Alabama Federation of Housing Counselors and Agencies, and the Consuming Credit Counseling Services of Alabama.

C. ADDI Recapture Provision

If at any time during the five-year affordability period, the original homebuyer sells, trades, transfers title or otherwise ceases to occupy the home as their primary residence, the homebuyer will be subject to recapture and must pay back the funds as deemed applicable. ADDI recapture is assessed on a reduced prorated basis of 20% per complete year, except in cases of non-compliance, which requires 100% of the ADDI funds to be repaid. Non-compliance for ADDI means that the homebuyer was not eligible for the ADDI funds at the time of the application. Non-compliance would result if the program criteria such as prior ownership, family income limits, sales price limits, and occupancy of residence during the 5-year affordability period are not met and this information was not properly disclosed. Any recaptured funds paid back to AHFA will be returned to the ADDI allocation and used to assist other qualifying homebuyers.

Addendum A

Alabama Housing Finance Authority's

2025 HOME Point Scoring System

WITHOUT LIMITING ANY OTHER PROVISION OF THIS HOME ACTION PLAN, ALL DETERMINATIONS, CALCULATIONS, JUDGMENTS, ASSESSMENTS OR OTHER DECISIONS MADE BY AHFA UNDER THIS ADDENDUM, INCLUDING WITHOUT LIMITATION RELATED APPLICATION INSTRUCTIONS, AHFA FORMS AND THE HOME ACTION PLAN ITSELF, SHALL BE MADE IN AHFA'S SOLE AND ABSOLUTE DISCRETION.

The point scoring system described in this Addendum A and related provisions of the HOME Action Plan (Point Scoring System) will allow AHFA to award points to projects that best meet the identified housing priorities for the State of Alabama. The Point Scoring System will rank each project in two sections (Points Gained and Points Lost). The ranking of each project will be determined by taking the Points Gained section and deducting the Points Lost section to get an overall project score. The Point Scoring System will largely determine which projects should be allocated. Applicants will be required to score their applications using the current year HOME/Housing Credit Point Scoring form provided by AHFA. The point scoring form must be submitted to AHFA as part of the Application Package.

Any points gained category referenced herein or in other sections of the current QAP or the current HOME Action Plan are specific to the current program year and may not be carried (or brought) forward to (or from) any future (or past) program year by any entity, individual or application.

AHFA has established a housing priority to achieve a balanced distribution of Housing Credits and HOME Funds throughout the State in terms of geographical regions, counties, urban, and rural areas. AHFA will achieve this priority by allocating Housing Credits and HOME Funds generally to only one project per county. This allocation methodology, used over time, has helped to ensure that counties and cities across the State have received a share of AHFA allocation of funds proportionate to their respective populations. For additional information, please visit [Data & Statistics | Alabama Housing Finance Authority \(ahfa.com\)](https://www.ahfa.com/Data%20and%20Statistics).

Please note that applicants may apply for Housing Credits combined with HOME Funds only for new construction projects, which are not eligible for the rehabilitation points described in this Point Scoring System.

Project Selection Procedures:

Allocation Selection:

1. The highest scoring project per county with ownership by an AHFA-Approved CHDO will be funded until the regulatory 15% CHDO set-aside has been met.
2. The highest scoring Housing Credits project will be funded regardless of location provided the concentration of affordable housing units is not negatively affected.
3. In addition to meeting the CHDO funding requirements, and to maximize the utilization of available or excess HOME Funds, if any, and to increase new construction of HOME funded Projects, AHFA will prioritize the funding of at least 2 of the highest scoring Housing Credits combined with HOME projects per county.

4. The highest scoring Housing Credit project and/or HOME project combined with Housing Credits will be allocated per county until all available 2025 Housing Credits and HOME Funds have been allocated, subject to the following exception. AHFA will allocate Housing Credits to 2 projects in the same county or city only if both projects score high enough to be funded, are otherwise eligible to be funded under this HOME Action Plan, and one of the projects being considered has all of the following attributes at the time of application: (i) has received a HOME Loan from AHFA, (ii) has at least 85% occupancy, and (iii) has either (a) repaid the HOME Loan in full, or (b) has closed a 15-year extension of the debt evidenced by the outstanding HOME loan.
5. If all available 2025 Housing Credits have been allocated and there still remains available HOME Funds, the highest scoring HOME project combined with Housing Credits may be allocated per county, subject to a future-year Housing Credit allocation.

Projects with a net score of less than 70 points (Points Gained less Points Lost) will not be considered for allocation.

In the event of a tie between two or more applications, the projects will be ranked in the following order to determine which application will receive priority:

1. In the event there is a tie in scoring among two or more applications, then a recommendation will be made for the application that has the least amount of aggregate participation by any one Responsible Owner. Aggregate participation is defined as the total of all Housing Credit and HOME/Housing Credit applications recommended for allocation in the current application cycle.
2. If a tie(s) still remains, priority will be given to the application that has applied for HOME Funds.
3. If a tie(s) still remains, priority will be given to a project located in a Census Tract where the applicable year's Estimated Census Tract Median Family Income from the Federal Financial Institutions Examination Council (FFIEC) Census and Demographic Data is equal to 100% or more of the applicable Median Family Income published by HUD for the county in which the project is located.
4. If a tie(s) still remains, priority will be given to the application located in a county with the least total number of units in (a) Active AHFA Projects, and (b) projects that have received Housing Credit allocations from AHFA but have not Placed-In-Service.
5. If a tie(s) still remains, priority will be given to the Responsible Owner who has not been required to schedule an additional on-site compliance inspection at a project, at any time prior to the project's standard inspection cycle, as the result of a material finding of non-compliance, a failure to maintain or provide complete records, a failure to provide on-site access to compliance staff, or unresponsiveness to AHFA's compliance program.
6. If a tie(s) still remains, priority will be given to the project that is located in a Qualified Census Tract and is supported by a Concerted Community Revitalization Plan (CCRP) approved by the governing body of the local jurisdiction within 5 years before application submittal. To be eligible for this priority, the application must include copies of the relevant excerpted pages from the revitalization plan, including referenced defined terms, with specific references highlighted (no more than 10 pages).

7. If a tie(s) still remains, priority will be given to the application for a project that is intended for eventual tenant ownership. The project must consist of single-family homes, duplexes, townhomes, or a combination thereof to be eligible. To be eligible for this priority, the applicant must complete the AHFA-provided Homeownership Conversion Proposal and provide a plot plan and counseling agreement in form and content acceptable to AHFA.
8. In the event there is a tie in scoring among two or more non-profit Responsible Owner applications, then a recommendation will be made for the application that has the least amount of aggregate participation by any one Developer. Aggregate participation is defined as the total of all Housing Credit and HOME/Housing Credit applications recommended for allocation in the current application cycle.
9. If a tie(s) still remains, priority will be given in accordance with a drawing that will be held the next business day after the applications are submitted. The drawing will be held in AHFA's boardroom to determine the order of awards in the event of a tie. An impartial person will be selected to draw. The drawing will be open to the public and the results will be posted on AHFA's website at the conclusion of the drawing.

AHFA reserves the right to deny a Housing Credit allocation to any applicant or project, regardless of that applicant's point ranking if, in AHFA's determination, the applicant's proposed project is not financially feasible or viable. Additionally, AHFA may recommend that a Housing Credit allocation be made irrespective of the ranking order established by the Point Scoring System, based on the amount of Housing Credit allocation needed relative to the amount of allocation available for the project to be financially feasible.

Regardless of strict numerical ranking, the Point Scoring System does not operate to vest in an applicant or project any right to a reservation or allocation of Housing Credits in any amount. AHFA will in all instances reserve and allocate Housing Credits consistent with sound and reasonable judgment, prudent business practices and the exercise of its inherent discretion.

A. POINTS GAINED

1.) Project Characteristics (Maximum 69 Points)

(i.) Type of Construction (Maximum 33 Points)

- (a.) A maximum of 25 points in aggregate will be given to projects that provide extra unit/project amenities. Refer to the application and its instructions for the distinction between an extra amenity and a required amenity. Only the extra amenities listed below will be eligible for points. If a project receives an allocation of Housing Credits and fails to provide any extra amenity in the manner represented in the Application Package, the project and its Responsible Owners will be subject to point penalties and other sanctions in accordance with this HOME Action Plan.

4 Points will be given for each of the following extra amenities:

- Clubhouse/Community Building/Community Room (Must have at a minimum a kitchen (with refrigerator/freezer, cabinets, and a sink with counter space), community meeting room (with seating and activity areas commensurate to total number of units), restrooms, community TV with cable, satellite or streaming services with a minimum of 42-inch screen TV, and wireless internet service. A

community laundry must be provided if not providing a washer/dryer in each unit and the community laundry must contain at least 1 washer and 1 dryer for every 25 units proposed in the project.)

- Washer/Dryer provided in each unit (3-7 cu. ft. capacity. Washer must be Energy Star rated.)
- The Exterior Security Package for the Project must include, at a minimum, the following:
 - Alarm (sound and/or third-party monitored) system at the clubhouse/ community building, resident manager's office, and laundry.
 - Camera/Video monitoring system to provide visibility of all pedestrian and vehicular traffic of all main Project entry and exit points, parking lot and Project amenities.
 - Lighting of all project amenities, parking lot(s), and all Project entry and exit points.
- Unit Security Package (Each unit must have an alarm on all entry doors and windows)
- Storm Shelter (Must meet the International Code Council National Storm Shelter Association Standard for the Design and Construction of Storm Shelters (ICC-500 August 2008) Standards)
- Playground (Must provide commercial grade playground equipment with a minimum of 3 play activities)
- Outdoor Fitness Activity Area (Must provide 3 separate types of commercial grade outdoor fitness equipment with a minimum of 3 exercise activities. An instructional sign on the usage of fitness equipment must be placed by each type of fitness equipment)
- Covered Picnic Pavilion (Minimum of 2 tables with attached bench seating and 2 grills with a permanent cover)

3 Points will be given for each of the following extra amenities:

- Furnished Children's Activity or Senior Arts & Crafts Center (Room must be no less than 144 square feet and provide a single bowl sink with a minimum 6'-0" countertop with wall and base cabinets and a Storage Closet. Room must be equipped with a minimum 6' table and chairs. No folding furniture is allowed.)
- Senior Gathering Area for Multistory Elevator Developments (Provide a minimum 144 square feet interior conditioned and furnished Gathering Area separate from the Community Building or Community Space. Room must be equipped with a table and chairs, lounge chairs/sofa, and a minimum 42" TV. No folding furniture is allowed.)
- Gazebo (Minimum 16' x 16') (Minimum of 1 picnic table with attached bench seating or no picnic table and three benches)
- Computer center (two or more computers with printer and internet access)
- Splash Center (at least 500 square feet) which includes at a minimum a spray zone and pad and 3 above ground water features.
- Exercise/Fitness room with equipment (Room must be no less than 144 square feet and provide a minimum of 3 separate types of commercial grade exercise/fitness equipment)

- Covered bus stop shelter (minimum 6' wide by 12' long) with 2 fixed bench seating underneath same cover *(Must be separate/independent of the mail kiosk unless location allows for proper access of bus to pick-up and drop off)*
- Access Gate *(Must be on all entry points of project if more than one)*
- Walking Trail with Benches *(5 feet wide concrete and minimum of ¼ of mile long) (Must be separate from required sidewalks)*

2 Points will be given for each of the following extra amenities:

- Basketball court *(Must have break-away rim and shatter-proof backboard)*
- Picnic area (minimum of 168 square feet of concrete slab for the picnic area) with grills *(1 grill (permanently fixed) 1 picnic table with attached bench seating for every 14 units proposed in the project). Rooftop area with 1 picnic table with attached bench seating for every 14 units proposed in the project.*
- Storm doors (Must be aluminum construction)
- Emergency Pull Cord/Call Button *(Minimum of 1 in each unit)*
- Bike Racks - Minimum of two attached 3-bike racks, one located at the Community Building and one at an outdoor amenity area. (Racks must be permanently installed on concrete in such a way that sidewalk traffic is not impeded)

New Construction Projects Only (Maximum of 8 Points)

- (a.) 4 points will be given for storm windows; thermal break insulated windows or extruded vinyl windows and insulated exterior doors. Windows must be Energy Star Rated.
- (b.) 4 points for full brick/cementitious siding, stucco, cultured stone, or concrete masonry unit (CMU) products (No Exterior Insulation Finishing System is acceptable).

Multifamily units (two or more units in a building)

A minimum of 40% of each building, defined as the exterior façade from finished grade elevation to eave line, shall be brick. The remaining 60% can be cementitious siding, stucco, or CMU products. The CMU products must be decorative, textured, patterned, color core, or painted.

All entry areas into the apartment (including covered breezeways, porches, balconies, and patios) must have brick, cementitious siding, stucco, cultured stone, or CMU to be considered full brick.

Single-family units (single unit/detached building)

A minimum of 50% of the building, defined as the exterior façade from finished grade elevation to eave line, shall be brick. Each exterior wall must contain brick up to the bottom of the first-floor windows on a two-story unit or the windowsill of a one-story unit. The remaining 50% can be cementitious siding, stucco, cultured stone, or CMU products. The CMU products must be decorative, textured, patterned, color core, or painted.

- (ii.) **Energy/Water Conservation and Healthy Living Environment**
(Maximum of 8 Points in Aggregate)

3 points will be given for each of the following:

- HVAC of 14.3 SEER2 (7.8 HSPF2) or above.
- Energy Star rated “cool roof” shingles or metal roof with a fifty (50) year warranty.
- Installed Dehumidifiers in all Apartment Units per AHFA specifications in secure areas inaccessible by tenants. Install so that controls are inaccessible by tenants. Dehumidifiers may be in-wall, in-line, or free.
- Radiant barrier roof deck at all Buildings to reduce heat buildup in the Attic Space, so the insulation is more effective and lessens heat transfer into the thermal envelope.

2 points will be given for each of the following:

- Kitchen range hood ventilation to be vented to the exterior and equipped with a damper.
- EPA’s Partnership Program “WaterSense” labeled water closet, bathroom faucets and showerheads.
- Installed Jumper Ducts from a heated and cooled space to closets that do not have an HVAC duct.
- Installed LED light fixtures or fixtures with LED bulbs at all interior and exterior Apartment unit light fixtures.
- Humidistat controlled Energy Star ventilation fans in all bathrooms.
- Energy Star rated bath and kitchen exhaust fans.

(iii.) **Rent Affordability** (Maximum 10 Points)

- (a.) **New Funds.** A maximum of 5 points in aggregate will be given to projects which have a commitment for the AHFA approved sources of new funds listed below. Whether the funds are loaned (required repayment) or granted to the project, 100% of the total amount of funds committed for points must be a permanent source of funds. Existing funds that are assumed and/or term(s) extended do not qualify for points under these criteria. To qualify for these points, the application must include a fully executed firm commitment from the entity that will be loaning or granting the funds to project.

A maximum of 5 points will be given to projects that have a commitment for AHFA-approved sources of new funds from the following list: Federal Home Loan Bank for Affordable Housing Program (AHP) funds (AHP funds must be in the form of a grant or subordinate loan), HOME Funds (not awarded by AHFA), USDA Rural Development 515 funds, CDBG (Entitlement, State, Mitigation and Disaster Recovery Programs), CHOICE Neighborhood funds, NeighborhoodWorks Capital Grant, Indian Community Development Block Grant (ICDBG), Indian Housing Block Grant (IHBG), Section 108 Loan Guarantee Program and/or Coronavirus State and Local Fiscal Recovery Funds (SLFRF).

5 points – \$16,001+ per unit

4 points – \$12,001 - 16,000 per unit

3 points – \$8,001 - 12,000 per unit

2 points – \$4,000 - 8,000 per unit

(b.) **Rental/Operating Subsidies.** A maximum of 2 points will be given to projects that have a commitment for rental/operating subsidies from USDA Rural Development, HUD, or a Public Housing Authority (PHA) based on a written agreement providing additional rental/operating subsidies.

- USDA Rural Development commitment must be for at least 25% of the total proposed units to receive the points.
- HUD (HUD through PHA) commitment must be for at least 25% of the total proposed units to receive the points.

(c.) **Extended Use Period.** 3 points will be given to projects that irrevocably commit in writing to forego submitting a request for a Qualified Contract and to remain a Qualified Affordable Housing Project throughout the Extended Use Period (total of 30 years).

(iv.) **Tenant Needs** (Maximum 5 Points)

(a.) 1 point will be given to projects with 100% of the units in the project designed, equipped and set-aside for the elderly. (For elderly definition, see the AHFA Compliance Manual available at www.ahfa.com)

(b.) 1 point will be given to projects targeting low-income families (individuals with children) with a minimum of 15% of the low-income units having three or more bedrooms. If an applicant chooses 100% elderly, the applicant *will not* receive additional points for three or more bedrooms. Rehabilitation of existing multifamily rental units must already have the required three or more bedrooms to receive the points.

(c.) Up to 2 points will be given to projects that set-aside a minimum of up to 7% of the total proposed units for tenants with disabilities or homeless populations for a minimum period of thirty (30) years.

- i. that set-aside a minimum of 7% of the total units for tenants with disabilities or homeless populations for a minimum of 30 years.
- ii. 1 point will be given to projects that set-aside 5% of the total proposed units for tenants with disabilities or homeless populations for a minimum of 30 years.

The units must be actively marketed and rented to households with at least one tenant with a disability or a tenant transitioning from being homeless (to include persons fleeing domestic violence; aging out of the foster care system, nursing homes or other institutions, etc.). A marketing and preference plan and an executed Tenant Needs Memorandum of Understanding (TNMOU) will be required if the Project is approved for funding.

(d.) 1 point will be given to projects that have committed in writing to target households on the public housing waiting lists.

- (e.) 1 point will be given to projects that provide at a minimum 5% of the dwelling units be designed and constructed to be readily accessible to individuals with mobility impairments. An additional 2% of the dwelling units must be accessible to individuals with sensory impairments (i.e., hearing or vision impairments).

(v.) **Project Type** (Maximum 2 Points)

- (ii.) points will be given for:

- (a.) Replacement of public housing authority (PHA) housing, or
- (b.) Replacement of previously existing multifamily housing that was destroyed or damaged in an area designated as a Presidentially Declared Disaster area

Previously existing PHA multifamily housing is defined as multifamily housing that has been demolished and cleared within the last 8 years or will be demolished and cleared for the construction of new replacement housing on the same site, except for replacement of existing multifamily housing owned by public housing authorities, which may be constructed on the same site or a new site.

(iii.) **Location** (Maximum 10 Points)

- (a.) Points Gained for Site Selection

Neighborhood Services (Maximum 10 Points)

2 points will be given for each of the following neighborhood services located within 3 miles of the site, or

2 points will be given for each of the following neighborhood services located within 5 miles of the site provided they meet the definition of “Rural Area” established by the United States Department of Agriculture, Rural Development, for its Section 515/538 programs. *See 7 C.F.R. § 3560.11 (January 1, 2023) and*

Distance will be measured by odometer from the automobile entrance of the proposed project site to the closest automobile entrance to the parking lot of the applicable neighborhood service. Projects located in a federally declared disaster county may receive points for neighborhood services if the neighborhood service is currently under construction and funded in whole or part by Federal or State disaster funds. Existing multifamily projects, located in rural areas, may submit the best option available for the grocery store (i.e., Dollar General, convenience store, etc.). The applicant must provide sufficient evidence of both requirements. Duplicate neighborhood services will not be eligible for additional points. Points will only be given for the neighborhood services listed below. If AHFA cannot locate a service due to incorrect directions, 1 point will be deducted for each service where incorrect directions are provided. (Refer to the Application Site/Project Information Form for instructions on providing directions from site, and a general definition of services eligible for points).

Grocery Store

Pharmacy or Drug Store

Convenience Store

Bank or Credit Union

Hospital or Doctor Office

(b.) Points Deducted for Site Selection

(1.) Negative Neighborhood Services (No Maximum)

There is not a limit on the amount of points that can be deducted for negative neighborhood services.

5 points each will be deducted if any of the following incompatible uses are adjacent to the site. Adjacent is defined as nearby, but not necessarily touching. The following list is not all inclusive. (Refer to Negative Neighborhood Services as defined in the Application Instructions)

- | | |
|-------------------------------|----------------------|
| Junk yard or dump | Pig or chicken farm |
| Salvage yard | Processing plant |
| Wastewater treatment facility | Industrial |
| Distribution facility | Airport |
| Electrical utility Substation | Prison or Jail |
| Railroad | Solid waste disposal |

Adult video/theater/live entertainment

*Please note: Points will not be deducted for properties located adjacent to a railroad if the noise levels are acceptable (outside noise level < 65 dB; interior noise level < 45 dB). AHFA will rely on the noise level assessment required in the environmental report submitted with the application.

2 points each will be deducted if any of the following incompatible uses listed are within .3 mile of the site. The list is not all inclusive.

- | | |
|-------------------------------|----------------------|
| Junk yard or dump | Pig or chicken farm |
| Salvage yard | Processing plant |
| Wastewater treatment facility | Airport |
| Prison or Jail | Solid waste disposal |

Points will not be deducted for a prison, jail, or detainment facility if it is co-located with a police station or similar law enforcement office.

(2.) Accessibility (Maximum 2 points Deducted)

2 points will be deducted if the condition of the streets and sidewalks are unsatisfactory. The width of the streets and the difficulty of access to the proposed site will be taken into consideration.

2.) Applicant Characteristics (Maximum 25 Points)

- (i.) A maximum of 10 points will be given to applicants with participation of minorities or women. To qualify for the points for participation of minorities or women, the application must meet the following requirements:

5 Points – Minorities (Asian American, Native Hawaiian, Pacific Islander, African American, Hispanic, Puerto Rican, Native American, or an Alaska Native) or women have ownership in the Ownership Entity or any Responsible Owner; and must not have an Identity of Interest defined in Section II(G) (4) of this QAP.]2 Points Minorities (Asian American, Native Hawaiian, Pacific Islander, African American, Hispanic, Puerto Rican, Native American, or an Alaska Native) or women who have ownership in the Ownership Entity or any Responsible Owner

In all cases, the Minority (Asian American, Native Hawaiian, Pacific Islander, African American, Hispanic, Puerto Rican, Native American, or an Alaska Native) or female individual(s) must serve as a general partner or managing member of the Ownership Entity or Responsible Owner with at least a 51% ownership interest in the general partnership or managing member of the Ownership Entity or Responsible Owner.

5 Points - Applicant guarantees that contracts for at least 10% of the total building cost are awarded to Minority- or Women-Owned Businesses.

In all cases, the Minority (Asian American, Native Hawaiian, Pacific Islander, African American, Hispanic, Puerto Rican, Native American, or an Alaska Native) or female individual(s) must have at least 51% ownership interest in the participating business to qualify for the points. The legal name and address of the business and the anticipated contract amount must be listed at the time of application on the form provided by AHFA in the Application Package to receive the points. These businesses include, but are not limited to, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services., or

A maximum of 2 points will be given to applicants with participation of non-profit entities who serve as a general partner or managing member of the Ownership Entity or Responsible Owner with at least a 51% ownership interest in the general partnership or managing member of the Ownership Entity or Responsible Owner.

- (ii.) 5 points will be given to Ownership Entities with a Responsible Owner that currently owns and has previous successful experience in the development of Active AHFA Projects that received a Housing Credit Reservation Letter or HOME Written Agreement in 2000 or later.

These 5 points will also be given (without duplication) to Ownership Entities with one or more Responsible Owners that have listed Non-AHFA Projects that were Placed-In-Service in 2006 or later. The Ownership Entity must list each Non-AHFA Project on the Responsible Owner's AHFA Schedule of Real Estate Owned included in the application.

Special limited partners do not qualify for these points. Mobile home developments, hospitals, sanitariums, life care facilities, or intermediate care facilities are not considered

multifamily housing for purposes of qualifying for points. The Responsible Owner may include experience gained as a Responsible Owner in another firm, but not as an employee of another firm. Applicants must currently own the properties listed for development points.

5 points = (500+ units or 5+ projects)

- (iii.) 10 points will be given to applicants with sound, experienced managing agents of low-income multifamily housing. This experience is defined by the highest number of units or projects (with at least 20% of the units being considered low-income) currently managed. Only those units in projects that are considered low-income units will be counted in this total.

10 points = (1000+ units or 10+ projects)

All points relating to Applicant Characteristics will be awarded to the Ownership Entity identified in the application based on the characteristics of (a) a for-profit Ownership Entity, its Responsible Owners who are individuals, and (b) a non-profit Ownership Entities, the Ownership Entity itself.

B. POINTS LOST

In addition to the points gained, each application submitted by an Ownership Entity may be subject to point deductions. Point deductions resulting from each existing AHFA-Project (approved and/or Placed-In-Service) will be based on AHFA's QAP and HOME Action Plan for the applicable year and will cover all non-compliance with AHFA documents, executed agreements, audits and inspections that is identified during the period from January 1st through December 31st of the year immediately preceding the current QAP or HOME Action Plan Year. Point deductions for non-compliance identified between January 1st and December 31st of each year will take into account whether or not the Ownership Entity or other Responsible Owner completes corrective actions, follow up inspections or other verification of compliance within the deadline required by AHFA, even if the deadline falls after December 31st of such year. Points lost will be assessed based on the following criteria:

1.) Existing AHFA- Project(s) Approved and/or Placed-In-Service (No Maximum)

- (i.) 5 points (for each occurrence) will be deducted from an application if any Responsible Owner of the Ownership Entity altered an approved project in any manner different from the approved project's original application without prior written consent from AHFA.
- (ii.) 5 points (for each occurrence) will be deducted from an application if any Responsible Owner of the Ownership Entity or the Management Company identified in the application is not in compliance with and/or has any uncured failure to meet a requirement specifically listed in any AHFA document(s), the AHFA HOME Loan Restructuring Policy or any applicable agreement(s) without prior written consent from AHFA.
- (iii.) 2 points (for each occurrence) will be deducted from an application if any Responsible Owner of the Ownership Entity or the Management Company identified in the application for any of the following with respect to Davis Bacon requirements on any AHFA-Project (approved and/or Placed-In-Service):
- Outstanding issues not resolved within 6 months after the General Contractor has been notified of the problem.

- If required posting of Wage Decision and approved Additional Classifications wages are not posted on site visible to the workers employed on the project.
- The General Contractor is unable to submit payrolls, causing an escrow account to be established.
- Outstanding issues remain over 2 years from the notice to proceed.
- Failure to provide AHFA the Section 3 Summary Report on the required date.
- Failure to provide AHFA the HUD 2516 Report on the required date.

2.) Non-Compliance after the Initial On-Site Inspection (No Maximum)

Applications are subject to point deductions for failure to comply with the Compliance Requirements as outlined in (Addendum B) Compliance Monitoring Procedures, Requirements and Penalty Criteria.

Applications with Responsible Owners that have Non-AHFA Projects, whether in the State and/or out-of-State, will be subject to the same AHFA requirements defined in attached Addendum B (Health and Safety, Unit, Site, Exterior and Common Area Deficiencies). The 4-point threshold in Addendum B does not apply to Non-AHFA Project(s).

Addendum B
Alabama Housing Finance Authority’s
2025 HOME Action Plan

Compliance Monitoring Procedures, Requirements, Penalty and Suspension Criteria

As referenced in Section VI H “Compliance Monitoring” of the HOME Action Plan for 2024 funds (HOME Action Plan), the AHFA Compliance department will conduct monitoring procedures and requirements to ensure Ownership Entity and Project compliance with the HOME regulations. These compliance monitoring procedures apply to all buildings Placed-In-Service in Alabama, which have received an allocation of HOME Funds from AHFA. A complete outline of AHFA’s compliance requirements is in AHFA’s Compliance Manual available at www.ahfa.com.

I. Compliance Monitoring Procedures, Requirements and Fees:

- A. AHFA will require each Responsible Owner of a HOME Project to maintain records for each qualified HOME building in the Project. These records must show, for each year in the HOME Affordability Period the information required by the record-keeping provisions contained in the HOME regulations, incorporated herein by reference. AHFA will require Responsible Owners to retain the records documenting compliance with the HOME regulations for each year as described above for at least 5 years past the end of the HOME Affordability Period.
- B. Each Ownership Entity must enter by the 15th day of each month all tenant events (move in, move out, transfer out, and recertification) into the AHFA DMS Authority Online (AHFA DMS) for the prior month. For example, an AHFA household file inspection conducted August 1 must include tenant events completed through June 30 and an AHFA household file inspection conducted August 16 must include tenant events completed through July 31. AHFA also recommends AHFA DMS users check the tenant data entered or imported for completeness and errors by using the Export Events feature.

If, at the time of notification for inspection, the tenant events in AHFA DMS do not match the information in the household file inspected by AHFA for more than 25% of the household files inspected, both the Ownership Entity and the Management Company (including owners and managers of the Management Company) will be subject to a 1-point deduction.

The tenant data in AHFA DMS must match the following household file information:

- Same household
- Same move-in date
- Same move-in income
- Recertification (dated within 120 days before the effective date)

By the first business day of February, all tenant events from January 1st through December 31st of the previous year must be entered into AHFA DMS and finalized. A point deduction, as described in Section II E 1 of Addendum B, will be applied to the Ownership Entity of a Project for failing to enter all tenant events as required.

- C. By the first business day of March each year, AHFA must receive from the Responsible Owner of each HOME Funded Project combined with Housing Credits or each HOME only funded Project, the applicable Annual Owner's Certification (AOC), under penalty of perjury, as provided in Section 1.42-5(c)(1) of the Treasury Regulations. The AOC must be completed using AHFA DMS or other approved method as provided by AHFA's Compliance department. A point deduction as described in Section II E 2 of Addendum B will be applied if a Responsible Owner fails to provide an AOC by the first business day of March. AHFA will notify the IRS of an Ownership Entity's failure to submit an AOC for each HOME Funded Project combined with Housing Credits no later than forty-five (45) days after the end of the timeframe allowed for correction of the failure to certify. AHFA will notify the IRS by filing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance for the 15-Year Compliance Period. Additionally, AHFA may notify HUD if deemed appropriate. Once the AOC is received, AHFA will review for compliance with the requirements of Section 42 and/or AHFA's AOC requirements for HOME Funded Projects.
- D. Each Ownership Entity of AHFA HOME Funded Projects must submit to AHFA an annual audited financial statement prepared by a licensed Certified Public Accountant for each Project by the first business day of May of each year. All financial statements must be sent electronically by e-mail, flash drive, thumb drive or memory stick. **Paper financial statements will not be accepted.** Failure to submit an annual audited financial statement prepared by a licensed Certified Public Accountant within 30 days after written notification of non-receipt by AHFA will result in a \$500 late fee.
- E. If the Ownership Entity received Housing Credits, a copy of the IRS Form 8609 with Part II completed by the Ownership Entity must be submitted to AHFA the first year Housing Credits are claimed for a building. Failure to submit a copy of the IRS Form 8609 with Part II completed by the Ownership Entity to AHFA within 60 days after written notification of non-receipt by AHFA will result in a \$500 fee.
- F. The Responsible Owner must maintain a written Capital Maintenance Plan (CMP) for each Project that received HOME Funds. The CMP must comply with 24 C.F.R. during the term of the HOME Loan. All Projects receiving HOME Funds must make available to AHFA a CMP for review, upon request. Projects that received HOME Funds in 2012 and after **must** submit a CMP to AHFA by May 1st each year. At a minimum, and without limiting the foregoing, the CMP must be in a manner as defined by AHFA and include the following components:
- 1.) **Annual Physical Needs Summary:** This summary shall provide an estimate of all the planned and anticipated repairs, replacements, and significant deferred and other maintenance items that will need to be addressed within the next 12 months. It should take into consideration anticipated unit turn-over, physical assessment of grounds/amenities/common areas, and any deferred maintenance items (including reason for deferment). Funding sources for this work must be identified. This summary serves as the short-term action plan for the property management and as a reporting tool for AHFA and the Ownership Entity. Documentation of repairs (e.g., receipts, before/after photos, completed work orders, etc.) must be maintained through the course of the year. Any additional repairs, replacements, or maintenance completed during the course of the year should also be documented. In addition to the current summary, a copy of the previous year's summary must be provided to AHFA. The

previous year's summary must include all repair, replacement, or maintenance performed with the funding source identified or current status of outstanding items with planned remedy, estimated timeline for completion, and funding source identified.

- 2.) **Long-Term Physical Needs Summary:** This summary shall provide an estimate of the repairs and replacement items beyond the first year which are required to maintain the development's physical integrity over the term of the HOME Loan. Items to be addressed include major structural systems (e.g., stairs, balconies, pavements, sidewalks, etc.) and interior components (e.g., appliances, flooring, lighting/plumbing fixtures, etc.) which, based on the expected useful life (EUL), require replacement during this period. Prior to the Loan closing, the Responsible Owner shall present to AHFA, for review and approval, a sample version of the capital maintenance tracking system intended for use over the term of the HOME Loan. This maintenance tracking system should be continually updated by management and should address units during turn over as well as units Occupied by long-term tenants. Sources of funding for the planned replacements must be identified.
 - 3.) **Analysis of Reserves for Replacement:** This analysis will provide an estimate of the initial and monthly deposit to the Replacement Reserve Account needed to fund the development's long-term physical needs during the term of the HOME Loan. This plan will account for inflation, the existing Replacement Reserve balance, and the Expected Useful Life (EUL) of major building systems. This analysis should include the costs of 12-month annual physical needs, but not any work items that would be considered an operating expense.
- G. AHFA will inspect each active HOME Project on an annual basis during the HOME Affordability Period. AHFA will inspect each required HOME Project in accordance with the AHFA Compliance Manual located at www.AHFA.com.
 - H. Each Ownership Entity must allow AHFA or its designated representative to perform additional on-site inspections of any HOME Funded unit or building in a Project through the end of the HOME Affordability Period. These inspections are in addition to any review of tenant files or units under Paragraph G. Inspections performed outside of Paragraph G will be at the expense of the Ownership Entity. Each unit or building inspection will be performed using the physical condition standards published by HUD.
 - I. AHFA will promptly notify the Ownership Entity in writing if AHFA is not permitted to inspect HOME Project units or buildings as described in Paragraphs G and H. Fees as described in Chapter 1 Section 1.4 of AHFA's Compliance Manual will apply if a Project's records are not available for review during the date and time for which AHFA established with the Ownership Entity and/or Management Company.
 - J. AHFA will promptly notify the Ownership Entity in writing if the Project does not comply with the HOME regulations. The Ownership Entity will be notified in writing of the stipulated period to supply missing documentation or to correct noncompliance commencing on the date of the notification letter. AHFA may notify HUD of an Ownership Entity's noncompliance.
 - K. AHFA will charge fees to cover the administrative expenses in monitoring compliance and the expenses incurred in carrying out its duties as the Housing Credit agency, including,

but not limited to, reasonable fees for legal and professional services. (Reference Chapter 1 Section 1.4 of AHFA's Compliance Manual.)

- L. Compliance with the requirements of the HOME regulations and the Fair Housing Act is the responsibility of the Ownership Entity of the building for which HOME Funds are loaned or granted. Each Ownership Entity of each building for which HOME Funds are loaned or granted is also responsible for compliance with the accessibility, adaptive design, and construction requirements of the Fair Housing Act.
- M. AHFA's obligation to monitor for compliance with the requirements of the HOME regulations does not make AHFA or the State of Alabama liable to any Ownership Entity or to any shareholder, officer, director, partner, member, or manager of any Ownership Entity or of any entity comprising any Ownership Entity for an Ownership Entity's non-compliance therewith.
- N. It is the policy of AHFA to immediately report to the appropriate federal department and the cognizant inspector general of such department any indication of fraud, waste, abuse, or potentially criminal activity pertaining to federal funds.
- O. The Ownership Entity must submit a copy of any health, safety, or building code violation reports issued by any regulatory or third-party entity to AHFA's Compliance department. AHFA will apply applicable point deductions for items of noncompliance found in any third-party report in accordance with Section II I of this Addendum. If AHFA becomes aware of any health, safety, or building code violation reports issued by any regulatory or third-party entity which were not submitted to AHFA's Compliance department within 30 days of the date the Ownership Entity received the report, AHFA will charge the Ownership Entity a \$500 fee.
- P. If Ownership Entity/Responsible Owner or Management Company acquires a Project and discovers the Project will require extensive file corrections, tenant data corrections, building or unit repairs, it must submit a report to AHFA within 60 days of taking possession of the Project. The report, which must be in a form acceptable to AHFA, must include both sufficient details of the repairs to be completed and a deadline to complete the repairs. If the repairs are not completed by the deadline, the point deductions will be assessed as described in Section II of Addendum B.

II. Penalty Scoring and Suspension Criteria

- A. AHFA has identified specific compliance protocols in Section II I of this Addendum as automatic penalty point deduction items, which for the rest of this document will be referred to as point deduction items, when noncompliance is discovered.
- B. AHFA expects, at a minimum, that each Ownership Entity and Management Company will develop a routine inspection process to ensure the items defined in Section II I are regularly inspected by their respective staff on an ongoing basis. The point deduction item categories address health and safety concerns, sanitary nature and habitable living conditions of each unit and Project. Since AHFA will generally provide up to a 15-day notice when scheduling compliance inspections, no cure period will be allowed for the point deduction items defined under Section III.

- C. An Ownership Entity or Management Company is required to notify AHFA immediately upon the occurrence of a disruption/discontinuation of any service/amenity, tenant events, or upon the occurrence of any property damage to the Project. Such notification is required to be in a report, in a form acceptable to AHFA, which details the circumstances as well as the plan of corrective action. The plan of corrective action must include both sufficient details of how the issue will be resolved and a deadline for resolution acceptable to AHFA. If the report is submitted immediately upon occurrence, AHFA initially will not deduct points. However, point deductions will be assessed against the Ownership Entity and Management Company (inclusive of owners and managers) if AHFA determines said report was not submitted timely or if the issue is not resolved by the deadline. If AHFA determines that the disruption/discontinuation of any service/amenity, tenant events, or the property damage is a result of deferred maintenance or negligence, appropriate point deductions will be assessed.
- D. Inspections will be performed by AHFA, its designated representative, or other unrelated third party. At the conclusion of the onsite inspection, AHFA will provide a general verbal summary of the deficiencies identified during the inspection to the representatives of the Ownership Entity and/or Management Company who are present at that time. AHFA will provide a formal written notice regarding all applicable deficiencies and will specify the timeframe(s) in which the Ownership Entity will be required to cure all deficiencies.
- E. Point deductions for late or nonsubmittal of an AOC or tenant data will be assessed to the Ownership Entity for the 2026 Competitive Application Cycle as follows:
 - 1.) 1 point will be deducted for each Project for which the Responsible Owner fails to enter required tenant data into AHFA DMS by the first business day of February of each year.
 - 2.) 1 point will be deducted for each Project for which the Responsible Owner fails to submit a correct and complete AOC to AHFA's Compliance department the first business day of March of each year.
- F. Points will **not** be deducted from a 2025 applicant's score until the total of all point deductions accumulated during 2024 (January 1 through December 31) exceeds 4 points. If an applicant's total of all point deductions is 5 points or more, then the total of **all** point deductions **will be** deducted from an applicant's score on their 2025 application(s).
- G. AHFA will review any third-party inspection reports received from any local, state, federal or financial entity/institution with an interest in the Project which identify noncompliance issues as defined in the HOME Action Plan. AHFA will assess applicable point deductions for items of noncompliance found in any third-party inspection report in accordance with Section II I of this Addendum.
- H. The following criteria will be applied to Ownership Entity and/or Management Company of record:
 - 1.) Should any of the negative actions listed in Section IV D or Section IV J 2 of the 2025 HOME Action Plan occur after a 2025 Application Package has been submitted and prior to approval by AHFA, AHFA has the right to terminate the Application Package.

- 2.) If an Ownership Entity is assessed a cumulative total of 10 points or more for all AHFA Projects audited and/or inspected from January 1, 2024 through December 31, 2024, the Ownership Entity will be **suspended immediately** from applying for any AHFA-funded program (Housing Credits, HOME Funds, Housing Trust Fund or Multifamily Housing Revenue Bonds) from the time the Ownership Entity is notified of the suspension through December 31, 2025.
- 3.) If an Ownership Entity is suspended after a 2025 Application Package has been submitted but prior to approval by AHFA, any Application Package for which Ownership Entity is included will be **terminated immediately**.
- 4.) If a Management Company is assessed a cumulative total of 10 points or more for all AHFA Projects audited and/or inspected from January 1, 2024 through December 31, 2024, the Management Company will be **suspended immediately** from participating in any AHFA-funded program applications (Housing Credits, HOME Funds, Housing Trust Fund or Multifamily Housing Revenue Bonds) from the time the Management Company is notified of the suspension through December 31, 2025.
- 5.) If a Management Company is suspended after a 2025 AHFA-funded program application has been submitted, and the application is later funded, the Ownership Entity for the newly funded Project must replace the suspended Management Company with a Management Company which is **not** currently under suspension.
- 6.) Any transfer of management requests which involve a suspended Management Company will be rejected until the suspended Management Company (inclusive of owners and managers) has completed a compliance audit/inspection year (January 1st through December 31st) without a suspension.
- 7.) If an Ownership Entity or Management Company fails to correct any noncompliance issues related to inspections and/or annual certifications, both will be immediately suspended until the noncompliance issues are corrected.
- 8.) If an Ownership Entity is prohibited from participating for 5 consecutive calendar years, the Ownership Entity will be permanently banned from applying for any AHFA-funded programs (Housing Credits, HOME Funds, Housing Trust Fund or Multifamily Housing Revenue Bonds).
- 9.) If a Management Company is prohibited from participating on any application for 5 consecutive calendar years, the Management Company will be permanently banned from participating on any program applications for any AHFA-funded programs (Housing Credits, HOME Funds, Housing Trust Fund or Multifamily Housing Revenue Bonds). Any transfer of management requests which involve a permanently banned Management Company (inclusive of owners and managers) will be rejected.

I. The following point deduction items discussed in Subsections 1.), 2.), and 3.), below are not intended to supplant the physical condition standards provided by HUD and/or applicable local or other building codes.

Point deductions for funding applications in 2025 will be determined based upon audits and inspections conducted from January 1, 2024, to December 31, 2024, and will be based on the point deduction items listed in Addendum B of AHFA's 2024 QAP and HOME Action Plan.

The point deduction items listed below are applicable to audits and inspections conducted from January 1 to December 31, 2025, to the Ownership Entity and Management Company of record with AHFA at the time of the inspection.

Point deductions for this HOME Action Plan will be based on the following methodology:

- 1.) Health and Safety Deficiencies - 1 point per occurrence (or collectively per Project audited if the same deficiency) will be assessed for health and safety deficiencies, if cited as a finding at the time of inspection.
 - Point deductions resulting from any deficiencies listed below will be assessed automatically upon discovery, regardless of whether the identified deficiencies have been cured.
 - Furthermore, 2 additional points will be deducted if the Ownership Entity fails to cure the deficiencies within the timeframe specified in the deficiencies notice from AHFA.

The deficiencies that will result in point deductions under this paragraph are as follows "Health and Safety Deficiencies":

- (a) A Project Site and Common Areas
 - (i) Exposed electrical wiring or electrical hazards in tenant accessible areas.
 - (ii) Tripping hazards on exterior walking surfaces.
 - (iii) Missing, broken or loose handrails or steps.
 - (iv) Boarded, broken or missing windows.
 - (v) Missing or damaged entry/exist doors or bathroom doors.
- (b) Units
 - (i) Missing, non-charged or empty fire extinguishers (for Projects funded under the 1999 HOME Action Plan and thereafter) for more than 25% of the total units inspected. If applicable, the fire extinguisher service tag is missing, illegible or expired for more than 25% of the total units inspected. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.
 - (ii) Missing or non-working smoke detectors for more than 25% of the total units inspected. A missing or non-working smoke detector is defined as not having at least 1 operable smoke detector per floor for each unit inspected. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.

- (iii) Missing fire canisters above the cooktop surface or temperature limiting plates on the cooktop surface (applies to Projects funded under the 2013 HOME Action Plan and thereafter) for more than 25% of the total units inspected. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.
- (iv) Exposed electrical wiring or electrical hazards in tenant accessible areas for more than 25% of the total units inspected. Any findings related to this category which total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.
- (v) Extensive insect infestation (based on visible presence, damage, or reports) for more than 25% of the total units inspected. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.
- (vi) Failure to inform AHFA staff in advance of any inspection of any unit(s) of a Project which is currently infested and/or being treated for bed bugs or other similar infestation.
- (vii) Boarded, broken, or missing windows or bathroom or bedroom entry doors in more than 25% of the total units inspected. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.
- (viii) Missing, broken or loose handrails or steps.

2.) Project and Unit Deficiencies – 1 point per occurrence (or collectively per Project audited if the same deficiency) will be assessed for each of the units inspected for any of the deficiencies listed below, if cited as a finding at the time of inspection.

- Point deductions resulting from any deficiencies listed below will be assessed automatically upon discovery, regardless of whether the identified deficiencies have been cured.
- Furthermore, 2 additional points will be deducted if the Ownership Entity fails to cure the deficiencies within the timeframe specified in the deficiencies notice from AHFA.

The deficiencies that will result in point deductions under this paragraph are as follows “Project Deficiencies”:

- (a) A Project amenity listed in the Ownership Entity’s application which is found to be missing without evidence of immediate notification to AHFA.
- (b) A unit amenity listed in the Ownership Entity’s application which is found to be missing or damaged in more than 25% of the total units inspected. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.
- (c) Units which have been vacant for more than 30 days and are not immediately available for occupancy. A unit which is suitable for occupancy should at a minimum include removal of the previous

household's items (furniture, clothing, and trash), repairs completed to the walls and floors, cleaned carpets and walls and general maintenance completed to the unit which creates an overall market readiness.

(d) Noncompliance issues, that have not incurred an automatic point deduction, found in more than 25% of inspected units.

3.) Other General Deficiencies - 2 points per occurrence (or collectively per Project audited if the same deficiency is cited) will be assessed for other general deficiencies if cited as a finding at the time of inspection or review of finalized tenant events by AHFA, its designated representative or other unrelated third party and is uncured after the end of the written specified timeframe to cure the deficiencies. All timeframes for curing deficiencies will be submitted in writing. General deficiencies include all violations or deficiencies not listed in the preceding paragraphs that are cited as findings during the AHFA onsite audits.

J. If an Ownership Entity/Responsible Owner with less than 3 Projects funded with AHFA Housing Credits or HOME Funds submits an application for funding, AHFA reserves the right to apply the penalty criteria as specified herein in Section II of Addendum B to non-AHFA funded Projects. Violations in reports provided by AHFA, its designated representative or other unrelated third-party reports will be subject to the penalty criteria as specified herein in Section II of Addendum B. The 4-point threshold in Section II F of Addendum B does not apply to non-AHFA funded Projects.