RECEIVED
AUG 26 2024
BLR

RULE REGARDING THE
RESERVATION OF PRIVATE ACTIVITY BOND VOLUME CAP
(Title 15, Chapter 5, Subchapter 6)

SECTION .001 PURPOSE.

(a) The purpose of this Rule is to provide procedures for governmental and private participants for the allocation of tax-exempt private activity bond volume cap, including special rules for certain multifamily housing bonds, and to repeal and replace prior rules relating to the reservation and allocation of volume cap.

SECTION .002 AUTHORITY.

(a) This Rule is authorized and promulgated pursuant to Arkansas Code §15-5-318 and Arkansas Code §§15-5-601 through 15-5-610.

SECTION .003 DEFINITIONS.

(a) "Affected Bonds" shall have the meaning ascribed to that term in Arkansas Code §15-5-601.
(b) "Application" means the "Application for Reservation of Volume Cap" described in Section .006 of this Rule and a form of which is posted on the Arkansas Development Finance Authority website.
(c) "Board Housing Review Committee" means the committee of members of the Arkansas Development Finance Authority Board of Directors selected to review matters related to housing programs of the Arkansas Development Finance Authority.
(d) "Bond Counsel" means a firm of nationally recognized attorneys-at-law, experienced in the issuance of tax-exempt private activity bonds, deemed acceptable to the President of the Arkansas Development Finance Authority to deliver applications and notices required under this Rule.
(e) "Committee Approval Date" means the date on which the Board Housing Review Committee approves a Multifamily Housing Application pursuant to Subdivision .012 (c) (1) of this Rule.
(f) "Issuance" means the closing and delivery of Affected Bonds, including the initial closing of draw-down bonds qualifying for the issue date alternative under Internal Revenue Service Notice 2011-63.
(g) "Issuer" means any State or local governmental entity authorized by State law to issue tax-exempt Private Activity Bonds and includes the Arkansas Development Finance Authority.
(h) "Multifamily Housing Application" means the application form and accompanying guidelines which are made part of the State's current Qualified Allocation Plan, as posted on the Arkansas Development Finance Authority website.

(i) "Multifamily Housing Bonds" means Affected Bonds that are exempt facility bonds for qualified residential rental projects as that term is used in 26 U.S.C. §142(a) and defined in 26 U.S.C. §142(d).
(j) "Principal User" means the borrower, obligor for repayment, or primary beneficiary of the proceeds the Affected Bonds or the primary user of the project(s) or facilities financed with the proceeds of the Affected Bonds.
(k) "Priority Number" means the sequential number assigned by the President of the Arkansas Development Finance Authority to completed Application.
(l) "Private Activity Bonds" shall have the meaning ascribed to them in 26 U.S.C. §141(a).
(m) "Reservation" means the reservation of Volume Cap for a particular Application which shall be effective as of the date of the written communication by the President of the Arkansas Development Finance Authority to Bond Counsel described in Subsection .007(f) of this Rule.
(n) "Reservation Period" means the period which shall be sixty (60) calendar days from the effective date of the Reservation.
(o) "Rule" shall mean this Rule Regarding the Reservation of Private Activity Bond Volume Cap.
(p) "Staff Housing Review Committee" means a committee of employees of the Arkansas Development Finance Authority selected by the President of the Arkansas Development Finance Authority to review Multifamily Housing Applications.
(q) "State" means the State of Arkansas.
(r) "State Ceiling" shall have the meaning ascribed to it in 26 U.S.C. §146, including reductions imposed by 26 U.S.C. §146(n) for elections made in connection with the issuance of mortgage credit certificates.
(s) "Volume Cap" means the maximum aggregate amount of Affected Bonds that may be issued by all issuers in the State in any calendar year as described in 26 U.S.C. §146.

SECTION .004. <u>VOLUME CAP.</u>

(a) The amount of Affected Bonds that can be issued as tax-exempt Private Activity Bonds in the State each calendar year is limited by the State's annual Volume Cap.
(b) At the beginning of each year the State receives an allocation of Volume Cap from the United States Department of the Treasury using the population-based formula or minimum allocation found in 26 U.S.C. §146 referred to as the State Ceiling.
    (1) In addition, some Issuers may have allocations of Volume Cap available for specific purposes that have been carried forward from allocations received in prior calendar years.
(c) The Arkansas Development Finance Authority is the State-wide administrator of the Volume Cap allocations and is also an Issuer of Affected Bonds.

SECTION .005 ALLOCATION OF VOLUME CAP PURSUANT TO ARK. CODE. §15-5-603

(a) The volume cap allocated to the State is allocated to the Authority pursuant to Ark. Code Ann. ¸15-5-603, which allocates seventy percent (70%) of the aggregate annual State Ceiling to four categories: ten percent (10%) to multifamily residential housing; seventeen percent (17%) to single family residential housing; thirty-three percent (33%) to industrial development; and ten percent (10%) to student loan financing.

  (1) Prior to September 1 of each year, the Board of Directors of the Arkansas Development Finance Authority, by resolution, is authorized to reallocate available Volume Cap amounts among the four categories.

  (2) After September 1 of each year, any Volume Cap not reserved or allocated from the four categories, is transferred to all Issuers as described in subdivision (b)(1) of this Section for any purpose that Affected Bonds can be issued.

(b) At the beginning of each calendar year, Arkansas Code §15-5-603(c) allocates the remaining thirty percent (30%) of the aggregate annual State Ceiling to all Issuers, including the Arkansas Development Finance Authority, on a non-exclusive basis for any purpose that Affected Bonds can be issued.

  (1) On September 1 of each year, Arkansas Code §15-5-603(b) reallocates the balance of the State Ceiling Volume Cap not reserved or allocated from the four categories in the exclusive Arkansas Development Finance Authority allocation to this non-exclusive allocation for all Issuers, including the Arkansas Development Finance Authority, which may be used for all purposes that Affected Bonds can be issued.

SECTION .006 APPLICATIONS FOR RESERVATION OF VOLUME CAP.

(a) In order to reserve Volume Cap for an issue of Affected Bonds a completed Application must be submitted to the President of the Arkansas Development Finance Authority.

  (1) Applications may be submitted:

    (A) no earlier than the first business day of the calendar year in which the reservation is requested, such day being a Monday through Friday, that is not a State holiday observed by the Arkansas Secretary of State; and,

    (B) no earlier than a date that would cause the Reservation Period to expire before the anticipated date of Issuance.

  (2) Applications related to Multifamily Housing Bonds may not be submitted prior to the approval of the Multifamily Housing Application by the Board of Directors of the Arkansas Development Finance Authority pursuant to Section .013 of this Rule.

  (3) The President of the Arkansas Development Finance Authority will assign a Priority Number to each Application for Affected Bonds in the order the Application is received and deemed complete.

  (4) To be complete, an Application must:

    (A) State the name of the Issuer;

(B) State the principal amount of the bonds to be issued, including any bonds issued as part of an issue of Affected Bonds;
(C) State the amount of Volume Cap requested;
(D) State the purpose for the Volume Cap, including the description of any project to be funded with the bond proceeds;
(E) State the type of issue as identified on the then current United States Department of Treasury, Internal Revenue Service Form 8038;
(F) State the Principal User (if different from the Issuer);
(G) State the date of adoption of the bond authorizing resolution or other official action, if any;
(H) Include a copy of the bond authorizing resolution or other official action which meets the requirement for "official intent" set forth in 26 C.F.R. §1.150-2(e);
(I) State the State statutory authority for the issuance, as distinguished from allocation of Volume Cap, of the Affected Bonds;
(J) State the name, address, telephone number and email address of Bond Counsel; and
(K) Be signed and dated by Bond Counsel.

SECTION .007 <u>RESERVATION OF VOLUME CAP.</u>

(a) The President of the Arkansas Development Finance Authority will record and monitor Application filings in accordance with Arkansas Code§15-5-607.
(b) At such time as the President of the Arkansas Development Finance Authority determines an Application filing to be complete, a sequential Priority Number will be assigned to the Application.
(c) Reservations of Volume Cap will be made based upon the Priority Number.
(d) Applications for Reservation of Volume Cap for Affected Bonds to be issued by the Arkansas Development Finance Authority which qualify for specific purposes set forth in Arkansas Code §15-5-603 or carryforward purposes will be reserved based upon the Priority Numbers of Applications qualifying for the particular purpose.
(e) The President of the Arkansas Development Finance Authority will continue to assign Priority Numbers to completed Applications after a Volume Cap shortage applicable to those Applications has been declared under Section .010 of this Rule.
(f) At such time as the President of the Arkansas Development Finance Authority determines an Application is complete or incomplete, he or she will provide a dated, written communication to the Bond Counsel notifying Bond Counsel of such determination and containing one of the following statements or such other statement as the President of the Arkansas Development Finance Authority deems appropriate:
    (1) Priority Number ______ is assigned. The Application is accepted as a Reservation of Volume Cap in the amount of $_____________.
    (2) Priority Number ______ is assigned. However, there is no Volume Cap available.

(3) A Priority Number is not assigned. The Application for Volume Cap has been denied or fails to meet the requirements of a completed Application.

(g) In the event Volume Cap not previously available should subsequently become available through the expiration of a Reservation, the reallocation of categories described in Section 004 of this Rule, or otherwise, the President may reserve such Volume Cap in the same calendar year for a qualifying Application based upon the Priority Number in the manner described in this Section.

SECTION .008 RESERVATION PERIOD.

(a) Affected Bonds, including Multifamily Housing Bonds, must be issued within the Reservation Period, unless:

(1) the President of the Arkansas Development Finance Authority has approved in writing an extension for the Affected Bonds;

(2) the Reservation was issued on or after November 1, in which case the Reservation Period will terminate on December 31 of the current calendar year; or

(3) the Issuer is granted written permission by the President of the Arkansas Development Finance Authority to carry forward the allocation pursuant to Section .009 of this Rule.

(b) Prior to the expiration of the Reservation Period, the Reservation Period may be extended by the President of the Arkansas Development Finance Authority for up to an additional sixty (60) calendar days or such shorter period as the President of the Arkansas Development Finance Authority determines.

(1) An extension request must be made in writing to the President of the Arkansas Development Finance Authority by the Issuer and the Principal User, if any, stating the reasons for the request.

(2) In granting any extension, the President of the Arkansas Development Finance Authority shall consider the written explanations, the likelihood of the bonds being issued within the extension period, and alternative uses of the Volume Cap.

(c) In the event of failure to issue the Affected Bonds, including Multifamily Housing Bonds, within the Reservation Period, including all approved extensions, the applicable Reservation shall terminate.

SECTION .009 CARRYFORWARD OF VOLUME CAP.

(a) All carryforwards of Volume Cap authorized by this Section shall be made in accordance with 26 U.S.C. §146(f) and the Issuer designated by the President of the Arkansas Development Finance Authority to make the carryforward shall be responsible for making a valid election utilizing the required forms as are then published by the United States Department of the Treasury, Internal Revenue Service.

(b) Volume Cap for which no Reservation has been issued by the end of a calendar year may be authorized by the President of the Arkansas Development Finance Authority to be carried forward by any Issuer, including the Arkansas Development Finance Authority, for a specific carryforward purpose or purposes designated by the President of the Arkansas Development Finance Authority.

(c) Volume Cap for which a Reservation has been issued to an Issuer other than the Arkansas Development Finance Authority, but as to which no bonds have been issued, may be carried forward by the other Issuer only on written approval of the President of the Arkansas Development Finance Authority.

   (1) The other Issuer seeking to carry forward the reserved Volume Cap must request the written permission of the President of the Arkansas Development Finance Authority and the President of the Arkansas Development Finance Authority may request such information from the other Issuer as he or she deems necessary.

   (2) If the President of the Arkansas Development Finance Authority approves of the carryforward request, that approval shall be submitted in a written communication which requires the other Issuer to:

      (A) Comply with the requirements of Subsection (a) of this Section; and

      (B) File a copy of the election statement and any other filings required by Subsection (a) of this Section with the President of the Arkansas Development Finance Authority.

   (3) If the President of the Arkansas Development Finance Authority does not approve of the carryforward request, the Reservation shall be deemed to have expired as of the end of the calendar year and the Volume Cap related to the expired Reservation may be carried forward by the President of the Arkansas Development Finance Authority as set forth in Subsection (b) of this Section.

   (4) If the carryforward request by an Issuer other than the Arkansas Development Finance Authority is approved, such Issuer shall allocate the Volume Cap within the time limitations set forth in 26 U.S.C. §146(f).

SECTION .010 <u>VOLUME CAP SHORTAGE.</u>

(a) The President of the Arkansas Development Finance Authority will determine if a Volume Cap shortage exists as to any Application when the amount of Volume Cap requested in the Application exceeds the amount available in any specific or general purpose category of Volume Cap available to the applicant.

(b) In the event a Volume Cap shortage exists as to an Application, the President may issue a Reservation to another Application with a higher Priority Number that qualifies for a specific purpose not available to the Application for which the Volume Cap shortage exists.

(c) A determination by the President of the Arkansas Development Finance Authority that an Application exceeds the amount of available Volume Cap as provided in this Section and communicated to the applicant as provided in Subsection .007(f) of this Rule shall constitute declaration of Volume Cap shortage under Arkansas Code §15-5-604.

(d) The President of the Arkansas Development Finance Authority may determine within a reasonable time that an applicant will accept a smaller allocation of Volume Cap which would prevent a declaration of Volume Cap shortage for a particular Application.

(e) Whenever a Volume Cap shortage has been declared pursuant this section, the Authority, in consultation with the Arkansas Department of Commerce, may resolve the shortage by:

   (1) Determining the relative priority of Applications for Reservations;
   (2) Reducing the amount of volume cap to be allocated to any Application for Reservation;
   (3) Denying an Application for Reservation;
   (4) Deferring for a period of time an Application for Reservation; or
   (5) For all applications except those for multi-family bonds, the President may issue letters reserving volume cap for the next succeeding calendar year to a particular bond issue or bond issues and any such reservation shall be issued in conformance with all applicable rules on the first day of the next calendar year.

(f) After the conclusion of each shortage, the President shall file a report with the Board of Directors of the Arkansas Development Finance Authority at its next regularly scheduled meeting providing the basis for any actions made to resolve the volume cap shortage.

SECTION .011 <u>SPECIAL RULE FOR MULTIFAMILY HOUSING BONDS -MULTIFAMILY HOUSING APPLICATIONS.</u>

(a) Applicants for Multifamily Housing Bonds may submit an Application for Reservation of Volume Cap at such time as the applicant's Multifamily Housing Application has been approved by the Board of Directors of the Arkansas Development Finance Authority.

(b) The Staff Housing Review Committee of the Arkansas Development Finance Authority will review a Multifamily Housing Applications in the same manner as applications for allocations of low-income housing tax credits and in accordance with the State's Qualified Allocation Plan.

(c) At such time as the Staff Housing Review Committee determines a Multifamily Housing Application is complete, it will submit its findings to the Board Housing Review Committee.

SECTION .012 <u>BOARD HOUSING REVIEW COMMITTEE.</u>

(a) Applicants for Multifamily Housing Bonds are required to make a formal presentation to the Board Housing Review Committee.

   (1) A representative of the Staff Housing Review Committee will notify the applicant of the time, place, and recommended content of the presentation.

(2) Members of the Board Housing Review Committee and any other members of the Board of Directors of the Arkansas Development Finance Authority present at the meeting will be given the opportunity to ask the applicant questions concerning the Multifamily Housing Application.

(b) The Board Housing Review Committee may consider:

(1) information supplied by the Staff Housing Review Committee relating to the Multifamily Housing Application, and

(2) other information its members may deem necessary.

(c) Board Housing Review Committee will take action to:

(1) Recommend approval of the Multifamily Housing Application to the full Board of Directors of the Arkansas Development Finance Authority with such conditions, if any, as the committee may deem necessary;

(2) Recommend the full Board of Directors of the Arkansas Development Finance Authority not approve the Multifamily Housing Application; or

(3) Postpone action of the committee pending further consideration.

(d) The Board Housing Review Committee's approval shall be deemed rescinded and the application must be resubmitted in the event:

(1) The Staff Housing Review Committee determines there has been a material change from the information provided in the Multifamily Housing Application; or

(2) The Affected Bonds are not issued within one (1) year from the date of the Committee Approval Date.

SECTION .013 <u>MULTIFAMILY HOUSING BONDS- BOARD OF DIRECTORS APPROVAL.</u>

(a) The Board of Directors of the Arkansas Development Finance Authority will consider a Multifamily Housing Application no sooner than the next scheduled board meeting in a calendar month following the month of the Committee Approval Date; or

(b) Upon consideration of such matters as it deems necessary, the Board of Directors of the Arkansas Development Finance Authority may take action to approve or deny the Multifamily Housing Application or take no action regarding the Multifamily Housing Application.

(c) Upon approval of a Multifamily Housing Application by the Board of Directors of the Arkansas Development Finance Authority, the applicant may submit its Application for Reservation of Volume Cap to the President of the Arkansas Development Finance Authority, which shall be accepted and reserved in accordance with Sections .006, .007, and .008 of this Rule.

(d) Applicants for Multifamily Housing Bonds may request that the Board of Directors and the President of the Arkansas Development Finance Authority concurrently approve of the applicant's Multifamily Housing Application, Application for Reservation of Volume Cap and a resolution authorizing the issuance of the Multifamily Housing Bonds at the same meeting, provided a shortage of Volume Cap has not been declared affecting such bonds.

SECTION .014 ISSUANCE OF BONDS AND ALLOCATION OF VOLUME CAP.

(a) This Rule applies solely to the reservation and allocation of Volume Cap and a Reservation pursuant to this Rule shall not constitute a binding commitment of any Issuer, including the Arkansas Development Finance Authority, to issue bonds including Affected Bonds.
(b) Issuance for purposes of this Rule shall be evidenced by Bond Counsel filing a notice of issuance with the President of the Arkansas Development Finance Authority.
    (1) The notice shall contain: the name of the issue; the date of the issue; the Priority Number; the Reservation Date; and the Volume Cap allocated delineated by the current year Volume Cap amount and carryforward Volume Cap by year and amount.
    (2) The notice shall be signed and dated by Bond Counsel.
    (3) The Arkansas Development Finance Authority may create a form of Notice of Issuance containing the information required by this Subsection.
    (4) Upon receipt of the notice, the President of the Arkansas Development Finance Authority will execute and deliver a certificate of allocation of Volume Cap that complies with the requirements of 26 U.S.C. §149(e)(2)(F), 26 C.F.R. §1.149(e)-1(b)(2) and Form 8038 published by the United States Department of the Treasury, Internal Revenue Service.
(c) The President of the Arkansas Development Finance Authority is the State official authorized to execute a certificate of allocation of Volume Cap.

SECTION .015 DELEGATION OF FUNCTIONS.

(a) The President of the Arkansas Development Finance Authority may delegate, in writing, functions under this Rule to other officers and employees within the Arkansas Development Finance Authority.

SECTION .016 SEVERABILITY.

(a) If any provision of this Rule or the application thereof is held invalid, such invalidity shall not affect the other provisions or applications of this Rule which can affect the invalid provisions or applications, and to this end the provisions hereto are declared severable.

SECTION .017 REPEAL.

(a) All rules, resolutions, regulations, and parts of rules, regulations, and resolutions, promulgated or adopted by the Arkansas Development Finance Authority, in conflict herewith, including without limitation, the Third Amended Rules and Regulations, Implementing the Law on the Allocation of State Volume Cap for Tax-Exempt Private Activity Bonds Pursuant to Act 1044 of 2001 and the Guidelines for Reserving Volume Cap for Tax-Exempt Private Activity Bonds for Residential Rental Housing are hereby replaced and repealed.

CERTIFICATION

This will certify that the forgoing form of Rule Regarding the Reservation Private Activity Bond Volume Cap was adopted by resolution of the Board of Directors of the Arkansas Development Finance Authority at a regular meeting of said Board of Directors held in Little Rock, Arkansas on the __ day of ________, 2024.

____
Mark Conine
Secretary of the Board of Directors of the
Arkansas Development Finance Authority

[This rule is to be repealed in its entirety]

Formatted: Font: 14 pt

~~ARKANSAS DEVELOPMENT FINANCE AUTHORITY~~

RECEIVED
AUG 26 2024
BLR

~~Neighborhood Stabilization Program~~

~~Policies and Procedures Manual~~

~~June 2009~~

~~EQUAL HOUSING OPPORTUNITY~~

~~**Arkansas Neighborhood Stabilization Program (NSP)**~~

~~**Policies and Procedures Manual**~~

~~I. Introduction~~

~~The Neighborhood Stabilization Program (NSP) for Arkansas is authorized by the Housing and Economic Recovery Act ("HERA") (Public Law 110-289), which was signed into law on July 30, 2008. Originally introduced as HR 3221, HERA Division B, Title III establishes the NSP grant under the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes heading. NSP was revised in February 2009 with the passage of the American Recovery and Reinvestment Act of 2009 (ARRA). The NSP is administered by the U.S. Department of Housing and Urban Development ("HUD") and is considered a special Community Development Block Grant ("CDBG") allocation. CDBG allocations for Arkansas are administered by statute by the Arkansas Economic Development Commission ("AEDC"). Arkansas was allocated $19,600,000 in NSP funds by HUD.~~

~~Arkansas Development Finance Authority ("ADFA") has been designated by AEDC as administrator of NSP funds for the State of Arkansas. This designation is by virtue of a Memorandum of Understanding (MOU) executed by AEDC and ADFA dated October 7, 2008.~~

~~ADFA will administer NSP effectively and efficiently under the housing conditions that exist in the State of Arkansas (the "state") and with all practical safeguards against waste or fraud. ADFA will practice and advocate innovation, flexibility, and expansion in program design to address unmet housing needs and to address foreclosed and abandoned properties throughout the state. To that end, this policy and procedures manual is presented to provide an overview of ADFA policies and procedures as they pertain to NSP and step-by-step guidance on the implementation of NSP projects in the State of Arkansas. This manual is organized into the following sections:~~

~~II. Purpose of the Neighborhood Stabilization Program~~

~~Ill. General Requirements of NSP~~

~~JV. The NSP Rental Housing Program~~

~~V. The NSP Homeownership Housing Program~~

~~VI. Glossary~~

~~VII. Appendix I (Needs Score)~~

~~This manual is not meant to be a substitute for NSP regulations, hut as a supplement lo them. It is not exhaustive regarding all considerations affecting the use of NSP funds. While carefi.11 consideration and due care has been used in developing the manual, NSP participants are encouraged to consult with NSP staff to ensure correct interpretation of policies and regulations. ADFA reserves the right to implement additional policies as needed.~~

~~II. Purpose of the Neighborhood Stabilization Program~~

~~The Neighborhood Stabilization Program (NSP) is authorized by the Housing and Economic Recovery Act ("HERA") (Public Law 110-289) and requirements contained in the HUD Federal Register Notice published October 6, 2008 (Docket No. FR-5255-N-0J) and as revised in a "Bridge Notice" published June 15, 2009 (Docket No. FR-5255-N-02). (The Bridge Notice includes changes from the American Recovery and Reinvestment Act of 2009 (ARRA).)~~

~~The primary purpose of NSP is to provide emergency assistance for the state to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. Arkansas' NSP program provides Joans to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop homes in order to stabilize neighborhoods and stem the decline of house values in neighboring homes.~~

~~As the administrator of the state of Arkansas' NSP funds, ADFA has designed its programs into two main categories the NSP Rental Housing Program and the NSP Homeownership Housing Progrn1n.~~

~~III. General Requirements of NSP~~

~~A. Allocation of Funds~~

~~NSP funds committed to the state of Arkansas will be allocated as promulgated in the State of Arkansas' 2009 Amendment to the Consolidated Plan. In addition, the state may spend up to ten percent (I 0%) of its NSP allocation and 10% of any program income for administrative and planning expenses.~~

~~ADFA anticipates that the amount of funds that will be applied for and approved will vary with the needs and capacity of local organizations in different areas of the state. ADFA is required to ensure that funds are used to address the areas of greatest need in terms of foreclosure. Therefore, ADFA will review and rank applications based on the Proposal Scoring Criteria, outlined in the Consolidated Plan Amendment for NSP and attached as Appendix I to this document. See also Section C "Application Selection Criteria" below.~~

~~In addition, ADFA is required to ensure that all NSP funding is obligated within 18 months following the execution of the NSP grant agreement with HUD, which occurred in March 20, 2009. Therefore, ADFA reserves the right to award funds to projects that are "ready to go" and to further adjust contracted amounts based upon actual performance and progress to obligate the funds within the initial 18 months of the grant agreement date or by September 20, 2010.~~

~~B. Eligible Applicants~~

~~NSP funding is available statewide to entitlement cities, participating jurisdictions, ADFA-designated Community Housing Development Organizations ("CHDOs"), non-profit organizations, for-profit organizations, developers, units of local government provided the entity is in good standing with ADFA, the State of Arkansas, and the applicants' respective regulating **agencies.**~~

~~A letter of support from the chief elected official (CEO) of the applicable local jurisdiction must be provided with each application for NSP funds.~~

~~The eligible applicant is the entity responsible for the NSP application, project development, project implementation, and accountability for uses of all NSP funds. The eligible applicant must adhere to required compliance and monitoring of all NSP activities or the full applicable affordability period. ADFA will allocate NSP funds to the approved eligible applicant as outlined in the NSP Program Agreement.~~

~~C. Application Selection Criteria~~

~~NSP funds awarded in Arkansas will be allocated on the basis of established need, capacity of the applicant, and quality and content of complete applications received by ADFA by application deadline. As mandated by HERA NSP regulations, priority in Arkansas is given to the areas having the greatest instance of foreclosures. Since NSP funds are intended to stabilize neighborhoods, only applications for eligible activities in existing neighborhoods will be considered. The NSP is not intended and shall not be used for properties that are a part of new developments which were overbuilt as determined by ADFA. ADFA reserves the right in its sole and absolute discretion to determine the level of existing neighborhood destabilization when considering proposals.~~

~~The Proposal Scoring Criteria includes the following:~~

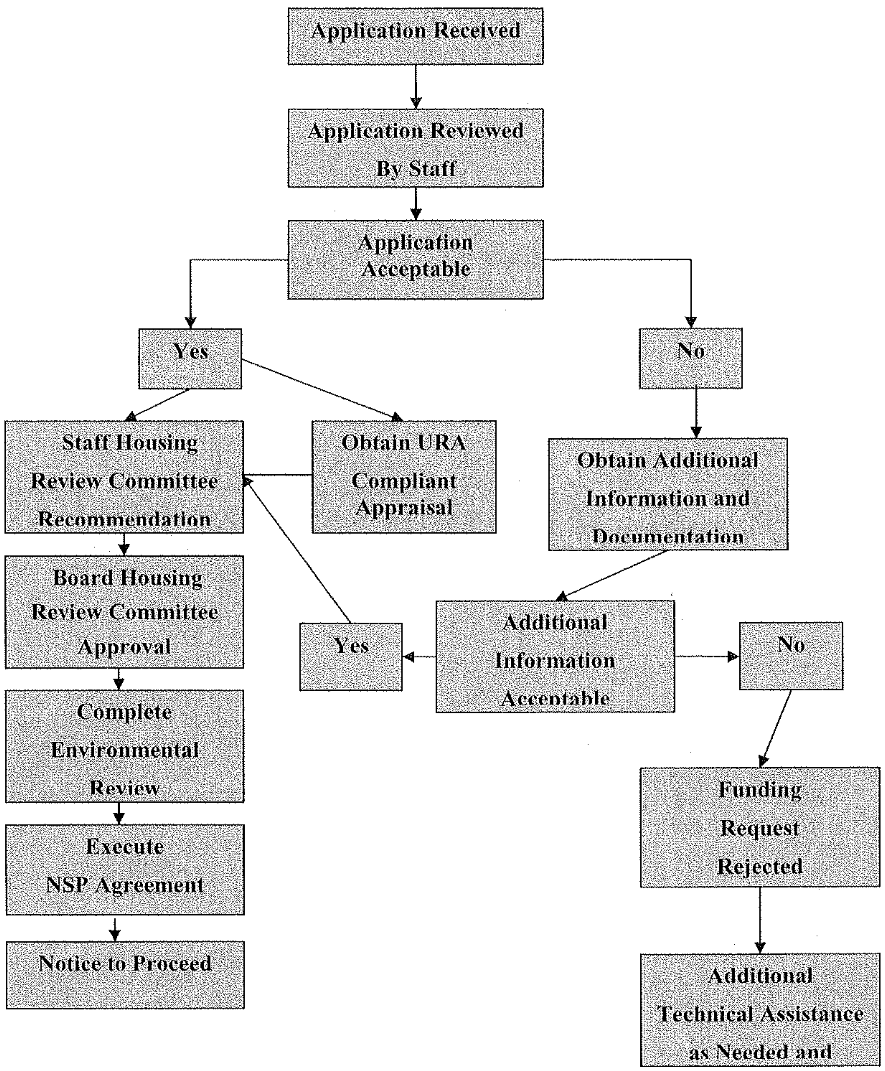
1. ~~**Need** - The proposal must clearly demonstrate the specific areas to be assisted and the rationale for why this area and the specific properties have been or will be negatively impacted by foreclosure activity.~~
2. ~~**Capacity** - The proposal must provide substantial information on the identity, location, and capacity of ALL partners who will he participating in NSP activities. The proposal must also fully demonstrate the ability of the applicant(s) to satisfactorily complete the proposed eligible CDBG activities within specified time lines. The applicant must provide specific examples of successful completion of the same or similar activities using CDBG, HOME, or other federal housing resources.~~
3. ~~**Financing-The** proposal must clearly delineate the TOTAL resources expected to be used to complete the NSP activities proposed, including the exact amount of NSP funds requested in the proposal. All funding sources must be documented by firm financial commitments of the proposed amounts and uses of the funds. Leveraging of additional funds to NSP funds will be considered when reviewing and scoring the proposal.~~
4. ~~**Quality of plan** - The proposal should clearly demonstrate the reasonableness of the proposed activities and funding in accomplishing the desired neighborhood stabilization results. Each proposal must require each NSP-assisted homebuyer to receive and complete at least eight (8) hours of homebuyer counseling provided by a HUD-approved housing counseling agency prior to obtaining a home mortgage loan.~~
5. ~~**Ultimate neighborhood stabilization goals** -The proposal should specifically list units to be assisted and beneficiaries anticipated for assistance by the full scope of the submitted proposal. Include expected neighborhood stabilization benefits, number, type, and location of housing to be assisted, and number of expected eligible persons to benefit from NSP-funded activities.~~
6. ~~**Time of Performance** -The proposal must include a reasonable and realistic time line for implementation of eligible activities, progress on those activities, and completion of ALL activities included in the proposal, including sale or rental of housing assisted using NSP funds.~~

~~D. Application Deadlines~~

~~ADFA will receive proposals through Tuesday, September **I**, 2009. ADFA staff will review, evaluate, score, and make recommendations for approval to ADFA's Board of Directors for consideration at its regularly scheduled meeting on Thursday, November 19, 2009. If additional information is required by staff, the applicant must submit the documentation within thirty (30) calendar days of application deadline.~~

~~ADFA will develop and execute NSP agreements, committing NSP funds to the selected applicants by Thursday, December 31, 2009. Dependent upon the level of demand and award of NSP funds, ADFA reserves the right to extend the referenced time lines or establish additional funding rounds as necessary.~~

~~NSP Application l'rocess Path~~



~~**Note:** Board Housing Review Committee approval, contingent upon acceptable URA appraisal.~~

~~E. Application Technical Assistance~~

~~Applicants may receive technical assistance by attending an informational training session prior to submitting an application. Sessions will address NSP and ADFA guidelines as well as application procedures. ADFA staff is also available to meet with applicants to provide technical assistance. Applicants must contact ADFA staff to establish a mutually convenient date, time, and venue.~~

~~F. Amendments to Applications~~

~~Any changes to any material aspect of the application, proposed development, or proposed activities must be presented as an amendment to the initial application for NSP funds. The request for amendment will go through the normal review and approval process as outlined in the "NSP Application Process Path" of this manual.~~

~~G. Eligible Activities~~

~~ADFA will distribute NSP funds for the following eligible activities:~~

1. ~~Acquisition of abandoned and foreclosed properties~~
2. ~~Rehabilitation of acquired abandoned and foreclosed properties~~
3. ~~Demolition of blighted abandoned and foreclosed structures acquired using NSP funds for the purpose of rehabilitation or construction of housing~~
4. ~~Reasonable developer's fees related to NSP-assisted housing rehabilitation or construction activities~~
5. ~~New construction of affordable housing for sale or rental to eligible homebuyers/tenants~~
6. ~~Sale of residential properties acquired or acquired/rehabilitated using NSP funds~~
7. ~~Rental of residential properties acquired or acquired/rehabilitated using NSP funds~~
8. ~~Payment of reasonable down payment and closing cost assistance~~
9. ~~Interest rate buy-down for fixed-rate first mortgages for eligible purchasers~~
10. ~~General administration and planning activities~~
11. ~~Provision of homebuyer counseling to all purchasers of properties constructed, acquired, or acquired/rehabilitated with NSP funds~~

~~For purposes of implementing the NSP, an **abandoned property** is defined as such when all the following apply: 1) Mortgage or tax foreclosure proceedings have been initiated for that property, and 2) No mortgage or tax payment have been made for the property owner for at least ninety (90) days, and 3) The property has been vacant for at least ninety (90) days.~~

~~For purposes of implementing the NSP, a **foreclosed property** is defined as a property that, under state or local law, has a completed mortgage or tax foreclosure process and is currently owned by the lender or mortgagee. A foreclosure is not considered to be complete until after the property title has been transferred from the former owner under a foreclosure proceeding or transfer in lieu of foreclosure.~~

~~These and other definitions may be found in the Glossary at the end of this manual.~~

NSP Eligible Use*	CDBG Eligible Activities	Type(s) of Properties
A) **Financing mechanisms** for purchase & redevelopment of *foreclosed homes & residential* ***properties***	Activity delivery cost for an eligible activity (designing & setting it up) The financing of an NSP eligible activity- such as soft second **loans, loan loss reserve, equity sharing** Other acti, ties eligible in uses below Housing counseling for those seeking to take part in the activity	Foreclosed residential properties only
B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties	**Acquisition** Disposition Relocation Direct homeownership assistance Eligible rehabilitation and preservation activities for homes and **other residential properties** Housing counseling for those seeking to take part in the activity	Foreclosed or abandoned residential properties only
D) Demolish *blighted* structures ONLY in connection with one of the other eligible uses	Clearance of blighted structures only in conjunction with one of the **above activities**	Any, but must be blighted
E) **Redevelop** *demolished* or *vacant* properties	**Acquisition** **Disposition** Public facilities and improvements Housing counseling public services (limited to purchasers or tenants of redeveloped properties) **Relocation** **New housing construction** **Direct homeownership assistance** **Housing counseling for those seeking to take part in the activity**	Any, but property must be **vacant**

~~* NSP Eligible Use C - Land Banking is not allowed under the Arkansas NSP.~~

~~H. Meeting the Low-Moderate-Middle Income (LMMI) National Objective~~

~~All NSP-funded activities must meet 1-IERA's Low-Moderate-Middle Income (LMMI) National Objective, which means to primarily benefit LMMI households. LMMI households are defined as households whose incomes do not exceed 120% of area median income, adjusted for family size (measured as 2.4 times the current Section 8 income limit for households below 50% of area median income, adjusted for family size). All households assisted using NSP funds shall have incomes which do not exceed 120% of area median income, adjusted for family size.~~

~~NOTE that if funding is used in areas that are CDBG entitlement communities (e.g., Bentonville, Conway, Fayetteville, Fort Smith, Hot Springs, Jacksonville, Jonesboro, Little Rock, North Little Rock, Pine Bluff, Rogers, Springdale, Texarkana, and West Memphis), area median income limits issued for that area apply (as opposed lo the statewide limit).~~

~~Documentation that the national objective has been met must be completed when the project is funded. The income of each household will be determined and documented using the Part 5 (Section 8) definition of income identified in HUD's "Technical Guide for Determining Income and Allowances for the HOME Program" published in January 2005. This guide can be found al the following link: http_:Llwww.bud.gov/offices/cpd/affordablehousin g/library/mo_el,:lguides/ I780.cfin.~~

~~For 2-unit structures, at least one of the units must be occupied by a LMMI household. For multi-family rental structures of three or more units, a proportional share of the units must be occupied by LMMI households. (NOTE that this is different than the regular CDBG program requirements.) For example, if the total development cost is $1 m and NSP is providing $750,000, seventy-five percent (75%) of the units must be occupied by LMMI households.~~

~~NSP further requires that not less than twenty-five percent (25%) of the total NSP funds allocated to the Stale shall be utilized to provide permanent housing for households with incomes at or below fifty percent (50%) of the AMI.~~

~~I. Administrative and Project Delivery Costs~~

~~Units of local government and nonprofit entities acting as subrecipients are allowed to incorporate eligible NSP administrative costs. Eligible administrative costs are costs associated with administering the grant that are NOT directly related to the project itself. For example, a portion of the salary of a staff person that will oversee the NSP-funded program (carry out budgeting, reporting, general oversight) is an administrative cost. Project specific costs such as appraisals, title searches, etc. are considered project costs.~~

~~The maximum amount that can be requested for administrative costs is ten percent (10%) of the final allocation amount. Applicants who choose to use a consultant must include the consultant fee, if any, in an amount not to exceed ten percent (10%) of the requested NSP allocation in the proposed development budget. Any amounts requested for project delivery costs may be in addition to the requested NSP allocation amount. The NSP allocation may not include both a consultant fee and a project delivery cost reimbursement.~~

~~All for-profit entities are considered developers and nonprofit entities acting as developers (carrying out acquisition and rehabilitation activities only as defined by HUD) are NOT allowed to receive funding for administrative costs but may include eligible project delivery costs and a reasonable developers' fee in the requested NSP allocation amount (as supported by a budget).~~

~~J. Funding Disbursement~~

~~Following ADFA Board approval of the NSP application, the following processes will apply:~~

1. ~~Disbursement of NSP funds will occur only when one of the following conditions have been met:~~
    a. ~~Required environmental review process must be satisfactorily completed.~~
    b. ~~Project closing documents shall reflect a project completion date acceptable to ADFA and the recipient of the NSP funds. The NSP Agreement will outline the payment of the NSP funds, (e.g., how the funds will be disbursed, i.e., prorate share, etc.) The NSP Agreement must contain provisions for the timing of NSP fund disbursements.~~
    c. ~~ADFA staff must complete all Disaster Recovery Grant Rep01ting (DRGR) system set up procedures.~~
    d. ~~A pre-construction conference is held. For rental activities the pre-construction conference must be conducted with the development team and an ADFA representative. For homebuyer activities the pre-construction conference must be conducted with the development team and an ADFA Inspector.~~
    e. ~~ADFA must issue a Notice to Proceed. To ensure that all NSP requirements have been met, no work shall begin until all documentation has been executed and ADFA issues a Notice to Proceed.~~ ~~**NO APPLICATIONS WILL UE ACCEPTED ON A PROJECT WHERE CONSTRUCTION IS UNDERWAY.**~~
2. ~~Retainage will be released thirty (30) days after the final inspection is approved and upon ADFA 's receipt of all completion documentation.~~

~~For rental activities, the following completion documentation will he required prior to ADFA's release of retainage:~~

- ~~All DRGR set up procedures complete by ADFA staff~~
- ~~Certification of release of liens~~
- ~~Hazard insurance~~
- ~~Certificate of Occupancy issued by local jurisdiction, if applicable~~
- ~~Certification of final inspection, Plumbing Certification, and Electrical Certification~~

~~For homebuyer activities, the following completion documentation will he required prior to ADFA's release of retainage:~~

- ~~ADFA staff must complete all DRGR sei up procedures~~
- ~~Certification in release of liens~~
- ~~Hazard Insurance~~
- ~~Certification of Occupancy issued by local jurisdiction, if applicable, and~~
- ~~Certification of final inspection, Plumbing Certification and Electrical Certification~~

~~If any NSP-funded project has an available balance after development completion and release of retainage, ADFA will deobligate those funds and reallocate such balance of NSP funds to other eligible activities according to ADFA's adopted NSP allocation process. ADFA must ensure that all NSP funds are obligated within 18 months after the execution of the grant agreement (March 20, 2009) with HUD or by September 20, 2010.~~

~~K. Reimbursement for Pre-Award Costs~~

~~Per 0MB Circular A-87, Attachment B, paragraph 31 and HUD NSP regulations, ADFA may incur pre-award costs as if Arkansas was a new grantee preparing to receive its first allocation of CDBG funds. The date of pre-award costs is the date of submission of the Consolidated Plan Amendment, which is December !, 2008.~~

~~Therefore, predicated on that authority, ADFA will allow NSP funds to be used to reimburse eligible pre-award costs to entities approved for an award of NSP funds, contingent upon the pre-award costs being included and documented in the applicant's proposal and adherence to all applicable requirements such as environmental review and the Uniform Relocation Act (URA). If the entity is NOT approved for an award of NSP funds, no reimbursement for pre-award costs will be allowed. Examples of allowable pre-award costs include, but are not limited to, appraisal fees, costs ofa market study, costs of feasibility studies, and preparation of rehabilitation cost estimates.~~

~~**Note:** The most stringent requirements of any source of funds will apply to the project.~~

~~L. Combining NSP with Other Forms of Funding Assistance~~

~~NSP funds should be used efficiently and encourage partnerships between public and private entities. In keeping with this mission, ADFA requires that recipients leverage their NSP allocation to the greatest extent possible with funds from other sources. For example, three such sources include: USDA Rural Development, Low Income Housing Tax Credits, and the HOME Program.~~

- ~~To obtain information about the programs offered by Rural Development, please contact USDA Rural Development, Attention: Multi-Family Department, 700 West Capitol, Little Rock, AR 72201.~~
- ~~To obtain information about ADFA's Low Income Housing Tax Credit Program, please contact ADFA, Attention: Multi-Family Department, 423 Main Street, Suite 500, Little Rock, AR 72201.~~
- ~~To obtain information about ADFA's HOME Program, please contact ADFA, Attention: HOME Program Manager, 423 Main Street, Suite 500, Little Rock, AR, 72201.~~

~~M. Performance Standards and Recapture of Funds~~

~~It is imperative that funds allocated to participants be used as quickly as possible and in the most efficient manner. Therefore, seventy-five percent (75%) of total NSP funds allocated must be disbursed on the development within one year from the date of the notice to proceed to a development. If these performance standards are not met, any unspent NSP funds may be recaptured and reallocated to fund other affordable housing developments.~~

~~For developments applying for both NSP funds and LIHTC, any allocation of NSP funds is contingent upon the successful reservation of LIHTC.~~

~~Applicants approved for funding that do not complete the required number of units will be considered in default of their NSP Agreement.~~ **~~ADFA will recapture allocated funds that have not been used in accordance with these performance standards and NSP regulatory commitment and disbursement requirements.~~** ~~These funds will be placed back into the pool of funds that are available to fund other eligible NSP activities.~~

~~N. Requirements for Subrecipients~~

~~If a non-profit organization is awarded funds for the acquisition and rehabilitation of residential property, the non-profit is considered a developer. However, in all other cases, a non-profit is considered a subrecipient Subrecipients may be government entities or non-profits. Subrecipients are subject to comprehensive administrative and financial management requirements similar to ADFA, and ADFA is required to monitor the organizations for compliance.~~

~~Subrecipients that are government agencies are subject to the requirements set forth in 0MB Circular A-87 "Cost Principles for State and Local Governments," certain provisions of24 CFR Part 85 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments," and A-133 "Audits of State and Local Governments and Nonprofit Organizations." Subrecipients that are nonprofit organizations are subject to 0MB Circular A-122 "Cost Principles for Nonprofit Organizations," cmiain provisions of24 CFR Part 84 "Grants and Agreements with Institutions of Higher Learning, Hospitals and Other Nonprofit Organizations," and A-133 "Audits of State and Local Governments and Nonprofit~~ **~~Organizations."~~**

~~Subrecipients are required to comply with the requirements set forth in the subrecipient agreement signed by the ADFA and the subrecipient. As required by 24 CFR 570.50l(b), ADFA will monitor subrecipients to ensure that NSP funds are being used in accordance with all program requirements and that subrecipients are adequately performing as required under subrecipient agreements and procurement contracts. If performance problems arise, ADFA will take appropriate actions as described in 24 CFR 570.910.~~

~~See also Section~~ **~~L~~** ~~Administrative and Project Delivery Costs.~~

~~0. Acquisition of Properties Usiug NSP Funds~~

~~Acquisition, Sales Contracts, and Obligations~~

~~ADFA must have executed sales contracts for specific properties for funds to be considered obligated. Options or other non-building instruments are not acceptable.~~

~~b12praisals and Discount Requirements~~

~~Properties with an anticipated value exceeding $25,000 and acquired using NSP funds shall be appraised in conformity with the appraisal requirements of the Uniform Relocation Act (URA) at 49 CFR 24.103 by a licensed appraiser within sixty (60) days prior to an offer to purchase the property. Further guidance may be found at http://www.hud.gov/offices/cpd/£ommunitydeveloprnent/prngi:ams/n£igbborhooclw1s/clQf§l(lJ2Rraisal-guidance.doc. The market appraised value of properties with an anticipated value of $25,000 or less may be established based on a review of available data and shall be made by a person knowledgeable of and with experience in property valuation that ADFA determines is qualified to make the valuation.~~

~~NSP requires that properties acquired using program fonding be purchased **at a discount of at least 1°A, from the current market appraised value of the home or property.** ADFA will require documentation to ensure the discount requirement is met including the address, appraised value, purchase offer amount and discount amount for each property. The discount value calculation may take into account the likely carrying costs of the mortgagee ifit were to NOT sell the property to the applicant. Carrying costs may include: taxes, insurance, maintenance, marketing, overhead and interest.~~

~~**No ac<1uisition of single-family dwellings will be allowed for property in excess of Federal Housing Administration (FHA) limits, currently set at $271,050.**~~

~~Voluntary Transactions and Tenants~~

~~ALL NSP-assisted property acquisitions must be voluntary acquisitions. Taking of properly through eminent domain proceedings is NOT allowed. The Uniform Relocation Act requires that notices arc provided to property owners even those considered to be voluntary transactions. The notices can be found at: l:!1\p://www.hud.gov/ojlfoes/c12d/]j].rary/relocatio11l11wLind")(.cfm.~~

~~URA and Section 104(d) and 5305(a)(l I) of Title I of the Housing and Community Development Act of 1974, as amended, and the implementing regulations at 24 CFR Part 570.496(a) (the Barney Frank Amendment) govern the permanent displacement as well as temporary relocation of tenants in properties funded by NSP. For more information, refer to hll;p://www.hud.govlOffo;es/q:id/library/relocation/nsp/index.cfn1. In addition, ARRA includes additional provisions protecting the rights of property owners and "bona fide" tenants. Refer to Section P below for more information.~~

~~Acquisition of a Property for Another Party~~

~~ADFA may not provide NSP funds to another party to finance an acquisition of tax foreclosed (or any other) properties from itself, other than to pay necessary and reasonable costs related to the appraisal and transfer of title. OF NSP funds are used to pay such costs when the property owned by ADFA is conveyed to a subrecipient, homebuyer, developer, or other jurisdiction, the property is NSP-assisted and subject to all program requirements, such as requirements for NSP-eligible use and benefit to income-qualified persons.~~

~~Resale of Property to Homebuyers~~

~~Each awardee of NSP funds must maintain sufficient documentation on the acquisition and sale of each property to enable ADFA and HUD to determine compliance with the requirement to sell each property lo homebuyers at an amount equal to or less than the cost to acquire and redevelop the property (not including holding costs).~~

~~Purchase of FHA-Foreclosed Properties~~

~~Per NSP regulations, HUD strongly urges every community to consider and include FHA-foreclosed properties in their NSP programs. The nature and location of many FHA-foreclosed properties make them compatible with the eligible uses of NSP funds, the geographic areas of greatest need, and the income eligibility thresholds and limits.~~

~~P. Tenant Rights and Protections~~

~~The following requirements apply to any foreclosed upon dwelling or residential real property that was acquired by the initial successor in interest pursuant to the foreclosure after February 17, 2009 and was occupied by a *bona fide* tenant at the time of foreclosure.~~

- ~~The initial successor in interest in a foreclosed upon dwelling or residential real property shall provide a notice to vacate to any *bona fide* tenant at least 90 days before the effective date of such notice. The initial successor in interest shall assume such interest subject to the rights of any *bona fide* tenant, as of the date of such notice of foreclosure: (i) under any *bona fide* lease entered into before the notice of foreclosure to occupy the premises until the end of the remaining term of the lease, except that a successor in interest may terminate a lease effective on the date of sale of the unit to a purchaser who will occupy the unit as a primary residence, subject to the receipt by the tenant of the 90-day notice under this paragraph; or (ii) without a lease or with a lease terminable at will under State law, subject to the receipt by the tenant of the 90-day notice under this paragraph, except that nothing in this section shall affect the requirements for termination of any Federal- or State-subsidized tenancy or of any State or local law that provides longer time periods or other additional protections for tenants.~~
- ~~In the case of any qualified foreclosed housing in which a recipient of assistance under Section 8 of the United States Housing Act of 1937 (42 U.S.C 1437f) (the "Section 8 Program") resides at the time of foreclosure, the initial successor in interest shall be subject to the lease and to the housing assistance payments contract for the occupied unit.~~
- ~~Vacating the property prior to sale shall not constitute good cause for termination of the tenancy unless the property is unmarketable while occupied or unless the owner or subsequent purchaser desires the unit for personal or family use.~~
- ~~If a public housing agency is unable to make payments under the contract to the immediate successor in interest after foreclosure, due to (A) an action or inaction by the successor in interest, including the rejection of payments or the failure of the successor to maintain the unit in compliance with the Section 8 Program or (B) an inability to identify the successor, the agency may use funds that would have been used to pay the rental amount on behalf of the family (!) to pay for utilities that are the responsibility of the owner under the lease or applicable law, after taking reasonable steps to notify the owner that it intends to make payments to a utility provider in lieu of payments to the owner, except prior notification shall not be required in any case in which the unit will be or has been rendered uninhabitable due to the termination or threat of termination of service, in which case the public housing agency shall notify the owner within a reasonable time after making such payment; or (2) for the family's reasonable moving costs, including security deposit costs.~~

~~A lease or tenancy shall be considered *bona fide* only if: (i) the mortgagor under the contract is not the tenant; (ii) the lease or tenancy was the result of an arms length transaction; and (iii) the lease or tenancy requires the receipt of rent that is not substantially less than fair market rent for the property.~~

~~ADFA will maintain documentation of its efforts to ensure that the initial successor in interest in a foreclosed upon dwelling or residential real property has complied with the requirements under section K.2.a. and K.2.b. If ADFA determines that the initial successor in interest in such property failed to comply with such requirements, it may not use NSP funds to finance the acquisition of such property unless it assumes the obligations of the initial successor in interest~~

~~specified in section K.2.a. and K.2.b. If ADFA elects to assume such obligations, it must provide the relocation assistance required pursuant to 24 CFR 570.606 to tenants displaced as a result of an activity assisted with NSP funds and maintain records in sufficient detail to demonstrate compliance with the provisions of that section.~~

~~The recipient of any grant or loan made from NSP funds may not refuse to lease a dwelling unit in housing with such loan or grant to a participant under the Section 8 Program because of the status of the prospective tenant as such a participant.~~

~~This section shall not preempt any Federal, State or local law that provides more protections for tenants.~~

~~Q. Energy Efficiency~~

~~To the extent feasible, ADFA will strongly encourage grantees to incorporate modern, green building, and energy-efficiency improvements in all NSP activities to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods.~~

~~R. Other Federal Requirements~~

~~NSP awards and funded projects must adhere to all applicable other Federal requirements as outlined in 24 CFR part 570, HERA, ARIZA, and NSP guidance from HUD. Key requirements are summarized below.~~

~~Equal Opportunity aucl Fair Housing~~

~~The state shall not exclude any organization or individual from participation under any program funded in whole or in part by NSP funds on the grounds of age, disability, race, creed, color, national origin, familial status, religion, or sex.~~

~~The following federal requirements as set forth in 24 CFR 5.105(a), Nondiscrimination and Equal Opportunity, are applicable to NSP projects:~~

~~Fair Housing Act~~	~~24 CFR 100~~
~~Executive Order 11063, as amended (Equal Opportunity in Housing)~~	~~24 CFR 107~~
~~Title VI of the Civil Rights Act of 1964~~ **~~(Nondiscrimination in Federal Programs)~~**	~~24 CFR I~~
~~Age Discrimination Act of 1975~~	~~24 CFR 146~~
~~Section 504 of the Rehabilitation Act of 1973~~	~~24 CFR 8~~
~~Executive Order 11246, as amended (Equal Employment Opportunity Programs)~~	~~41 CFR 60~~
~~Section 3 of the Housing and Urban Development Act of 1968~~ [1]	~~24 CFR 135~~
~~Executive Order 11625, as amended~~ **~~(Minority Business Ente1prises)~~**	
~~Executive Order 12432, as amended~~ ~~(Minority Business Enterprises)~~	
~~Executive Order 12138, as amended (Women's Business Enterprise)~~ [2]	

~~In addition to the above requirements, all NSP participants must ensure that their Equal Opportunity and Fair Housing policies related to activities funded by NSP are consistent with the current Consolidated Plan adopted by their jurisdiction or the State Consolidated Plan.~~

~~Affirmative Marketing~~

~~Any entity applying for NSP funds must adopt affirmative marketing procedures and requirements for all NSP-assisted housing and submit the affirmative marketing plan with the NSP application. The affinitive marketing plan and requirements for NSP-assisted housing must be approved by ADFA prior to any NSP funds being committed to a development. Affirmative marketing requirements and procedures must include A!.J " of the following:~~

- ~~Methods for informing the public, owners, and potential tenants about fair housing laws and the policies of the local program~~
- ~~A description of what owners and/or the program administrator will do to affirmatively market housing assisted with NSP funds~~
- ~~A description of what owners and/or the program administrator (e.g.., community development director) will do to inform persons not likely to apply for housing without special outreach~~

---

[1] **~~Section 3 requires that the employment and other economic opportunities generated by federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward |ow and very low income persons, particularly those who are recipients of government assistance for housing.~~**

[2] **~~Executive Orders 11625, 12432, and 12138 require that participating jurisdictions and local programs must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the greatest extent possible, of minorities and women entities owned by minorities and women in all contracts. Local programs must also develop acceptable policies and procedures if their application is~~** ~~approved by ADFA.~~

- ~~Maintenance of records to document actions taken to affirmatively market NSP-assisted units and to assess marketing effectiveness~~
- ~~A description of how efforts will be assessed and what corrective actions will be taken when requirements are not met.~~

~~Environmental Review~~

~~In implementing NSP, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environment Policy Act of 1969 and HU D's regulations at 24 CFR Part 58.~~

~~ADFA, as the NSP grantee, and the units of local government funded by ADFA will be responsible for carrying out environmental reviews for approved projects/programs. ADFA will approve the release of funds (ROF) for local governments and must request the release of funds (RROF) from HUD for any developments carried out by other types of entities. NSP funds are approved as a conditional commitment until the environmental review process has been completed, with the option to proceed, modify or cancel the project based upon the results of the review. ADFA reserves the right to require a Phase I Environmental Study as part of the environmental review process.~~

~~Applicants/awardees ofNSP funds may NOT execute contracts for purchase of properties that may be funded with NSP until receiving written authorization from ADFA to do so.~~

~~Flood Plains/Wetlands~~

~~NSP funds may generally not be invested in housing located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards. ADFA discourages developments located in special flood hazard areas but, in some instances and with written permission from ADFA, houses located in a flood plain may be assisted. It is the responsibility of the applicant to evaluate any remedies to remove any properties from the flood plain and ensure the feasibility of the proposed plan. ADFA is willing to consider the proposed remedy and must approve the proposal in writing prior to approval of any NSP allocation. The community must be currently participating in the National Flood Insurance Program, and flood insurance must he obtained and maintained on the NSP-assisted properly for the full period of affordability.~~

~~Lead-Based Paint Requirements~~

~~The Lead-Based Paint Regulations described in 24 CFR Part 35 require that lead hazard evaluation and reduction activities be carried out for all developments constructed before 1978 and receiving NSP assistance. Applications for rehabilitation funds for existing buildings constructed prior to 1978 must include a lead hazard evaluation, by appropriate lead-certified personnel. The application must also include detailed lead hazard reduction plan, in accordance with the regulations, and separately identify within the rehabilitation budget, the costs associated with reduction of lead hazards in accordance with the regulation and guidelines. All NSP fund allocations will be contingent upon the applicant agreeing to complete lead hazard reduction, evidenced by a clearance report performed by appropriate lead-certified personnel. In a development where NSP funds will be used on only a portion of the units, the lead-based paint requirements apply to ALL units and common areas in the development.~~

~~**Labor Standards**~~

~~Davis-Bacon wage compliance and other federal laws and regulations pertaining to labor standards apply to all construction and rehabilitation contracts that are financed in whole or in part with NSP funds for residential property consisting of eight (8) or more NSP-assisted units.~~

~~Davis-Bacon and related laws include the following:~~

- ~~Davis-Bacon and Related Acts (40 USC 276a-276a-7)~~
- ~~Contract Work Hours and Safety Standards Act (40 USC 327-333)~~
- ~~Copeland (Anti-Kickback) Act (I 8 USC 874; 40 USC 276c)~~
- ~~Fair Labor Standards Act of 1938, as amended (29 USC 20 I, el seq.)~~

~~The construction bids and contract for any NSP-assisted activity must contain the applicable wage provisions and labor standards. Davis-Bacon does not apply to projects using solely volunteer labor or to sweat equity projects. ADFA will monitor all developments subject to Davis-Bacon requirements to ensure compliance with all applicable regulations.~~

~~**Debarment and Suspension**~~

~~ADFA will require participants in lower-tier transactions covered by 24 CFR 24 to ce1tify that neither **it** nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any entity from a federally funded transaction. Any participant that remains on a debarred or suspended condition shall be prohibited from participation in the ADFA NSP as long as they are classified in this manner.~~

~~**Note:** ADFA reserves the right to require criminal background checks for all program participants as part of the application process. Please refer to ADFA's agency policy and requirements for information regarding this item (See ADFA's QAP and/or HOME Policy Manual).~~

~~**Relocation**~~

~~NSP funds are intended ONLY for use in purchasing/improving properties that have been abandoned and foreclosed. As such, most properties are expected to be vacant at the time of appraisal and offer to acquire. Should there be residents in any foreclosed property considered for NSP assistance, potential awardees must follow the residential anti-displacement and relocation plans in effect and outlined in the State's approved Consolidated Plan and all applicable Uniform Relocation Assistance and Real Properly Acquisition Act (URA) of 1970 provisions. Applicable regulations can be found at 49 CFR Part 24.~~

~~ADFA requires that local government and non-profit recipients expending more than $500,000 in Federal awards in a given fiscal year have an audit conducted in accordance with Generally Accepted Accounting Principals (GAAP) and the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507) and revised 0MB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." An audit of NSP funds must be submitted to ADFA annually on or before June 30 each year.~~

~~S. Procurement~~

~~Local governments and subrecipient entities are required to adhere to all applicable procurement requirements in the selection and award of contracts for goods and services. Therefore, all solicitation of bids for goods and services to be paid with NSP funds must be conducted openly and competitively in accordance with Arkansas State Procurement guidelines, as applicable.~~

~~Developers are not subject to procurement requirements, but costs must be considered reasonable to be eligible under the program.~~

~~T. Contractor Requirements~~

~~All general contractors working on all NSP-funded developments must have an active license issued by the Arkansas Contractor's Licensing Board (the "State Licensing Board") as applicable and meet all requirements of contractors in the state of Arkansas, including securing Builder's Risk insurance. Contractors may not "share" a license. That is, ADFA will not allow one contractor to work from another contractor's license.~~

~~All ADFA NSP-funded projects must have a general contractor that is properly licensed by the Arkansas State Contractor's Licensing Board. Any questions regarding licensing issues and a list of licensed contractors may be directed to the State Licensing Board at the following address:~~

Arkansas Contractor's Licensing Board 4100 Richards Road North Little Rock, AR 72117 (501)372-4661

~~Any contractor or subcontractor who has been debarred by any entity or had a contractor license suspended by any entity within the previous twelve (12) months will be prohibited from participating in the NSP. All general contractors working on all NSP-funded developments must obtain one of the following: (I) a payment and performance bond; or (2) an Irrevocable Letter of Credit in the amount of the construction contract.~~

~~**Note:** Construction contracts for rehabilitation projects $25,000 or under will not be required to obtain a payn1ent and performance bond or an irrevocable letter of credit.~~

~~U. Inspections~~

~~Inspections are required with all activities that are funded through the NSP. ADFA currently has inspectors that will be available as needed. **Applicants must notify ADFA a minimum of 48 hours in advance to schedule inspections.**~~

~~There are currently four (4) required inspections that are identified below:~~

~~**Stage 1**~~	~~**Stage 2**~~	~~**Stage 3**~~	~~**Stage 4**~~
~~**Excavation**~~	~~**Plumbing top-out**~~	~~**Flooring systems**~~	~~Final Inspection~~
~~Metals~~	~~**Electrical rough-in**~~	~~**Painting**~~	
~~**Ternlite treatment**~~	~~**Framing**~~	~~**Doors**~~	
~~**Rough-in plumbing**~~	~~Roof~~	~~Cabinets~~	
~~Earth work~~	~~**Interior wall systems**~~	~~HVAC~~	
~~Water proofing (vapor barrier)~~	~~**Exterior wall systems**~~	~~Electrical top-out~~	
~~**Footing**~~	~~**Ventilation**~~	~~**Special construction** (elevators, etc.)~~	
~~Slab~~	~~**Insulation**~~	~~Appliances~~	

~~Rental housing development inspections may be scheduled more frequently, as warranted. The ADFA inspector must attend any pre-construction meetings for NSP-funded developments. For rehabilitation projects, when a project is ready for a draw on funds, the properly must be inspected and/or approved to verify that the work has been satisfactorily completed.~~ ~~**ADFA will only make payments on work that has been**~~ ~~satisfactorily~~ ~~**completed, inspected and approved by an ADFA inspector.**~~

~~Applicants may fax or mail their payment request, with all of the required documentation, to ADFA using the following contact information:~~

Arkansas Development Finance Authority
Attn: NSP Program Department
P.O. Box 8023
Little Rock, AR 72203-8023
FAX (501) 682-5859

~~ADFA staff will coordinate with recipients of NSP funds and inspectors to schedule all inspections.~~

~~V. Change Orders~~

~~ADFA recognizes that changes in a development occur from time to time. It is important that NSP participants submit change orders on the proper ADFA form. All change orders~~ ~~**must be**~~ ~~approved by the ADFA staff prior to initiating work. No payment of NSP funds will be made on change orders that have not been approved by ADFA. Any changes to the original amounts of NSP assistance must be reflected by an Amended and Restated Mortgage and Promissory Note. Each Single-Family NSP Agreement will include provisions for possible funding of change orders on a limited basis.~~

~~W. Construction Contingency~~

~~ADFA allows up to ten percent (10%) of the NSP allocation for construction contingencies. A rehabilitation, reconstruction, or new construction activity, including contingencies, may not exceed the ADFA established per unit limits for the NSP.~~

~~X. Closing of Transactions~~

~~ADFA will select and/or approve a closing entity to provide closing services for all NSP transactions using ADFA-approved documents, The services will be available and required in the county where the development is located, NSP staff will provide closing instructions for all NSP funded transactions to the closing entity. ADFA will be responsible for payment of costs associated with closing the NSP portion of the transaction on both home buyer and rental activities,~~

~~Y. Reporting Requirements~~

~~ADFA is required to submit quarterly performance reports to HUD no later than thi1ty (30) days following the end of each quarter, beginning 30 days after the completion of the first full calendar quarter after grant award (i.e., August 1, 2009) and continuing until all funds are expended and the program is closed out Accordingly, all NSP awardees will be required to submit performance information to ADFA by established deadlines conducive for ADFA to meet its reporting requirements.~~

~~Performance information will include, but not be limited to, the following:~~

- ~~Project name~~
- ~~Project activity~~
- ~~Project location~~
- ~~NSP Eligible use~~
- ~~CDBG national objective~~
- ~~Budgeted funds~~
- ~~Expended funds~~
- ~~Funding source~~
- ~~Total amount of any non-NSP funds~~
- ~~Numbers of properties and housing units assisted~~
- ~~Beginning and ending dates of activities~~
- ~~Numbers of low, moderate, and middle-income persons or households benefiting~~
- ~~Demographic data for households benefiting~~

~~In addition to this quarterly performance reporting, ADFA will report monthly on its NSP obligations and expenditures beginning 30 days after the end of the 15th month following receipt of funds, and continuing until reported total obligations are equal to or greater than the total NSP grant. After HUD has accepted a report from ADFA showing such obligation of funds, the monthly reporting requirement will end and quarterly reports will continue until all NSP funds (including program income) have been expended and those expenditures are included in a report to I-IUD,~~

~~To collect these data elements and to meet its repo1ting requirements, ADFA will use HUD's online DRGR system to report on its NSP funds to I-IUD, When it submits the report to !-IUD, ADFA will post a copy of the NSP DRGR report on a website for the public to review,~~

~~Reporting requirements are subject to change and additional specificity based on further guidance fromIIUD.~~

~~Z. Program Income~~

~~All entities, government or private (as defined at 24 CFR 570.S00(c)), that receive program income (as defined at 24 CFR 570.S00(a)) directly generated by activities carried out with NSP funds must~~ **~~immediately remit any and all program income from NSP-assisted activities directly to Al)FA.~~** ~~ADFA will disburse and use program income prior to requesting additional cash withdrawals from the IJ .S. Treasury.~~

~~AA. Monitoring~~

~~During the period of affordability, ADFA will perform on-site compliance and monitoring inspections of all single-family and multi-family developments utilizing NSP funds to determine compliance with the applicable regulations and requirements outlined in this manual and NSP regulations.~~

~~IV. The NSP Rental Housing Program~~

~~Recipients utilizing funds in the NSP Rental Housing Program must closely adhere to all NSP regulations, as well as to ADFA's program-specific guidelines and adopted policies. Notwithstanding these requirements, program participants may structure their development and application for NSP Program funds to meet the specific rental needs of their community.~~

~~A. Eligible Applicants~~

~~ADFA will accept applications for projects up to the September 1, 2009 application deadline. Multiple NSP applications may be submitted for funding. ADFA will determine in its sole and absolute discretion if the applicant has the necessary capacity to complete any additional NSP applications submitted. Additional NSP applications submitted by eligible applicants will be approved only if the applicant exhibits the capacity lo successfully complete all approved projects. ADFA will accept applications for rentals at a minimum of five (5) units, from entitlement communities, other units or local government, nonprofit organizations, or for-profit entities.~~

~~Eligible applicants may receive technical assistance by attending an information/training session prior to submitting an application. Sessions will address NSP Program and ADFA guidelines as well as application procedures. Applicant eligibility will be based on the designated responsible entity submitting the application. An eligible designated responsible entity is the entity responsible for project development, but may include all of its related affiliated entities.~~

~~B. Amount of NSP Funding Per Applicant~~

~~Each eligible applicant must request at least one hundred thousand dollars ($100,000). The maximum amount that can be requested for a developer's fee is ten percent (10%) of the final allocation amount. The allocation is generally meant to be used as gap financing and is not intended to fund an entire development.~~

~~C. Eligible Activities and Projects~~

~~ADFA will accept applications in the NSP Rental Housing Program in the following eligible activity categories:~~

1. ~~**Acquisition** – Acquisition of abandoned and foreclosed rental properties for the purposes of providing housing to NSP income eligible tenants.~~
2. ~~**Rehabilitation** – Rehabilitation of abandoned and foreclosed rental properties for the purposes of providing housing to NSP income eligible tenants. This activity would be combined with acquisition of abandoned and foreclosed properties.~~
3. ~~**Demolition of Blighted Structures** – Demolition of blighted structures to be replaced by units for rent by NSP income eligible tenants. **This activity must be combined with acquisition of abandoned or foreclosed properties.**~~
4. ~~**Reconstruction** – Reconstruction of abandoned and foreclosed structures for the purposes of providing housing to NSP income eligible tenants. This activity would be combined with acquisition of abandoned and foreclosed properties.~~

5. ~~**New Construction** – New construction of rental properties for the purposes of providing housing to NSP income-eligible homebuyers. The property upon which the structures are constructed must be either foreclosed or vacant, as defined by NSP.~~

~~Each application must include a minimum of five (5) units.~~

~~All projects must aim to re-inhabit abandoned or foreclosed properties through their acquisition, rehabilitation, reconstruction, new construction, or some combination thereof. Eligible projects include multiple buildings on a single site as well as single or multiple units on scattered sites. Units may be on scattered sites but must be within the same jurisdiction.~~

~~ADFA will require all proposals to include no less than 25 percent of NSP funding requested to be designated for households at or below 50 percent of area median income. NSP funds may be used for a mixed-income development provided that a pro rata of NSP-eligible units are occupied by households meeting the income limits of the NSP. Common area costs must be prorated based upon the number of NSP-assisted units and non-NSP-assisted units.~~

~~A building that is designed, in part, for other than residential housing may qualify as affordable housing under the NSP as long as NSP funds are used for the residential portion and those units meet the rent and income limitations of the NSP (see F. Rent Limits and Project Affordability for more information.)~~

~~D. Eligible Costs~~

~~NSP Program funds may be used for certain development costs as dictated by 24 CFR Part 570 and outlined below:~~

1. ~~**Hard Costs** - Eligible hard costs are the actual cost of constructing or rehabilitating housing. These costs include the following:~~
   a. ~~Construction, rehabilitation, or reconstruction of affordable housing units~~
   b. ~~Site improvements (including utility connection costs, but not the costs to provide utilities to the site)~~
   c. ~~Demolition (must be done in conjunction with a specific affordable housing project)~~
   d. ~~Acquisition~~
2. ~~**Soft Costs** - Eligible soft costs must be "usual, customary, reasonable, and necessary" and may include the following:~~
   a. ~~Finance related costs, i.e., credit reports, title reports and updates, appraisal fees, surveys, origination fees and discount points, and construction interest~~
   b. ~~Current market study (not more than six (6) months old)~~
   c. ~~Project audit costs~~
   d. ~~Professional services (architectural, engineering, and other services provided for a specific project; otherwise, the professional service costs may be considered to be administrative costs)~~
   e. ~~Consultation fees (not associated with organizational startup)~~ ~~**DEVELOPERS CANNOT HIRE THEMSELVES AS CONSULTANTS ON ANY NSI FUNDED PROJECTY OTHER THAN ON A THIRD-PARTY BASIS.**~~

3. ~~**Relocation Costs** The cost of permanent or temporary relocation of tenants, as required by the URA.~~

4. ~~**Bridge Loans** — Interim construction loans used lo finance the NSP-assisted development with prior notification to ADFA.~~

~~**Note:** While ADFA does not have a predetermined, specific limit on cost per square foot, the developer should be aware that the per unit cost per square fool will be closely scrutinized for reasonableness, and an application for funding will he denied if costs are deemed unreasonable.~~

5. ~~**Project Delivery Costs-Any** nonprofit entity or local government receiving a NSP allocation may include project delivery costs (in an amount not to exceed I 0% of the final NSP allocation) in the development budget. Project delivery costs are eligible only for costs directly associated with the NSP funded development. A certification of costs must be submitted with all requests for project delivery costs. **Participants must submit an itemized budget for project delivery costs as part of the initial application.**~~

~~Proper documentation is essential for the payment of project delivery cost fund requests. Project delivery costs must he supported by source documentation **maintained on file by the recipient** of NSP funds. Requests for payment of project delivery costs must be verified by the Certification of Costs (signed by the recipient) and not by the supporting documentation maintained by the recipient. Supporting documentation will be reviewed and verified by ADFA staff performing compliance and monitoring reviews.~~

~~Acceptable supportive documentation includes:~~

- ~~A copy of a detailed bill highlighting the costs to be reimbursed to the NSP participant. The detailed hill should, at a minimum, include vendor identification, a description of the services received, the quantity (hours, units, etc.), and the price for services received. The detailed bill must be substantiated by a cancelled check, a copy of the bank statement or other proof of payment~~
- ~~No handwritten invoices will be accepted.~~
- ~~All invoices must have an authorized signature of the NSP participant's Executive Director, or his or her designee, approving the payment and verifying that the services were received and satisfactorily performed, the month the cost is being paid, dated, and cancelled to prevent the invoice from being paid twice.~~
- ~~ADFA will reimburse salaries which are "reasonable and customary" for support personnel (e.g., clerical, temporary employee, etc.) of the NSP participant directly providing project delivery costs to the affordable housing being assisted at a ra(e commensurate with their regular hourly wages.~~
- ~~A copy of any contracts for professional services, (e.g., consultants, architects, contractors, etc.), if applicable, must be provided in the initial application outlining the services to be rendered, the cost of the proposed services, and the proposed payment schedule or terms..~~
- ~~Satisfactory documentation of fringe benefits being paid. Examples of fringe benefits include the following:~~
    - ~~Vacation/Sick/Holiday/Compensatory Time~~
    - ~~Pensions~~
    - ~~Veteran's Benefits~~

- ~~Group Insurance~~
- ~~Life Insurance/Long-term Disability~~
- ~~Accidental Death and Dismemberment Insurance~~
- ~~Profit Sharing Plan~~
- ~~Association/Union Dues~~

~~The use of prorated payment percentages is acceptable and must be outlined in the initial application as well as each billing statement submitted for reimbursement. The applicant must provide the sources of other funds used to pay project delivery costs, if any.~~

~~E. Forms of Financial Assistance~~

~~ADFA caps the maximum subsidy for rental projects at$ I 32,000 per unit or $158,400 per unit for properties listed on the National Register of Historic Places.~~

~~NSP allocations for rental housing activities will be in the form of a Joan al 0% interest amortized over the period of affordability. The minimum affordability period may be extended at the owner's e1ection.~~

~~F. Rent Limits and Project Affordability~~

~~All NSP Program funds must benefit households with incomes no greater than 120% of the area median income, adjusted for family size. Rents in all NSP-assisted units must be set at "affordable rents," which are defined as follows:~~

- ~~Low HOME Rent Limits: Tenant households with incomes< 50% of the AMI~~
- ~~Tenant households with incomes between 50 and 60% of AMI: High HOME Rent Limits~~
- ~~Tenant households with incomes between 60 - 120% of AMI: HUD Fair Market Rent Limits~~

~~These rent limits and area median incomes are recalculated on an annual basis by HUD.~~

~~All NSP-assisted projects must remain affordable to and occupied by LMMI households within the above listed rent limits for a period of lime that varies in accordance with the level of NSP assistance. The table below provides the minimum period over which NSP-assisted units must remain affordable.~~

~~NSP Assistance Per Unit~~	~~Minimum Affordability |'eriod~~
~~Under $15,000~~	~~5 Years~~
~~$15,000 - $40,000~~	~~10 Years~~
~~Over $40,000~~	~~15 Years~~
~~New Construction or Acquisition of Newly Constructed Rental Housing~~	~~20 Years~~

~~Rent, occupancy, and affordability requirements will be enforced with AFOA-approved covenants, mortgages, or deed restrictions running with the property. Specifically, rental property~~

~~owners/managers will be required to document that the required percentage of units are occupied by LMMI households over the period of affordability. Income must be determined at a minimum, when a NSP-funded unit is occupied by a new tenant household (i.e., at unit turnover).~~

~~Where NSP Program funds are used in conjunction with HOME Investment Partnerships ("HOME"), Low Income Housing Tax Credits ("LIHTC"), United States Department of Agriculture ("USDA") Rural Development funds or other financing programs, the more stringent project and occupancy regulations will apply.~~

~~G. Universal Design Standards~~

~~The following building desif,'11 criteria must be included in all construction for all NSP-funded rental projects, in accordance with the Arkansas Department of Human Services' *Arkansas Usability Standards in Housing: Guidance Manual for Constructing Inclusive Functional Dwellings* (AUSH):~~

1. ~~Seven percent (7%) of all residential rental units within the development must comply with the Level 5, "All-Inclusive" usability criteria as set forth in the AUSFI. The AUSI-J is available on the internet al the following website address: www.studioaid.org. Under **the Design" link, click on "standards."**~~
2. ~~Each unit that is required to meet the Level 5, "All-Inclusive" usability criteria set forth in the AUSH must have at least one bathroom with an "accessible roll-in" shower facility with minimum dimensions of 60"x34," or 42" x 42" if a corner shower facility.~~
3. ~~All ground level residential rental units in any building and all residential units with elevator access in any building in the development must comply with the Level I, "Visitable" usability criteria as set forth in the AUSH.~~
4. ~~All exterior and interior doors intended for passage must provide for a minimum clear opening of34".~~
5. ~~All residential units in the development will have "closed-fist" operability throughout the unit (e.g., single handle door levers vs door knobs, push stick lighting and environmental controls, cabinet doors can be opened with a closed first, single handle faucets in bathrooms and kitchen).~~
6. ~~All environmental controls must provide visual and tactile cues. For lighting, a "rocker" type switch is sufficient. For thermostats, a programmable and digital with raised buttons is required.~~
7. ~~All primary entries, not in a breezeway, must have a minimum roof covering of 5'x 5'.~~
8. ~~All primary entries must have entry pad measuring at least 5'x 5'.~~
9. ~~All sidewalks must be at least 5' wide.~~

~~H. Methods of Repayment~~

~~The standard loan terms and conditions for repayment of Rental Housing Program loans are to be evidenced by fully executed promissory notes. Promissory notes will he payable at a zero percent (0%) interest rate for a term coinciding with the NSP affordability period. Monthly or annual payments will become due and payable not later than one (l) year from the anticipated placed in-service date shown on Schedule of Activities, included as Attachment B of the NSP Agreement.~~

~~I. Leveraging Requirements for Rental Development~~

~~Applications will receive additional points for leveraging NSP funds with other sources (i.e., private financing, HOME, USDA, etc.).~~

~~V. The NSP Homebuyer Housing Program~~

~~The Homeownership Housing Program is designed to provide NSP funds for the acquisition and rehabilitation or acquisition and new construction of single family properties for sale to eligible LMMI households to stabilize neighborhoods and promote homeownership.~~

~~A. Eligible Applicants~~

~~ADFA will accept applications for projects up to the September 1, 2009 application deadline. ADFA will loan NSP funds to the approved eligible applicant as outlined in the NSP Program Agreement. The homebuyer will be required to execute a Promissory Note, Mortgage, and Deed Restriction through an ADFA approved closing entity.~~

~~B. Amount of NSP Funding Per Applicant~~

~~Each eligible applicant must request at least one hundred thousand dollars ($100,000). Additional applications may be submitted if currently funded project expenditures of NSP funds are being expended in a timely manner and the applicant demonstrates the capacity to successfully complete multiple projects. The approval of multiple and/or additional NSP applications will be contingent upon availability of funds, quality of submitted application, and in ADFA's sole and absolute discretion.~~

~~C. Eligible Activities~~

~~NSP Program fonds can be used to fund the following homeownership activities:~~

1. ~~**Acquisition** - Acquisition of abandoned and foreclosed residential properties for the purposes of providing housing to NSP income eligible homebuyers.~~
2. ~~**Rehabilitation** - Rehabilitation of abandoned and foreclosed single family structures for the purposes of providing housing to NSP income eligible homebuyers. This activity would be combined with acquisition of abandoned and foreclosed properties.~~
3. ~~**Demolition of Blighted Structures** - Demolition of blighted structures to be replaced by units for purchase by NSP income eligible homebuyers. **This activity must be combined with acquisition of abandoned or foreclosed properties.**~~
4. ~~**Reconstruction** - Reconstruction of abandoned and foreclosed structures for the purposes of providing housing to NSP income eligible homebuyers. Any single family structure demolished per #3 above, not economically feasible to rehabilitate or has projected per unit rehabilitation costs equal to or greater than twenty five thousand dollars ($25,000), will be considered for reconstruction. This activity would be combined with acquisition of abandoned and foreclosed properties.~~
5. ~~**New Construction** - New construction of single family structures for the purposes of providing housing to NSP income eligible homebuyers. The property upon which the structures are constructed must be either foreclosed or vacant, as defined by NSP.~~

~~Each application must include a minimum of five (5) units.~~

~~The prope1ties rehabilitated or constructed must be made available for sale to NSP income eligible LMMI buyer households. Through ADFA's network of approved lending institutions, the funds can also be combined with permanent financing to assist eligible homebuyers.~~

~~Applications for single-family, reconstruction, new construction or acquisition/rehabilitation for sale must provide documentation demonstrating a demand (i.e., marketability of the proposed NSP-assisted housing) for the requested activity. Acceptable documentation must include at least one of the following:(!) a market study completed by an ADFA-approved market analyst; (2) copies of sales contracts for pre-sold units; or (3) copies of mortgage pre-approval letters from a list of potential qualified homebuyers.~~

~~Each homebuyer household is required to receive at least eight (8) hours of counseling from a HUD-approved counseling agency. ADFA anticipates a small share of funds to be directed towards providing housing counseling in an amount not to exceed two hundred dollars ($200) per household. ADFA maintains a list of approved counseling agencies that is available at: www.arkansas.gov/adfa.~~

~~If for any reason, an applicant/awardee is unable to meet the requirement to provide at least eight (8) hours of counseling from a HUD-approved counseling agency for a good cause (e.g., there are no HUD-approved housing counseling agencies within the jurisdiction, or there are no HUD-approved housing counseling agencies within the jurisdiction that engage in homebuyer counseling), a request for an exception to this requirement may be submitted to ADFA, which will submit the request to the HUD Field Office for its review.~~

~~NSP funding cannot be used to fund projects that include the following:~~

- ~~Properties that are not foreclosed or abandoned;~~
- ~~Properties that will not be owner-occupied;~~
- ~~Properties that will not be sold to eligible LMMI households;~~
- ~~Rental or commercial properties; and~~
- ~~Projects where contractors do not have a state contractor's license or cannot obtain a builder's risk insurance policy and where contractors do not have a payment and performance bond for the full amount of the construction contract.~~

~~D. Eligible Properties~~

~~The geographic location of properties included in the application will be reviewed to ensure the applying entity has the necessary capacity to perform the proposed activities within the designated geographic location. Eligible properties must be foreclosed or abandoned as defined by ADFA in the Glossary of this manual and must result in single family residential units for sale to LMMI buyer households.~~

~~As described in Section III. General Requirements of NSP, ADFA requires that the purchase of all properties be at least one percent (I%) below the appraised value. All properties acquired using NSP funds shall be appraised in conformity with the appraisal requirements previously outlined, including the requirement that properties valued at $25,000 or more must be appraised in accordance with the Uniform Relocation Act (URA) at 49 CFR 24.103 by a licensed appraiser within sixty (60) days prior to a final offer to purchase the property.~~

~~Eligible properties must be modest in value. Therefore, no acquisition of single-family dwellings will be allowed for property in excess of Federal Housing Administration (FHA) limits, currently set at $271,050.~~

~~E. Eligible Homebuyers~~

~~An eligible owner must have a household income at or below the middle-income limits as defined by HUD. A middle-income owner is defined as an owner whose annual gross household income does not exceed one hundred twenty percent (120%) of the median income for the area, adjusted for family size. Without exception, NSP funds cannot be used on projects where the income of the prospective homebuyer household is greater than one hundred and twenty percent (120%) of the area median income.~~

~~HUD's "Technical Guide for Determining Income and Allowances for the HOME Program" published in January 2005 guide can be found at the following link: http://www.hud.gov/offices/cpd/affordablehousing/Jibrary/modelguides/!780.cfm. Income Verification forms will be provided by ADFA. Participants will use the Technical Guide and these forms for calculating and verifying incomes. Supporting documentation, such as W-2s, tax fom1s, and bank statements must be collected, reviewed, and kept in local records to demonstrate that the household's income was within the prescribed limit.~~

~~As slated previously, each homebuyer household is required lo receive at least eight (8) hours of counseling from a HUD-approved counseling agency. Documentation that the assisted buyers received such counseling must be maintained by the grantee.~~

~~The homebuyer must provide proof of hazard insurance in an amount sufficient to cover replacement of the structure. The insurance policy must list ADFA on the policy as the additional insured/mortgagee.~~

~~F. Forms of Financial Assistance~~

~~NSP allocations to units of local government or other entities for single-family development activities will be in the form of a loan at 0% interest.~~

~~Assistance to homebuyers will be provided as a forgivable loan at 0% interest, contingent upon NSP eligible homebuyer continuing to own, occupy as principal residence, and maintain the NSP assisted home for the full applicable affordability period. ADFA will provide the legal documents that must be recorded for each prope1ty to enforce the loan/affordability period/recapture provisions.~~

~~The following requirements apply to NSP assistance to homebuyers:~~

- ~~Buyers must obtain a first mortgage and not exceed front and back end ratios of 31% and 41%, respectively.~~
- ~~ADFA will cap the amount of direct NSP assistance to the purchaser to up to 20% of the purchase price not to exceed $25,000 excluding an interest rate buy down (up to .250 basis points).~~

~~G. Eligible Costs~~

~~NSP Program funds may be used only for eligible costs as defined at 24 CFR Part 570. NSP funds may be used to cover soft and hard costs associated with a project. These costs include the following:~~

~~I. **Hard costs** - Eligible hard costs are the actual costs associated with the rehabilitation of the housing units and include the following:~~

~~a. Acquisition~~

b. ~~Demolition~~

c. ~~Site improvements~~

d. ~~Construction, rehabilitation, or reconstruction~~

~~The cost of repairs must be reasonable compared to !he value of the house (i.e., the level of rehabilitation is intended lo allow continued owner occupation for al least the affordability period as regulated by NSP). The rehabilitation must be financially and structurally feasible.~~

~~**NOTE: Rehabilitation/construction costs of single family homes is limited to $132,000.**~~

2. ~~**Soft costs** - Soft costs must be "usual, customary, reasonable and necessary" and may include the following:~~

   a. ~~Finance related costs, i.e., credit reports, title reports and updates, appraisal fees, surveys, origination fees and discount points, and construction interest~~

   b. ~~Housing counseling (np to $200 per household) contingent upon buyer purchasing an NSP-assisted properly.~~

   c. ~~Project audit costs~~

   d. ~~Affirmative marketing and fair housing costs~~

   e. ~~Professional services (architectural, engineering, and other services provided for a specific project; otherwise, the professional service costs may be considered to be administrative costs)~~

   ~~f Hazard insurance~~

3. ~~**Relocation Costs** - The cost of permanent or temporary relocation of tenants, as required by the URA~~

4. ~~**Project Delivery Costs** - Project delivery costs include staff time, overhead, fringe benefits, consultant fees, etc., which can be directly attributed to a specific project Any entity receiving a NSP fund allocation may include in its application an amount for project delivery costs (in an amount not to exceed 10% of the final NSP allocation) in the development budget. For instance, if a recipient receives a three hundred thousand dollar ($300,000) NSP allocation, it may request an additional thirty thousand dollars ($30,000) for project delivery costs. Project delivery costs are eligible only for costs directly associated with the NSP-funded development or activity. **Applicants must submit an itemized budget for project delivery costs as part of the initial application.** The approved applicant must submit a certification of the project delivery costs incurred that is signed by the appropriate approving official of the participating entity with each request for project delivery fonds. Project delivery costs must be allocated on a pro rata basis among the NSP-assisted units. On single-family projects (i.e., new construction or rehabilitation), ADFA will withhold a ten percent (I 0%) administrative retainage throughout the project. Single-family projects exceeding eighteen months (18) for completion will be paid no more than 90% of administrative fees.~~

~~Proper documentation is essential for the payment of project delivery cost fund requests. Project delivery costs must be supported by source documentation **maintained on file by the recipient** of NSP funds. Requests for payment of project delivery costs must he verified by the Certification of Costs (signed by the recipient) and not by the supporting documentation maintained by the~~

~~recipient. Supporting documentation will be reviewed and verified by ADFA staff preforming compliance and monitoring reviews.~~

~~Acceptable supportive documentation includes:~~

- ~~A copy of a detailed hill highlighting the costs to be reimbursed to the NSP participant. The detailed bill should, at a minimum, include vendor identification, a description of the services received, the quantity (hours, units, etc.), and the price for services received. The detailed bill must he substantiated by a cancelled check, a copy of the bank statement or other proof of payment~~
- ~~No handwritten invoices will be accepted.~~
- ~~All invoices must have an authorized signature of the NSP participant's Executive Director, or his or her designee, approving the payment and verifying that the services were received and satisfactorily performed, the month the cost is being paid, dated, and cancelled to prevent the invoice from being paid twice.~~
- ~~ADFA will reimburse salaries which arc "reasonable and customary" for support personnel (e.g., clerical, temporary employee, etc.) of the NSP participant directly providing project delivery costs to the affordable housing being assisted at a rate commensurate with their regular hourly wages.~~
- ~~A copy of any contracts for professional services (e.g., consultants, architects, contractors, etc.), if applicable, must be provided in the initial application outlining the services to be rendered, the cost of the proposed services, and the proposed payment schedule or terms.~~

~~The use of prorated payment percentages is acceptable and must be outlined in the initial application as well as each billing statement submitted for reimbursement. The applicant must provide the sources of other funds used to pay project delivery costs, if any.~~

~~H. Sale of Units to Homebuyers~~

~~**NSI' requires that properties acquried or acquired and rehabilitated/constructed with NSP funding be sold to eligible LMMI homebuyers at an amount equal to or less than the cost to acquire and redevelop the property by the funding recipient.** This means that properties may not be sold at a profit. The cost may not include any holding costs incurred by the awardee. ADFA will enforce and monitor these requirements through its closing documentation procedures and additional monitoring.~~

~~The homebuyer must obtain a mortgage Joan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages (sec, Statement on Subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration, available at http://www.fdic.gov/regulations/laws/rules/5000-5160.html). Awardees must document compliance with this requirement for each homebuyer.~~

~~I. Affordability Period and Recapture Provisions~~

~~The minimum applicable affordability periods for single-family loans shall be as follows:~~

~~**Total Loan Amount**~~	~~**Number of Years**~~
~~$1,000 - $15,000~~	~~5~~
~~$15,000 - $40,000~~	~~10~~
~~Over $40,000~~	~~15~~

~~Homeownership assistance is provided as a forgivable loan at 0% interest, contingent upon eligible homebuyer continuing to own, occupy as principal residence, and maintain the NSP-assisted home for the full applicable affordability period. If the buyer chooses to sell the home, move, or fails to maintain the NSP-assisted home, the buyer shall repay to ADFA the pro rata amount of the NSP direct assistance that enabled the buyer to purchase the home for the unexpired term of affordability. In the event the property is sold or otherwise transferred to any purchaser during the affordability period, ADFA will recapture that amount of NSP funds unforgiven during the affordability period from the net proceeds from the sale of the property. If net proceeds are not sufficient to recapture the full NSP investment or reduced amount per lien documents, ADFA will share the net proceeds. The three (3) eligible types of homeownership assistance are 1) downpayment and closing cost assistance, 2) mortgage reduction assistance, and 3) interest rate buy-down of the eligible homebuyer's first mortgage to a rate 250 basis points below current market (non-subprime) interest rates.~~

~~In all cases where NSP assistance is provided, a note will be executed and mortgage will be recorded in favor of ADFA.~~ ~~**ONLY ADFA-APPROVED LIEN DOCUMENTS WILL BE USED.**~~ ~~NSP assistance may be in a junior position to private lender financing as long as the combined loan-to-value does not exceed one hundred percent (100%). Recipients and subrecipients must apply all rules consistently and fairly, regardless of the form of assistance.~~

~~All mortgage payments shall be paid by the homebuyer on a monthly basis to ADFA at the following address:~~

Arkansas Development Finance Authority
c/o Accounting Department.
P. 0. Box 8052
Little Rock, AR 7220I

~~ADFA will recapture that portion of NSP investment unforgiven by the elapsed affordability period or recapture the maximum net proceeds from sale of property (whether recapture is effected through foreclosure or no foreclosure action). Net proceeds recovered will be used as follows: (1) reimburse the NSP (approved activity) for the outstanding balance of NSP funds not forgiven during the applicable affordability period at the time of recapture, and/or (2) reimburse the NSP (administration) for "holding costs" or other costs associated with the recapture action (e.g., legal fees, insurance, taxes, realtor fees, appraisal/BP() costs, etc.)~~

~~If net proceeds recaptured are less than the outstanding balance of NSP funds invested in the property (for all approved activities and holding costs incurred), the loss will be absorbed by the NSP and all NSP requirements would be considered to have been satisfied. If net proceeds recaptured are greater than the outstanding balance of NSP funds invested in the property (for all approved activities and holding costs incurred), the balance of net proceeds would be distributed to the homebuyer (or his/her estate). If the recapture of proceeds is effectuated through a completed foreclosure action, and the property is legally owned by ADFA, the balance of net proceeds recaptured will inure to ADFA.~~

~~J. Minimum Property Standards~~

~~Minimum property standards **must** be met at project completion when NSP funds are used for a project. ADFA has developed "rehabilitation standards" which will be provided to applicants.~~

~~At a minimum, the requirements that must be met for all rehabilitation and new construction projects are those set forth in the Section 8 Housing Quality Standards and the ADFA Construction Performance Manual Sections I and ll, ,those set by the International Code Council (ICC) (when applicable), and all applicable local, state, and federal requirements. **Single-family units constructed (i.e., new construction and reconstruction) with NSP funds must adhe,·c to Energy Star standards.**~~

~~Rehabilitation projects funded with NSP funds must also meet all local codes, rehabilitation standards, zoning ordinances, the cost effective energy conservation and effectiveness standards (24 CFR Part 251), and the Arkansas Energy Code.~~

~~Single-family units constructed with NSP funds as part of the homebuyer program must be a minimum of 1,200 square feet heated and cooled with a minimum of three (3) bedrooms and two (2) bathrooms.~~

~~K. Universal Design Criteria~~

~~The following building design criteria must be included for all NSP-funded homebuyer projects, in accordance with the Arkansas Department of Human Services' *Arkansas Usability Standards in Housing: Guidance Manual for Constructing Inclusive Functional Dwelling* (AUSH):~~

I. ~~All new construction and reconstruction homebuyer units constructed for persons with disabilities must comply with the Level 5, "All-Inclusive" usability criteria as set forth in the AUSH. The AUSH is available on the internet at the following website address: www.studioaid.org. Under the "Design" link, click on "standards."~~

2. ~~All exterior and interior doors intended for passage must provide for a minimum clear opening of 34".~~

3. ~~All rehabilitation, reconstruction, and new construction single-family units in the development will have "closed-fist" operability throughout the unit, (e.g., single handle door levers vs door knobs, push stick lighting and environmental controls, cabinet doors can be opened with a closed first, single handle faucets in bathrooms and kitchen).~~

4. ~~All primary entries must have entry pad measuring at least 5'x 5'.~~

5. ~~All walkways/sidewalks must be at least 5' wide.~~

6. ~~Homebuyer units with NSP funds used as part of the construction must meet at a minimum the Level l: "Visitable" usability criteria as set forth in the AUSH.~~

~~L. Construction Bids~~

~~Construction bids (rehabilitation and new construction projects) must be good for a minimum of 60 days from date received by ADFA.~~

~~VI. Glossary~~

~~**Abandoned Property:** For purposes of implementing the NSP, an abandoned properly is defined as a property abandoned when I) mortgage or tax foreclosure proceedings have been initiated for that property, 2) no mortgage or tax payment have been made for he property owner for at least ninety (90) days, AND, 3) the properly has been vacant for at least ninety (90) days.~~

~~**Affordability:** As used in this guide, affordability refers to the requirements of the NSP that relate to the cost of housing both at initial occupancy and over established timeframes, as prescribed in the HERA and IJUD requirements. Affordability requirements vary depending on the nature of the NSP-assisted activity (i.e., homeownership or rental housing).~~

~~**Affordable Rents:** Rents that are at or below the Fair Market Rent (FMR) levels as determined by the U.S. Department of Housing and Urban Development (HUD) per county. (Note: Fair Market Rents include utilities, therefore if a tenant is paying their own utilities, the Utility Allowance published by the local Public Housing Authority (PHA), must be deducted from the maximum FMR). For purposes of the NSP, "affordable rents" shall be in accordance with the HOME Program Rents and FMRs as delineated in the HOME Investment Partnerships Program. The "affordable rents" are as follows:~~

- ~~Beneficiaries whose total household income is<; 50% of AM! - Low HOME Rent~~
- ~~Beneficiaries whose total household income is 51% - 60% of AMI - High HOME Rent~~
- ~~Beneficiaries whose total household income is 61% - 120% of AMI - FMR~~

~~**Annual (Gross) Income:** NSP allows the use of one of the three definitions of income: Section 8 annual income (as defined under 24 CFR Part 5); annual income as reported on the U.S. Census Long Form; and adjusted gross income as defined for the purposes of reporting on IRS Form 1040. For the purposes of NSP, ADFA is using the Section 8 annual income definition (as defined under 24 CFR Part 5) to document income eligibility.~~

~~**Blighted Structure:** For the purposes of NSP, a structure is defined as blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.~~

~~**Commitment:** The written, legally binding agreement between the ADFA and the project owner providing NSP funds to a project.~~

~~**Consolidated Plan:** A plan prepared in accordance with the requirements set forth in 24 CFR Part 91, which describes community needs, resources, priorities and proposed activities to be undertaken under ce1iain HUD programs, including the NSP.~~

~~**Developer:** For profit entities assembling, financing, managing and possibly owning NSP deals. For nonprofits, only those carrying out acquisition and rehabilitation are considered developers.~~

~~**Development:** A site or an entire building or two (2) or more buildings, together with the site or sites on which the building are located, that are under common ownership, management and financing and are to be assisted with NSP funds under commitment by the owner as a single undertaking.~~

~~**Development Fees:** Compensation to the developer for developing the prope1ty, includes overhead and profit, consult/processing agent fees, project administration, the value of personal guarantees and a portion of any reserves determined by the housing credit agency to be in excess of industry norms.~~

~~**Equity:** The value of a property less the amount of outstanding debt on it.~~

~~**Financing Plan:** The proposed financing for a project.~~

~~**Foreclosed Property:** For pm poses of implementing the NSP, a foreclosed property is defined as a property that, under state or local law, has a completed mortgage or tax foreclosure process. A foreclosure is not considered to be complete until after the properly title has been transferred from the former owner under a foreclosure proceeding or transfer in lien of foreclosure.~~

~~**General Partner:** A partner who is liable and responsible for completing a project as proposed, managing the partnership and guaranteeing funding required to complete the project. A general partner oversees construction, leasing and property management; maintains the books and records of the pa1tnership; and submits periodic reports to the limited partners on the project's financial status.~~

~~**General Partnership:** A form of ownership in which all partners participate materially in the partnership's operations and share liability.~~

~~**Interest Subsidy:** The amount of subsidy required to reduce the interest rate on a loan to a below-market rate over the term of the Joan.~~

~~**Limited Partner:** A passive investor in a limited partnership who, in exchange for contributing equity to the project, receives a pro rata share of cash flow and lax benefits and the right to approve the sale or refinancing of the properly~~

~~**Limited Partnership:** An owernship vehicle comprising limited and general partners that allows for central management but has no tax liability, instead passing tax benefits through to its limited and general partners.~~

~~**Low-Income :Family/Pe. son:** Family or person whose annual (gross) income does not exceed eighty percent (80%) of the median income for the area (adjusted for family size). HUD may establish, on an exception basis, income ceilings higher or lower than eighty percent (80%) of the **median income for an area.**~~

~~**Low-Moderate-Middle Income (LMMI) National Objective:** For the purposes of ADFA's implementation of NSP, an activity meets HERA's Low-Moderate-Middle income (LMMI) National Objective if the assisted activity provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income (abbreviated~~

~~**Managing General Partner:** The general partner responsible for the day-to-day management of a limited or general partnership.~~

~~**Middle-income Family/Person:** Family or person whose annual (gross) income does not exceed one hundred and twenty percent (120%) of the median income for the area (adjusted for family size). HUD may establish, on an exception basis, income ceilings higher or lower than one hundred and twenty percent (120%) of the median income for an area.~~

~~**Moderate Rehabilitation:** The cost of a rehabilitation project that costs $25,000 or Jess.~~

~~**New Construction:** Construction of a new housing unit where one did not exist. In addition, any project that includes the creation of additional dwelling units outside the existing walls of a structure is also considered new construction.~~

~~**NSP-Assisted Unit:** Units within a NSP project where NSP funds are used and rent, occupancy and/or resale restrictions apply.~~

~~**Partnership Agreement:** A legal document that specifies the rights and responsibilities of the general and limited partners and governs the ongoing relationship between these parties.~~

~~**Project:** A site or an entire building or two (2) or more buildings, together with the site or sites on which the building are located, that are under common ownership management and financing and are to be assisted with NSP funds under a commitment by the owner as a single undertaking.~~

~~**Reasonable Developer's Fee:** For purposes of implementing NSP, a reasonable developer's fee is defined as a fee earned for development of single or multi-family affordable housing which does not exceed ten percent (10%) of total development costs. An NSP proposal may include a developer's fee OR an amount for administration, but not both. The amount of such developer's fee or administration should be clearly indicated in the proposal and included in the total amount of NSP funds requested.~~

~~**Recapture:** Repayment of losses of NSP funds due to lack of perfonnance with applicable performance standards as defined under General Requirements in Section O of this manual.~~

~~**Reconstruction:** The rebuilding, on the same lot, of housing standing on a site at the time of project commitment. The number of housing units on the lot may not be decreased or increased as part of the reconstruction project, but the number of rooms per unit may be increased or decreased.~~

~~**Restrictive Covenant:** A limitation placed on a property, which is recorded and attached to the deed, thereby passing to subsequent owners.~~

~~**Soft Costs:** Development costs exclusive of the cost of acquisition, site improvements, construction and contingencies.~~

~~**Soft Second Mortgage:** A loan provided by public and nonprofit lenders at below-market interest rates and with flexible repayment terms, using as collateral a second mortgage on the project property, to fill a financial gap for a project serving a public purpose (for instance, affordable housing).~~

~~**SRO Housing:** A type of congregate housing in which each resident has a private room but shares common areas (such as dining and living rooms) with other residents.~~

~~**State Recipient:** Any unit of local government designated by a state to receive NSP funds. The state is responsible for ensuring that NSP funds allocated to state recipients are used in accordance with the NSP regulations and other applicable laws.~~

~~**Snbrecipient:** :Public agencies and nonprofit organizations that assist the recipient to undertake one or more activities on behalf of the grantee. Does not include for profit entities or nonprofits carrying out acquisition and rehabilitation projects only.~~

~~**Substantial Rehabilitation:** The cost of a rehabilitation project that costs more than $25,000.~~

~~**Surplus Cash (Net Operating Income NOI).** The operating income derived by the project owner from development cash flow that exceeds 1st mortgage loan payments and the following operating expenses: property management fee, grounds maintenance, accounting services, amounts deposited into a replacement reserve account, legal services, taxes and insurance, and utility expenses, each specifically related to the development. Developer fees and depreciation of assets may not he included in calculating expenses.~~

~~**Syndicates:** Individuals or firms who arrange for the sale of ownership shares in a project to raise equity from investors.~~

~~**Targeting:** Requirements of the NSP relating to the income or other characteristics of households that may occupy NSP-assisted units.~~

~~**Total Development Cost ("TDC"):** The sum of all costs for site acquisition, relocation, demolition, construction and equipment, interest and carrying charges.~~

~~**Vacant Properties:** Unoccupied structures or vacant land that was once developed.~~

~~**Very Low-Income Family:** Family whose annual (gross) income does not exceed fifty percent (50%) of the median income for the area (adjusted for family size). **HUD** may establish income ceilings higher or lower than fifty percent (50%) of median income for an area on an exception basis.~~

~~VII. Appendix I~~

~~The *Needs Score* for areas in Arkansas range from Oto I 00, with a median score of 0.90. ADFA has determined a minimum *Needs Score* of 1.0 to indicate the areas of greatest need. Using USC's *Needs Score* by U.S. Postal Service zip code area, ADFA has established the following as areas of greatest need ("Priority Areas"), translated into priority points:~~

~~**Level 1** - U.S.P.S. zip code areas with *Needs Score* 2: 10.0~~	~~15 priority points~~
~~**Level** 2 - U.S.P.S. zip code areas with *Needs Score* 2: 3.0 but S 9.9~~	~~IO priority points~~
~~**Level 3** - U.S.P.S. zip code areas with *Needs Score* 2: 1.0 but S 2.9~~	~~5 priority points~~

~~A table of the zip codes that are located in the areas of greatest need ("Priority Areas") along with their corresponding Need Score is included below.~~

~~In addition, ADFA has designated additional areas of need, translated into additional priority points as indicated next, to be those 15 counties in Arkansas, identified by HUD, with the highest number of foreclosures ("Priority Counties").~~

~~**Category A** - Arkansas counties with 1000 or more foreclosures:~~ ~~Benton County; Pulaski County; and Washington County~~	~~10 priority points~~
~~**Category B** - Arkansas counties with 500-999 foreclosures:~~ ~~Craighead County; Garland County; Saline County and Sebastian County~~	~~7 priority points~~
~~**Category** C - Arkansas counties with 300-499 foreclosures:~~ ~~Boone County; Crawford County; Crittenden County; Faulkner County; Jefferson County; Lonoke County; Mississippi County; and White County~~	~~5 priority points~~

~~ZIP CODES IN AREAS OF GREATEST NEED~~

~~Zip Code~~	~~City~~	~~County~~	~~Need Score~~
~~72026~~	~~Casscoe~~	~~Arkansas~~	~~1~~
~~72042~~	~~DeWitt~~	~~Arkansas~~	~~2.6~~
~~72160~~	~~Stuttgart~~	~~Arkansas~~	~~9~~
~~71635~~	~~Crossett~~	~~Ashley~~	~~7.9~~
~~71642~~	~~Fountain Hill~~	~~Ashley~~	~~1.2~~
~~71646~~	~~Hamburg~~	~~Ashley~~	~~1.8~~
~~72653~~	~~Mountain Home~~	~~Baxter~~	~~3.4~~
~~72714~~	~~Bella Vista~~	~~Benton~~	~~4.8~~
~~72715~~	~~Bella Vista~~	~~Benton~~	~~1.5~~
~~72712~~	~~Bentonville~~	~~Benton~~	~~7.7~~
~~72719~~	~~Centerton~~	~~Benton~~	~~5~~
~~72722~~	~~Decatur~~	~~Benton~~	~~1.7~~
~~72732~~	~~Garfield~~	~~Benton~~	~~1.5~~
~~72734~~	~~Gentry~~	~~Benton~~	~~4.6~~
~~72736~~	~~Gravette~~	~~Benton~~	~~2.6~~
~~72745~~	~~Lowell~~	~~Benton~~	~~4.3~~
~~72747~~	~~Maysville~~	~~Benton~~	~~1.4~~
~~72751~~	~~Pea Ridge~~	~~Benton~~	~~6.3~~
~~72756~~	~~Rogers~~	~~Benton~~	~~13.2~~
~~72758~~	~~Rogers~~	~~Benton~~	~~4.1~~
~~72761~~	~~Siloam Springs~~	~~Benton~~	~~5.5~~
~~72601~~	~~Harrison~~	~~Boone~~	~~4.2~~
~~72662~~	~~Omaha~~	~~Boone~~	~~I~~
~~71671~~	~~Warren~~	~~Bradley~~	~~5~~
~~71766~~	~~Thornton~~	~~Calhoun~~	~~1.6~~
~~72616~~	~~Berryville~~	~~Carroll~~	~~1.5~~
~~72638~~	~~Green Foresl~~	~~Carroll~~	~~1~~
~~71638~~	~~Dermott~~	~~Chicot~~	~~2.2~~
~~71640~~	~~Eudora~~	~~Chicot~~	~~2.3~~
~~71653~~	~~Lake Village~~	~~Chicot~~	~~1.1~~

~~Zip Code~~	~~City~~	~~County~~	~~Need Score~~
~~71921~~	~~Amity~~	~~Clark~~	~~1.5~~
~~71923~~	~~Arkadelphia~~	~~Clark~~	~~3.1~~
~~71743~~	~~Gurdon~~	~~Clark~~	~~2.8~~
~~72422~~	~~Corning~~	~~Clay~~	~~1.4~~
~~72454~~	~~Piggott~~	~~Clay~~	~~5.2~~
~~72461~~	~~Rector~~	~~Clay~~	~~3.4~~
~~72543~~	~~Heber Springs~~	~~Cleburne~~	~~2.3~~
~~72131~~	~~Quitman~~	~~Cleburne~~	~~1.9~~
~~72179~~	~~Wilburn~~	~~Cleburne~~	~~1.4~~
~~71660~~	~~New Edinburg~~	~~Cleveland~~	~~1~~
~~71665~~	~~Rison~~	~~Cleveland~~	~~6~~
~~71753~~	~~Magnolia~~	~~Columbia~~	~~5.9~~
~~71752~~	~~McNeil~~	~~Columbia~~	~~4~~
~~71861~~	~~Taylor~~	~~Columbia~~	~~2.5~~
~~71770~~	~~Waldo~~	~~Columbia~~	~~5.7~~
~~72027~~	~~Center Ridge~~	~~Conway~~	~~1~~
~~72030~~	~~Cleveland~~	~~Conway~~	~~1.4~~
~~72110~~	~~Morrilton~~	~~Conway~~	~~4.3~~
~~72127~~	~~Plumerville~~	~~Conway~~	~~1.2~~
~~72156~~	~~Solgohachia~~	~~Conway~~	~~1.4~~
~~72411~~	~~Bay~~	~~Craighead~~	~~1.1~~
~~72416~~	~~Bono~~	~~Craighead~~	~~3.6~~
~~72417~~	~~Brookland~~	~~Craighead~~	~~4.6~~
~~72401~~	~~Jonesboro~~	~~Craighead~~	~~17.5~~
~~72404~~	~~Jonesboro~~	~~Craighead~~	~~5.3~~
~~72437~~	~~Lake City~~	~~Craighead~~	~~2.6~~
~~72921~~	~~Alma~~	~~Crawford~~	~~6~~
~~72946~~	~~Mountainburg~~	~~Crawford~~	~~2.9~~
~~72947~~	~~Mulberry~~	~~Crawford~~	~~2.4~~
~~72956~~	~~Van Buren~~	~~Crawford~~	~~10.7~~

~~Zip Code~~	~~City~~	~~County~~	~~Need Score~~
~~72327~~	~~Crawfordsville~~	~~Crittenden~~	~~2.4~~
~~72331~~	~~Earle~~	~~Crittenden~~	~~3.6~~
~~72364~~	~~Marion~~	~~Crittenden~~	~~21.4~~
~~72376~~	~~Proctor~~	~~Crittenden~~	~~1.2~~
~~72301~~	~~West Memphis~~	~~Crittenden~~	~~98.7~~
~~72324~~	~~Cherry Valley~~	~~Cross~~	~~1~~
~~72396~~	~~Wynne~~	~~Cross~~	~~4.3~~
~~71725~~	~~Carthage~~	~~Dallas~~	~~2.8~~
~~71742~~	~~Fordyce~~	~~Dallas~~	~~3.7~~
~~71639~~	~~Dumas~~	~~Desha~~	~~4~~
~~71654~~	~~McGehee~~	~~Desha~~	~~3.9~~
~~71655~~	~~Monticello~~	~~Drew~~	~~4.9~~
~~72032~~	~~Conway~~	~~Faulkner~~	~~16.1~~
~~72034~~	~~Conway~~	~~Faulkner~~	~~3.2~~
~~72047~~	~~Enola~~	~~Faulkner~~	~~1.6~~
~~72058~~	~~Greenbrier~~	~~Faulkner~~	~~2.5~~
~~72106~~	~~Mayflower~~	~~Faulkner~~	~~3.3~~
~~72173~~	~~Vilonia~~	~~Faulkner~~	~~2.6~~
~~72933~~	~~Charleston~~	~~Franklin~~	~~2.9~~
~~72949~~	~~Ozark~~	~~Franklin~~	~~2.3~~
~~71913~~	~~Hot Springs National Park~~	~~Garland~~	~~10.9~~
~~71901~~	~~Hot Springs National Park~~	~~Garland~~	~~7.6~~
~~71964~~	~~Pearcy~~	~~Garland~~	~~1.9~~
~~71968~~	~~Royal~~	~~Garland~~	~~1.3~~
~~72084~~	~~Leola~~	~~Grant~~	~~4.8~~
~~72128~~	~~Poyen~~	~~Grant~~	~~1.4~~
~~72150~~	~~Sheridan~~	~~Grant~~	~~9.1~~
~~72443~~	~~Marmaduke~~	~~Greene~~	~~2.7~~
~~72450~~	~~Paragould~~	~~Greene~~	~~17.6~~

~~Zip Code~~	~~City~~	~~County~~	~~Need Score~~
~~71838~~	~~Fulton~~	~~Hempstead~~	~~1.1~~
~~71801~~	~~Hope~~	~~Hempstead~~	~~8.8~~
~~71862~~	~~Washington~~	~~Hempstead~~	~~1.9~~
~~71929~~	~~Bismarck~~	~~Hot Spring~~	~~1.8~~
~~72104~~	~~Malvern~~	~~Hot Spring~~	~~19.7~~
~~71852~~	~~Nashville~~	~~Howard~~	~~2.8~~
~~71859~~	~~Saratoga~~	~~Howard~~	~~1.9~~
~~72501~~	~~Batesville~~	~~Independence~~	~~5.3~~
~~72527~~	~~Desha~~	~~Independence~~	~~1~~
~~72519~~	~~Calico Rock~~	~~Izard~~	~~1.3~~
~~72112~~	~~Newport~~	~~Jackson~~	~~3.6~~
~~72473~~	~~Tuckerman~~	~~Jackson~~	~~1.7~~
~~72004~~	~~Altheimer~~	~~Jefferson~~	~~1.5~~
~~72073~~	~~Humphrey~~	~~Jefferson~~	~~2.2~~
~~71603~~	~~Pine Bluff~~	~~Jefferson~~	~~62.4~~
~~71601~~	~~Pine Bluff~~	~~Jefferson~~	~~49.5~~
~~72132~~	~~Redfield~~	~~Jefferson~~	~~1.4~~
~~72152~~	~~Sherrill~~	~~Jefferson~~	~~1.2~~
~~71602~~	~~White Hall~~	~~Jefferson~~	~~10.1~~
~~72830~~	~~Clarksville~~	~~Johnson~~	~~2.9~~
~~72840~~	~~Hartman~~	~~Johnson~~	~~2.4~~
~~72846~~	~~Lamar~~	~~Johnson~~	~~2.3~~
~~71845~~	~~Lewisville~~	~~Lafayette~~	~~1~~
~~71860~~	~~Stamps~~	~~Lafayette~~	~~1.6~~
~~72433~~	~~Hoxie~~	~~Lawrence~~	~~1.1~~
~~72434~~	~~Imboden~~	~~Lawrence~~	~~1.1~~
~~72476~~	~~Walnut Ridge~~	~~Lawrence~~	~~2.5~~
~~72360~~	~~Marianna~~	~~Lee~~	~~5.3~~
~~71644~~	~~Grady~~	~~Lincoln~~	~~1.1~~
~~71667~~	~~Star City~~	~~Lincoln~~	~~4.6~~

~~Zip Code~~	~~City~~	~~County~~	~~Need Score~~
~~71822~~	~~Ashdown~~	~~Little River~~	~~3.9~~
~~71836~~	~~Fore1nan~~	~~Little River~~	~~1.5~~
~~72927~~	~~Booneville~~	~~Logan~~	~~2.8~~
~~72855~~	~~Paris~~	~~Logan~~	~~1.6~~
~~72865~~	~~Subiaco~~	~~Logan~~	~~1.2~~
~~72007~~	~~Austin~~	~~Lonoke~~	~~5~~
~~72023~~	~~Cabot~~	~~Lonoke~~	~~22.1~~
~~72024~~	~~Carlisle~~	~~Lonoke~~	~~1.7~~
~~72046~~	~~England~~	~~Lonoke~~	~~1.2~~
~~72086~~	~~Lonoke~~	~~Lonoke~~	~~9.4~~
~~72176~~	~~Ward~~	~~Lonoke~~	~~12.9~~
~~72738~~	~~Hindsville~~	~~Madison~~	~~2.8~~
~~72740~~	~~Huntsville~~	~~Madison~~	~~4.2~~
~~72776~~	~~Witter~~	~~Madison~~	~~1~~
~~72687~~	~~Yellville~~	~~Marion~~	~~1~~
~~71837~~	~~Fouke~~	~~Miller~~	~~3.4~~
~~71854~~	~~Texarkana~~	~~Miller~~	~~18.5~~
~~72315~~	~~Blytheville~~	~~Mississippi~~	~~40.1~~
~~72428~~	~~Etowah~~	~~Mississippi~~	~~2.9~~
~~72438~~	~~Leachville~~	~~Mississippi~~	~~1.3~~
~~72358~~	~~Luxora~~	~~Mississippi~~	~~1.6~~
~~72442~~	~~Manila~~	~~Mississippi~~	~~2.4~~
~~72370~~	~~Osceola~~	~~Mississippi~~	~~9.9~~
~~72395~~	~~Wilson~~	~~Mississippi~~	~~5.3~~
~~72021~~	~~Brinkley~~	~~Monroe~~	~~1.2~~
~~71857~~	~~Prescott~~	~~Nevada~~	~~7.7~~
~~71858~~	~~Rosston~~	~~Nevada~~	~~1.5~~
~~71720~~	~~Bearden~~	~~Ouachita~~	~~1~~
~~71701~~	~~Camden~~	~~Ouachita~~	~~18.1~~
~~71764~~	~~Stephens~~	~~Ouachita~~	~~1~~

~~Zip Code~~	~~City~~	~~County~~	~~Need Sco,·e~~
~~72016~~	~~Bigelow~~	~~Perry~~	~~1.8~~
~~72342~~	~~Helena~~	~~Phillips~~	~~9.2~~
~~72355~~	~~Lexa~~	~~Phillips~~	~~2.4~~
~~72366~~	~~Marvell~~	~~Phillips~~	~~1.2~~
~~72374~~	~~Poplar Grove~~	~~Phillips~~	~~1.2~~
~~72390~~	~~West Helena~~	~~Phillips~~	~~21.6~~
~~71943~~	~~Glenwood~~	~~Pike~~	~~1.3~~
~~72432~~	~~Harrisburg~~	~~Poinsett~~	~~2.4~~
~~72354~~	~~Lepanto~~	~~Poinsett~~	~~2.8~~
~~72472~~	~~Trumann~~	~~Poinsett~~	~~8.8~~
~~71953~~	~~Mena~~	~~Polk~~	~~2.5~~
~~72823~~	~~Atkins~~	~~Pope~~	~~3~~
~~72837~~	~~Dover~~	~~Pope~~	~~2.9~~
~~72847~~	~~London~~	~~Pope~~	~~1.2~~
~~72858~~	~~Pottsville~~	~~Pope~~	~~1~~
~~72801~~	~~Russellville~~	~~Pope~~	~~5.1~~
~~72802~~	~~Russellville~~	~~Pope~~	~~3.9~~
~~72040~~	~~Des Arc~~	~~Prairie~~	~~1.2~~
~~72064~~	~~Hazen~~	~~Prairie~~	~~3.5~~
~~72076~~	~~Jacksonville~~	~~Pulaski~~	~~27.3~~
~~72209~~	~~Little Rock~~	~~Pulaski~~	~~100~~
~~72204~~	~~Little Rock~~	~~Pulaski~~	~~73.1~~
~~72206~~	~~Little Rock~~	~~Pulaski~~	~~25.5~~
~~72202~~	~~Little Rock~~	~~Pulaski~~	~~8.2~~
~~72205~~	~~Little Rock~~	~~Pulaski~~	~~4.8~~
~~72210~~	~~Little Rock~~	~~Pulaski~~	~~4.3~~
~~72211~~	~~Little Rock~~	~~Pulaski~~	~~2.9~~
~~72212~~	~~Little Rock~~	~~Pulaski~~	~~1.5~~
~~72113~~	~~Maumelle~~	~~Pulaski~~	~~4.2~~
~~72117~~	~~North Little Rock~~	~~Pulaski~~	~~29.8~~

~~Zip Code~~	~~City~~	~~County~~	~~Need Score~~
~~72118~~	~~North Little Rock~~	~~Pulaski~~	~~23.9~~
~~72114~~	~~North Little Rock~~	~~Pulaski~~	~~13.1~~
~~72116~~	~~North Little Rock~~	~~Pulaski~~	~~5.5~~
~~72142~~	~~Scott~~	~~Pulaski~~	~~1.2~~
~~72120~~	~~Sherwood~~	~~Pulaski~~	~~11~~
~~72455~~	~~Pocahontas~~	~~Randolph~~	~~3.2~~
~~72460~~	~~Ravenden Springs~~	~~Randolph~~	~~1.2~~
~~72478~~	~~Warm Springs~~	~~Randolph~~	~~2.1~~
~~72326~~	~~Colt~~	~~Saint Francis~~	~~1.1~~
~~72335~~	~~Forrest City~~	~~Saint Francis~~	~~18.4~~
~~72348~~	~~Hughes~~	~~Saint Francis~~	~~1.9~~
~~72002~~	~~Alexander~~	~~Saline~~	~~4.6~~
~~72011~~	~~Bauxite~~	~~Saline~~	~~1.9~~
~~72015~~	~~Benton~~	~~Saline~~	~~21.4~~
~~72022~~	~~Bryant~~	~~Saline~~	~~5.2~~
~~72065~~	~~Hensley~~	~~Saline~~	~~1.8~~
~~72103~~	~~Mabelvale~~	~~Saline~~	~~14.1~~
~~72167~~	~~Traskwood~~	~~Saline~~	~~1.1~~
~~72944~~	~~Mansfield~~	~~Scott~~	~~2.7~~
~~72958~~	~~Waldron~~	~~Scott~~	~~1.5~~
~~72650~~	~~Marshall~~	~~Searcy~~	~~1.1~~
~~72923~~	~~Barling~~	~~Sebastian~~	~~1.2~~
~~72904~~	~~Fort Smith~~	~~Sebastian~~	~~11~~
~~72901~~	~~Fort Smith~~	~~Sebastian~~	~~7.4~~
~~72903~~	~~F01iSmith~~	~~Sebastian~~	~~6.2~~
~~72908~~	~~Fort Smith~~	~~Sebastian~~	~~3~~
~~72936~~	~~Greenwood~~	~~Sebastian~~	~~4.6~~
~~72937~~	~~Hackett~~	~~Sebastian~~	~~1.2~~
~~72941~~	~~Lavaca~~	~~Sebastian~~	~~3~~
~~71832~~	~~De Queen~~	~~Sevier~~	~~1~~

~~Zip Code~~	~~City~~	~~County~~	~~Need Score~~
~~71842~~	~~Horatio~~	~~Sevier~~	~~1~~
~~71846~~	~~Lockesburg~~	~~Sevier~~	~~2.2~~
~~71730~~	~~El Dorado~~	~~Union~~	~~12.8~~
~~71762~~	~~Smackover~~	~~Union~~	~~1.2~~
~~72013~~	~~Bee Branch~~	~~Van Buren~~	~~1.3~~
~~72031~~	~~Clinton~~	~~Van Buren~~	~~3.2~~
~~72727~~	~~Elkins~~	~~Washington~~	~~2.7~~
~~72730~~	~~Farmington~~	~~Washington~~	~~3.6~~
~~72701~~	~~Fayetteville~~	~~Washington~~	~~3.3~~
~~72704~~	~~Fayetteville~~	~~Washington~~	~~3.2~~
~~72703~~	~~Fayetteville~~	~~Washington~~	~~1.4~~
~~72744~~	~~Lincoln~~	~~Washington~~	~~1.8~~
~~72753~~	~~Prairie Grove~~	~~Washington~~	~~3.8~~
~~72764~~	~~Springdale~~	~~Washington~~	~~20.8~~
~~72762~~	~~Springdale~~	~~Washington~~	~~10.4~~
~~72774~~	~~West Fork~~	~~Washington~~	~~1.7~~
~~72959~~	~~Winslow~~	~~Washington~~	~~1~~
~~72010~~	~~Bald Knob~~	~~White~~	~~1.4~~
~~72012~~	~~Beebe~~	~~White~~	~~5.6~~
~~72020~~	~~Bradford~~	~~White~~	~~2.6~~
~~72102~~	~~McRae~~	~~White~~	~~1.1~~
~~72136~~	~~Romance~~	~~White~~	~~1.1~~
~~72137~~	~~Rose Bud~~	~~White~~	~~1~~
~~72143~~	~~Searcy~~	~~White~~	~~4.5~~
~~72081~~	~~Judsonia~~	~~White~~	~~1.7~~
~~72006~~	~~Augusta~~	~~Woodruff~~	~~2.1~~
~~72101~~	~~McCrory~~	~~Woodruff~~	~~1.8~~
~~72834~~	~~Dardanelle~~	~~Yell~~	~~1.9~~
~~72860~~	~~Rover~~	~~Yell~~	~~4.8~~

~~Arkansas~~

~~Neighborhood Stabilization Program Income Limits~~

~~(FY 2009 income Limits for 50% of HUD Area Median)~~

Areaname	Count rrown Name	1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
Arkansas County, AR	Arkansas County	16,200'	18,5001	20,850	23,1501	25,0001	26,850:	28,7001	30,550
Ashley County, AR	Ashley County	16,050	18,350'	20,650,	22,950:	24,800'.	26,6001	28,4501	30,300
Baxter County, AR	Baxter County	15,250'	17,450	19,600,	21,800i	23,550	25,3001	27,050!	28,800
Fayetteville-Springdale-Rogers, AR HUD Metro FMRArea	Benton County	19,600'	22,400	25,200'	28,ooo:	30,250	32,500'	34,700	36,950
Boone County, AR	Boone County	16,550	18,900'.	21,300	23,6501	25,550.	27,450:	29,350	31,200
Bradley County, AR	Bradley County	15,250'	17,400'	19,600	21,750	23,5001	25,2501	26,950	28,700
Calhoun County, AR	Calhoun County	15,400•	17,600,	19,800	22,000	23,750!	25,5001	27,300	29,050
Carroll County, AR	Carroll County	15,250;	17,400'	19,600	21,750	23,500'	25,250'	26,950	28,700
Chicot County, AR	'Chicot County	15,2501	17,400!	19,6001	21,750[	23,500	25,250i	26,950	28,700
Clark County, AR	Clark County	16,S00j	18,8501	21,200	23,550	25,4501	27,300!	29,200i	31,100
Clay County, AR	'Clay County	15,250	17,400!	19,600'	21,750:	23,500	25,250!	26,9501	28,700
Cleburne County, AR	Cleburne County	16,6501	19,000i	21,400:	23,750,	25,650	27,550'	29,450	31,350
Pine Bluff, AR MSA	Cleveland County	16,6501	19,000i	21,400	23,750	25,650	27,5501	29,4501	31,350
Columbia County, AR	;Columbia County	16,100;	18,400	20,700•	23,000	24,850•	26,700!	28,500'	30,350
Conway County, AR	Conway County	17,000!	19,400'	21,850'	24,250	26,200	28,150	30,050	32,000
Jonesboro, AR HUD Metro FMR Area	Craighead County	18,3501	20,9501	23,600'	26,2001	28,300	30,400'	32,500:	34,600
Fort Smith, AR-OK HUD Metro FMR Area	:Crawford County	16,300j	18,600!	20,9501	23,250	25,100:	26,9501	28,8501	30,700
Memphis, TN-MS-AR HUD Metro FMR Area	:Crittenden County	20,250!	23,100i	26,0001	28,9001	31,200!	33,500j	35,850I	38,150
Cross County, AR	Cross County	15,250!	17,4001	19,600!	21,750	23,5001	25,250'	26,950	28,700
Dallas County, AR	Dallas County	15,2501	17,400i	19,6001	21,750	23,500'	25,250.	26,9501	28,700
Desha County, AR	:Desha County	15,250	17,400	19,6001	21,750	23,500	25,250	26,950'	28,700
Drew County, AR	:Drew County	16,6001	18,950	21,350;	23,7001	25,600!	27,500'	29,400'	31,300
Little Rock-North Little Rock-Conway, AR HUD ' Metro FMR Area	:Faulkner County	21,250!	24,300	27,3001	30,350	32,800!	35,200	37,650'	40,050
Franklin County, AR HUD Metro FMR Area	Franklin County	16,100	18,400	20,700!	23,000	24,8501	26,700,	28,500	30,350
Fulton County, AR	Fulton County	15,2501	17,400	19,6001	21,750	23,500]	25,250,	26,950	28,700
Hot Springs, AR MSA	Garland County	16,750i	19,100	21,500	23,900:	25,800	27,7001	29,6501	31,550
Grant County, AR HUD Metro FMR Area	IGrant County	19,100i	21,800'	24,550:	27,250	29,450	31,600,	33,800	35,950
Greene County, AR	Greene County	16,500	18,850'	21,200'	23,550	25,450	27,300'	29,200	31,100
Hempstead County, AR	Hempstead County	15,250	17,400i	19,600	21,750	23,500!	25,250'	26,950•	28,700
Hot Spring County, AR	;Hot Spring County	16,850	19,250i	21,650	24,050	25,950	27,900!	29,800	31,750
Howard County, AR	,Howard County	15,350i	17,500:	19,700'	21,900:	23,650	25,400'	27,150•	28,900
Independence County, AR	independence County	16,300;	18,650:	20,950'	23,300	25,150!	27,050i	28,900	30,750
Izard County, AR	. Izard County	15,250'	17,400'	19,600'	21,750	23,500:	25,250-	26,950!	28,700
Jackson County, AR	:Jackson County	15,250!	17,400!	19,600:	21,750	23,500	25,2501	26,9501	28,700
Pine Bluff, AR MSA	Jefferson County	16,650'	19,000	21,400	23,750	25,650	27,550	29,450 !	31,350
Johnson County, AR	Johnson County	15,250	17,400!	19,600'	21,750'.	23,500	25,250!	26,950	28,700
Lafayette County, AR	'Lafayette County	15,250	17,4001	19,600	21,750	23,500	25,250:	26,950	28,700
Lawrence County, AR	;Lawrence County	15,250,	17,400!	19,600'	21,750	23,500	25,250	26,950'	28,700
Lee County, AR	Lee County	15,250	17,400'	19,600!	21,750	23,500	25,250	26,950	28,700
Pine Bluff, AR MSA	Lincoln County	16,650	19,000	21,400:	23,750	25,650	27,550'	29,450,	31,350

Arkansas

Neighborhood Stabilization Program Income Limits

(FY 2009 Income Limits for 50% of HUD Area Median)

Areaname	CouniYfTown Name	1 gerson household	2 Qerson household	3 Qerson household	4 Qerson household	5 Qerson household	6 Qerson household	712erson household	8 gerson household
Little River County, AR	Little River County	16,100	18,400	20,700	23,000	24,850	26,700	28,500	30,350
Logan County, AR	Logan County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Little Rock-North Little Rock-Conway, AR HUD Metro FMR Area	Lonoke County	21,250	24,300	27,300	30,350	32,800	35,200	37,650	40,050
Fayetteville-Springdale-Rogers, AR HUD Metro FMR Area	Madison County	19,600	22,400	25,200	28,000	30,250	32,500	34,700	36,950
Marion County, AR	Marion County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Texarkana, TX-Texarkana, AR MSA	Miller County	18,100	20,700	23,250	25,850	27,900	30,000	32,050	34,100
Mississippi County, AR	Mississippi County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Monroe County, AR	Monroe County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Montgomery County, AR	Montgomery County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Nevada County, AR	Nevada County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Newton County, AR	Newton County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Ouachita County, AR	Ouachita County	15,650	17,900	20,100	22,350	24,150	25,950	27,700	29,500
Little Rock-North Little Rock-Conway, AR HUD Metro FMR Area	Perry County	21,250	24,300	27,300	30,350	32,800	35,200	37,650	40,050
Phillips County, AR	Phillips County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Pike County, AR	Pike County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Poinsett County, AR HUD Metro FMR Area	Poinsett County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Polk County, AR	Polk County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Pope County, AR	Pope County	17,100	19,550	22,000	24,450	26,400	28,350	30,300	32,250
Prairie County, AR	Prairie County	16,050	18,350	20,650	22,950	24,800	26,600	28,450	30,300
Little Rock-North Little Rock-Conway, AR HUD Metro FMR Area	Pulaski County	21,250	24,300	27,300	30,350	32,800	35,200	37,650	40,050
Randolph County, AR	Randolph County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
St Francis County, AR	St Francis County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Little Rock-North Little Rock-Conway, AR HUD Metro FMR Area	Saline County	21,250	24,300	27,300	30,350	32,800	35,200	37,650	40,050
Scott County, AR	Scott County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Searcy County, AR	Searcy County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Fort Smith, AR-OK HUD Metro FMR Area	Sebastian County	16,300	18,600	20,950	23,250	25,100	26,950	28,850	30,700
Sevier County, AR	Sevier County	15,350	17,550	19,750	21,950	23,700	25,450	27,200	28,950
Sharp County, AR	Sharp County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Stone County, AR	Stone County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Union County, AR	Union County	16,400	18,750	21,100	23,450	25,350	27,200	29,100	30,950
Van Buren County, AR	Van Buren County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Fayetteville-Springdale-Rogers, AR HUD Metro FMR Area	Washington County	19,600	22,400	25,200	28,000	30,250	32,500	34,700	36,950
White County, AR	White County	16,650	19,000	21,400	23,750	25,650	27,550	29,450	31,350
Woodruff County, AR	Woodruff County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700
Yell County, AR	Yell County	15,250	17,400	19,600	21,750	23,500	25,250	26,950	28,700

Arkansas

Neighborhood Stabilization Program Income limits

(FY 2009 Income Limits for 120% of HUD Area Median)

Areaname	Coun!!(/Town Name	1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 12erson household
Arkansas County, AR	Arkansas County	38,900!	44,450	50,000i	55,550	60,000	64,450!	68,900	73,350
Ashley County, AR	Ashley County	38,5501	44,o5o:	49,550	55,100:	59,500	63,900	68,300	72,700
Baxter County, AR	Baxter County	36,600	41,850	47,100!	52,3001	56,500	60,700,	64,9001	69,050
Fayetteville-Springdale-Rogers, AR HUD Metro FMRArea	• Benton County	47,050!	53,750j	60,500'	67,200'	72,600'	77,950i	83,350!	88,700
Boone County, AR	Boone County	39,750	45,4001	51,100'	56,750:	61,300!	65,850:	70,400:	74,900
Bradley County, AR	Bradley County	36,550i	41,750	47,000i	52,200	56,400!	60,5501	64,7501	68,900
Calhoun County, AR	Calhoun County	36,950'	42,250'	47,500i	52,8001	57,0001	61,250	65,450	69,700
Carroll County, AR	Carroll County	36,550	41,7501	47,000'	52,2001	56,400!	60,550:	64,7501	68,900
Chicot County, AR	Chicot County	36,550'	41,750	47,000i	52,2001	56,400	60,550	64,750!	68,900
Clark County, AR	Clark County	39,550	45,200	50,850!	56,500	61,050 i	65,550!	70,100	74,600
Clay County, AR	, Clay County	36,550	41,750	47,000!	52,200:	56,400'	60,550i	64,750!	68,900
Cleburne County, AR	Cleburne County	39,900!	45,600!	51,300!	57,000i	61,550	66,100'	70,700!	75,250
Pine Bluff, AR MSA	iCleveland County	39,900'	45,600!	51,300	57,000,	61,550i	66,1001	70,700!	75,250
Columbia County, AR	Columbia County	38,650'	44,150!	49,700;	55,200:	59,600!	64,050!	68,450!	72,850
Conway County, AR	Conway County	40,750	46,550'	52,400.	58,200!	62,850!	67,500!	72,150	76,800
Jonesboro, AR HUD Metro FMR Area	,Craighead County	44,000i	50,300!	56,600'	62,900!	67,900:	72,950	77,950	83,000
Fort Smith, AR-OK HUD Metro FMR Area	:Crawford County	39,050;	44,650i	50,200	55,8001	60,250	64,750,	69,200	73,650
Memphis, TN-MS-AR HUD Metro FMR Area	!Crittenden County	48,550	55,500	62,4001	69,350'	74,900	80,450'	86,000	91,550
Cross County, AR	i Cross County	36,550!	41,750!	47,000:	52,200'	56,400,	60,550	64,750!	68,900
Dallas County, AR	:Dallas County	36,5501	41,750!	47,000;	52,200!	56,400i	60,5501	64,750:	68,900
Desha County, AR	Desha County	36,550'	41,750i	47,000'	52,200'	56,400;	60,5501	64,750!	68,900
Drew County, AR	Drew County	39,800:	45,5001	51,200	56,9001	61,4501	66,000	70,550	75,100
Little Rock-North Little Rock-Conway, AR HUD Metro FMR Area	Faulkner County	51,000	58,250	65,5501	72,8501	78,650	84,5001	90,300	96,150
Franklin County, AR HUD Metro FMR Area	Franklin County	38,650'	44,150	49,700!	55,200!	59,600!	64,0501	68,450	72,850
Fulton County, AR	Fulton County	36.5501	41,750	47,000j	52,200!	56,400	60,550'	64,7501	68,900
Hot Springs, AR MSA	,Garland County	40,150!	45,9001	51,6001	57,350:	61,950'	66,550,	71,150	75,700
Grant County, AR HUD Metro FMR Area	Grant County	45,800'	52,300!	58,850!	65,4001	70,650;	75,850;	81,100'	86,350
Greene County, AR	Greene County	39,550	45,200	50,850.	56,500i	61,050j	65,550i	70,100:	74,600
Hempstead County, AR	Hempstead County	36,550	41,750:	47,ooo:	52,200'	56,400'	60,550	64,750'	68,900
Hot Spring County, AR	:Hot Spring County	40,400	46,2001	51,950:	57,700	62,3501	66,950i	71,550	76,200
Howard County, AR	Howard County	36,800i	42,050:	47,3001	52,550:	56,7501	60,950,	65,150'	69,400
Independence County, AR	Independence County	39,150'	44,7501	50,350	55,900	60,400i	64,850	69,3501	73,800
Izard County, AR	:Izard County	36,550'	41,750	47,0001	52,200	56,400	60,550	64,7501	68,900
Jackson County, AR	'Jackson County	36,550:	41,750	47,000i	52,200	56,400	60,550i	64,750!	68,900
Pine Bluff, AR MSA	Jefferson County	39,900:	45,600	51,300;	57,000:	61,550,	66,100:	70,700i	75,250
Johnson County, AR	'Johnson County	36,5501	41,750	47,0oo,	52,200•	56,400	60,550i	64,750!	68,900
Lafayette County, AR	Lafayette County	36,550!	41,750	47,0001	52,200	56,400	60,550!	64,7501	68,900
Lawrence County, AR	Lawrence County	36,550i	41,750	47,000;	52,200	56,400,	60,550:	64,750	68,900
Lee County, AR	,lee County	36,550!	41,750	47,000'	52,200	56,4001	60,550'	64,750	68,900
Pine Bluff, AR MSA	,Lincoln County	39,9001	45,600	51,300	57,000	61,5501	66,100:	70,700'	75,250

Arkansas

Neighborhood Stabilization Program Income limits

(FY 2009 Income limits for 120% of HUD Area Median)

Areaname	County/Town Name	1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
Little River County, AR	Little River County	38,650	44,150	49,700	55,200	59,600	64,050	68,450	72,850
Logan County, AR	Logan County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Little Rock-North Little Rock-Conway, AR HUD Metro FMR Area	Lonoke County	51,000	58,250	65,550	72,850	78,650	84,500	90,300	96,150
Fayetteville-Springdale-Rogers, AR HUD Metro FMR Area	Madison County	47,050	53,750	60,500	67,200	72,600	77,950	83,350	88,700
Marion County, AR	Marion County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Texarkana, TX-Texarkana, AR MSA	Miller County	43,450	49,650	55,850	62,050	67,000	71,950	76,950	81,900
Mississippi County, AR	Mississippi County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Monroe County, AR	Monroe County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Montgomery County, AR	Montgomery County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Nevada County, AR	Nevada County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Newton County, AR	Newton County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Ouachita County, AR	Ouachita County	37,550	42,900	48,300	53,650	57,950	62,200	66,500	70,800
Little Rock-North Little Rock-Conway, AR HUD Metro FMR Area	Perry County	51,000	58,250	65,550	72,850	78,650	84,500	90,300	96,150
Phillips County, AR	Phillips County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Pike County, AR	Pike County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Poinsett County, AR HUD Metro FMR Area	Poinsett County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Polk County, AR	Polk County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Pope County, AR	Pope County	41,100	46,950	52,800	58,700	63,350	68,050	72,750	77,450
Prairie County, AR	Prairie County	38,550	44,050	49,550	55,100	59,500	63,900	68,300	72,700
Little Rock-North Little Rock-Conway, AR HUD Metro FMR Area	Pulaski County	51,000	58,250	65,550	72,850	78,650	84,500	90,300	96,150
Randolph County, AR	Randolph County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
St. Francis County, AR	St. Francis County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Little Rock-North Little Rock-Conway, AR HUD Metro FMR Area	Saline County	51,000	58,250	65,550	72,850	78,650	84,500	90,300	96,150
Scott County, AR	Scott County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Searcy County, AR	Searcy County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Fort Smith, AR-OK HUD Metro FMR Area	Sebastian County	39,050	44,650	50,200	55,800	60,250	64,750	69,200	73,650
Sevier County, AR	**Sevier County**	36,900	42,150	47,400	52,700	56,900	61,100	65,300	69,550
Sharp County, AR	Sharp County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Stone County, AR	**Stone County**	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Union County, AR	Union County	39,400	45,000	50,650	56,300	60,800	65,300	69,800	74,300
Van Buren County, AR	Van Buren County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Fayetteville-Springdale-Rogers, AR HUD Metro FMR Area	Washington County	47,050	53,750	60,500	67,200	72,600	77,950	83,350	88,700
White County, AR	White County	39,900	45,600	51,300	57,000	61,550	66,100	70,700	75,250
Woodruff County, AR	Woodruff County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900
Yell County, AR	Yell County	36,550	41,750	47,000	52,200	56,400	60,550	64,750	68,900

~~**Guidance on NSP Appraisals - Voluntary Acquisitions**~~

~~Acquisitions financed with NSP grant funds are subject to the URA, and its implementing regulations at 49 CFR Part 24, and the requirements set forth in the NSP Notice that was published in the Federal Register on October 6, 2008. HUD anticipates that most of these transactions will qualify as voluntary acquisitions under the applicable regulations of 49 CFR 24.l0l(b). The URA regulations do not specifically require appraisals in connection with voluntary acquisitions under 49 CFR 24.101(b). However, the NSP Notice requires appraisals to be performed with respect to the NSP funded acquisition of foreclosed upon homes and residential properties, even though they may be considered voluntary under the URA. In those cases, the URA appraisal requirements of 49 CFR 24.103 must be met. The following guidance on appraisals pertains to acquisitions of foreclosed upon homes and residential prope11ies which meet the applicable voluntary acquisition requirements of 49 CFR 24.10l(b) and reflects applicable URA requirements and the NSP requirements, including the URA appraisal requirements of 49 CFR 24.103.~~

1. ~~The NSP grantee must ensure that the owner is informed in writing of what the grantee believes to be the market value of the property; and that the NSP grantee will not acquire the property if negotiations fail to result in a an amicable agreement (see 49 CFR 24.l0l(b)(l) & (b)(2)).~~

2. ~~IfNSP funds are to be used to acquire a foreclosed upon home or residential property (other than through donation), the grantee must ensure that the purchase price includes a discount from the value established by an appraisal that meets the following requirements:~~

    a. ~~The appraisal must have been completed within 60 days of the offer made for the property (we have advised that an initial offer can be made, subject to the completion of the appraisal within 60 days of a final offer).~~

    b. ~~The appraisal must meet the URA definition of an appraisal (see 49 CFR 24.2(a)(3) and the five following requirements (see 49 CFR 24.103(a)(2)):~~

        i. ~~An adequate description of the physical characteristics of the property being appraised (and, in the case of a paiiial acquisition, an adequate description of the remaining property), including items identified as personal property, a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a 5-year sales history of the property.~~

        ii. ~~All relevant and reliable approaches to value. If the appraiser uses more than one approach, there shall be an analysis and reconciliation of approaches to value used that is sufficient to support the appraiser's opinion of value.~~

~~u1. A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.~~

~~1v. A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property, where appropriate.~~

~~v. The effective date of valuation, date of appraisal, signature, and certification of the appraiser.~~

~~c. The appraiser shall disregard any decrease or increase in the fair market value of the real property caused by the project for which the prope11y is to be acquired or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner.~~

~~d. If the owner of a real property improvement is permitted to retain it for removal from the project site, the amount to be offered for the interest in the real property to be acquired shall be not less than the difference between the amount determiued to be just compensation for the owner's entire inte!'est **in** the real properly and the salvage value (defined at §24.2(a)(24)) of the retained improvement.~~

~~3. The NSP grantee has a legitimate role in contributing to the appraisal process, especially **in** developing the scope of work and defining the appraisal problem. The scope of work and development of an appraisal under these requirements depends on the complexity of the appraisal problem. HUD's guide to preparing an appraisal scope of work under the URA is available in HUD Handbook 1378 Appendix 19 or through the following link:~~

~~http://www.hud.gov/offices/adm/hudclips/handbooks/cpdh/1378.0/1378x I 9CPDH.pdf~~

~~4. The NSP grantee shall establish criteria for determining the minimum qualifications and competency of appraisers. Qualifications shall be consistent with the scope of work for the assignment. The NSP grantee shall review the experience, education, training, certification/licensing, designation(s) and other qualifications of appraisers, and use only those determined by the NSP grantee lo be qualified.~~

~~5. If the NSP grantee uses a contract (fee) appraiser to perform the appraisal, such appraiser shall be State licensed or certified **in** accordance with title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) (12 U.S.C. 3331 *et seq.*).~~

~~Questions:~~

1. ~~**Can the lender's appraisal be used if it** is **reviewed for compliance with the URA requirements'?**~~

   ~~Yes, if it meets the requirements in 2-5 above.~~

2. ~~**Must appraisals for the voluntary acquisition of** NSP **funded foreclosed upon homes and residential properties have a review appraisal performed'?**~~

   ~~No. Although the URA criteria for appraisals refer to qualifications for review appraisers, the NSP grantee is not required to have a review appraisal performed in connection with voluntary acquisitions under 49 CPR 24.101(b).~~

3. ~~**Must a scope of work bedeveloped?**~~

   ~~Yes, if the NSP grantee is procuring the services of an appraiser (or requires someone else to procure those services) or is relying on a lender's (the owner of the foreclosed upon prope1ty) appraisal that is determined by the NSP grantee to meet above requirements. No, if the appraisal is performed by otherwise qualified in-house appraisal staff, although it is still advisable in such cases.~~

~~Guidance on NSP-Eligible Acquisition & Rehabilitation Activities~~

~~This NSP Policy Guidance **describes how to determine whether or not a property** is **eligible for acquisition and or rehabilitation with NSP funds.** The following criteria will help determine eligibility: the NSP Notice published in the Federal Register on October 6, 2008 (statutory program requirements, waivers granted, and alternative requirements applied), timing parameters, acquisition protocols, a written agreement with any Third Party Entities (see page 3 for definition) prior to obligation of fonds, and options for NSP acquisition assistance.~~

~~NSP Notice~~

~~The NSP Notice provides the criteria for acquiring and rehabilitating property under NSP. The Notice states that properties must have been **abandoned, foreclosed upon, or vacant** to qualify for NSP acquisition assistance (see Attachment). In purchasing homes and residential properties that have been foreclosed upon with NSP assistance, such **properties must be acquired out of foreclosure, meaning directly from the entities that obtained title to the properties through foreclosure** (e.g., **the lender or trustee for holders of obligations secured by mortgage liens). The acquisition of properties that have been abandoned with NSP assistance must occur while they are in abandonment status.**~~

~~Timing Parameters~~

~~**NSP acquisitions are not authorized to begin until the grantee has submitted an action plan amendment** to HUD. For most NSP grantees, the earliest acquisition start dale would be December 1, 2008, but for those grantees that submitted an action plan amendment prior lo December 1, 2008, an earlier date could be acceptable. For subgranlees, subrecipients, and other "Third Party Entities" (see definition on page 3), other requirements must first be met, as described in the Matrix on page 4.~~

~~Acquisition Procedures~~

~~In addition to submitting an action plan amendment, **NSP grantees and Third Party Entities alike must comply with the environmental review, purchase discount and appraisal (if foreclosed) and other eligible-use criteria** discussed in the Guidance on Eligible Uses prior to acquiring properties under NSP.~~

~~Agreements to Use NSP J?tmds~~

~~lfthe acquisition is performed by an "outside entity," the **grantee must give permission or enter into au agreement with the outside entity prior to the acquisition in order to qualify for NSP assistance under Eligible Use R Properties acquired out of foreclosure before these requirements have been met are no longer foreclosed or abandoned and therefore are only eligible for NSP assistance activities identified under Eligible Use E (if vacant).** This agreement may lake the form of a contract, written commitment, preliminary commitment or other form that clearly describes the responsibilities and the requirements of each party. See the Attachment for a more extensive discussion of agreements with Third Party Entities.~~

~~Options for NSP Acquisition Assistance~~

~~There are a variety of options that can be used to acquire properly under NSP. HUD regulations distinguish eligible entities based on those identified in §570.20l(a), §570.202(b), §570.202(n) and §570.204. Depending on which category your entity falls into there are different requirements that must be followed to ensure compliance with NSP regulations. Listed below is a chart that explains the revenue implications, selection criteria and 0MB Circular requirements that apply for acquisitions under NSP. Detailed explanations follow on page 3.~~

~~CDUG Regulations~~	~~Entity~~	~~Selection Criteria~~		~~Revenue Implications~~	~~OMU Requirements~~		
		~~C~~	~~NC~~	~~Treated as .Program Incmne~~	~~Part 85/ A-87~~	~~Part 84/ A-122~~	~~A-133~~
~~§570.20l(a)~~	~~NSP Grantee~~	~~NA~~	~~NA~~	~~Yes~~	~~Yes~~	~~No~~	~~Yes~~
	~~Subrecipient~~	~~GD~~	~~GD~~	~~Yes~~	~~No~~	~~Yes~~	~~Yes~~
~~§570.202(b)~~	~~NSP Grantee~~	~~NA~~	~~NA~~	~~Yes~~	~~Yes~~	~~No~~	~~Yes~~
	~~Developer: For Profit Private Nonprofit~~	~~GD~~	~~GD~~	~~No~~	~~No~~	~~No~~	~~No~~
	~~Subrecipient: Public Entity~~	~~GD~~	~~GD~~	~~Yes~~	~~Yes~~	~~No~~	~~Yes~~
	~~Private Nonprofit~~				~~No~~	~~Yes~~	
	~~Individual Beneficiarv~~	~~GD~~	~~GD~~	~~No~~	~~NA~~	~~NA~~	~~NA~~
~~J\570.201(n)~~	~~Individual Ueneficiary~~	~~GD~~	~~GD~~	~~No~~	~~NA~~	~~NA~~	~~NA~~
~~§570.204~~	~~CBDO~~	~~GD~~	~~GD~~	~~No~~	~~No~~	~~Yes~~	~~No~~

~~C - Competitive~~
~~NC - Non-competitive~~
~~NA - Not applicable~~
~~GD - Grantee determination~~
~~CBDO -- Community-Based Development Organization~~
~~Individual Beneficiary - a homeowner who will occupy an NSP home as a primary residence~~

~~See following page for more detailed discussion of te1ms and regulatory bases.~~

~~**Definition of Third Party Entities**~~

~~Third Party Entities include subrecipients, individuals, and other private entities such as for-profit developers, non-profit developers or other entities. How they are selected, generate revenue, and keep records, summarized in the Table above, is described more fully below.~~

~~Public Entity or Private Nonprofit as subrecipient -- Non-profit organizations and public entities under §570.20l(a) can be designated by the NSP grantee as subrecipients, without a procurement process (See §570.S00(c) for guidance). However, subrecipient agreements must conform to all the regulations under §570.503. Any revenues exceeding costs captured from properties sold or leased are classified as program income and must be used for NSP-eligible activities. At their option, grantees may allow subrecipients to retain Program Income, subject to §570.503 and 504.~~

~~Private Nonprofit, a For-profit organization, or an Individual as developer (not a subrecipient) - Non-profit organizations, For-profit organizations or individuals under §570.202(b)(J) can be given assistance to acquire residential property for the purposes of rehabilitation, resale, or use. The sales price of properties sold to NSP income-eligible individuals cannot exceed total costs (acquisition, rehabilitation, and development costs). Therefore, entities treated as developers must work within these parameters to generate a profit.~~

~~If engaged in rehabilitation, or for acquisition prior to rehabilitation, entities treated as developers may be selected through a competitive procurement process or may be designated as grant recipients without a procurement process. See §85.36 for procurement guidance. For rental projects or others not sold lo individuals for use as a primary residence, revenues are not considered Program Income.~~

~~In addition, such entities are not subject to recordkeeping or audit requirements that do apply to subrecipients. This flexibility creates a burden on the grantee to underwrite all such transactions to avoid undue enrichment.~~

~~Community-Based Development Organizations (CBDO) - CBDOs are governed by the regulations in §570.204 and can be either nonprofit or for-profit entities. CBDOs can be treated as developers or subrecipienls and would be subject to the same rules applied above depending on the grantee's detennination of the relationship (whether the NSP grantee chooses to treat the CBDO as a developer or as a subrecipient).~~

~~**Timeline Matrix**~~

~~The following Matrix describes the **recommended sequence of events for grantees carrying out NSP activities directly and for those grantees that carry out NSP activities in collaboratiou with Third Party Entities.** These examples assume a simple transaction under Eligible Use B, in which property is acquired, rehabilitated, and sold, but the principles of these examples apply to all NSP assisted acquisitions and rehabilitation activities. The **re(1uirements under B can be undertaken in any order, but MUST be performed prior to a commitment of funds** or a "choice-limiting action" as described in the Environmental regulations at 24 CFR Part 58. HUD encourages grantees lo undertake tiered reviews, which can generally be completed for a group of properties in advance of the other steps in the process. Sta1ting early also reduces the potential for delays at State Historic Preservation Offices.~~

~~RECOMMENDED SEQUENCE OF EVENTS FOR NSP ACQUISITION A.1"D REHABILITATION~~

	Direct Grantee	~~Subrecipient (on behalf of grantee)~~	~~Private Developer (for-profit, non-profit)~~	~~Individual:~~ Homeowner-Occupant
A. BEFORE grant award				
PRE-AWARD	May initiate activities before grant award by meeting all requirements and 570.200(h)	May initiate action **only with explicit approval** of grantee and in compliance with all requirements in Section B.		No action advisable prior to grantee's receipt of funds.
B. AFTER grant award (No required sequence but MUST precede funds obligation)				
~~AGREEMENTS~~	~~Internal agreements not required for any department under the grantee's jurisdiction.~~	~~Receive approval from grantee with agreement on \Vho does ,11,·hat, when, how.~~ ~~If permitted in agreement, subrecipient may incur administrative costs.~~	~~Developers MAY NOT incur administrative costs) but may charge fees and earn profits.~~	~~Apply to grantee or subrecipient to qualify based on income and other requirements. Receive preliminary approval to participate in NSP Program.~~
~~**PROPERTIES**~~	~~Locate one or more foreclosed, abandoned, or vacant properties in the areas of greatest need to acquire for the NSP. Ensure property qualifies, by location, type, condition, etc.~~			~~Find eligible property, in collaboration with NSP grantee or other party.~~
~~PRE-ACQUISITION REQUIREMENTS~~ ~~1. Environmental~~	~~Environmental review MUST be completed before committing funds. Only grantee can certify review & request release of funds~~	~~Work with grantee to understand what must be done and ensure no commitment of funds (choice-limiting action) before release of funds. Grantee alone can certify and request release of funds.~~		~~Not Applicable~~ ~~No role for Individual~~
~~**2. Appraisal**~~	~~Order URA-compliant Appraisal if foreclosed property or if sale not voluntary. Sale is not voluntary when potential exists for eminent domain if agreement cannot be reached.~~			~~Grantee will inform if Individual is required to obtain appraisal.~~
~~**3. Uniform Relocation Act**~~	~~Determine other URA applicability (e.g. relocation). American Recovery and Reinvestment Act places added restrictions on acquiring properties with tenants,~~			~~Not Applicable~~
4. Purchase Discount	~~Negotiate purchase discount with seller-servicer *if foreclosed*~~	~~Consult with grantee on process for purchase price discount with seller-servicer; only applies *if property is foreclosed upon.*~~		
C. Purchase and Post-Purchase Phase				
~~ELIGIBILITY ATTAINED~~	~~After this point, the property has eligibly been acquired. It retains this status through any subsequent sales or transfers, such as directly to an eligible end user, or to another entity for rehabilitation and later sale to an eligible end user (L:MiviI family).~~			
~~**REHABILITATION AND FINANCING OPTIONS**~~	~~If the home is in need of repair and/or financial subsidy to make it affordable to LMMI. there are different options based on the type of property (foreclosed, vacant, etc.) and which NSP Eligible Use the grantee has employed. See the NSP Policy Guidance page for more detailed discussion of Eligible Uses (and property types) and Homeo,mership Assistance.~~			
~~**INELIGIBLE PURCHASES**~~	~~If a participant has acquired a property BEFORE meeting all the requirements above, the home is generally considered ineligible because it is no longer -"foreclosed or abandoned". However, some SP assistance may still be possible; see Attachment for discussion.~~			

~~**ATTACHMENT**~~

~~DKFINITIONS AND EXPLANATIONS~~

~~NSl' Eligible Acquisition Property Types~~

~~From Housing and Economic Recovery Act, Sec. 2301 (c)(3) and (!)(3)):~~

~~(A) purchase and redevelopment of foreclosed upon homes and residential properties,~~
~~(B) purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon,~~
~~(C) land banks for homes that have been foreclosed upon,~~
~~(E) redevelop demolished and vacant properties, and~~
~~(From the 25% set-aside for low-income families), purchase and redevelopment of abandoned or foreclosed upon homes and residential properties.~~

~~Potential Considerations for Agreements with Third Party Entities~~

~~The Agreement may include, but is not limited to, these considerations:~~

- ~~Effective start and completion dates,~~
- ~~Appropriate locations in which to purchase (areas of greatest need),~~
- ~~Property types (abandoned, foreclosed, vacant, homes and/or residential properties),~~
- ~~If foreclosed, need for appraisal and purchase discount,~~
- ~~Selection criteria (quality, price, level of repairs needed, tenns),~~
- ~~Need for complete environmental review and release of fonds prior to closing,~~
- ~~Estimated/maximum amounts ofNSP funds per unit and number of units,~~
- ~~Financial considerations (loan, grant, reimbursement process, etc.),~~
- ~~Responsibility for rehabilitation, if required,~~
- ~~Eligible purchasers/tenants, affordable rents, continued affordability,~~
- ~~Deadlines for completion, disposition procedures,~~
- ~~Financial records,~~
- ~~Recordkeeping and documentation requirements; see especially 570.506(h) for developers.~~

~~Ineligible Acquisitions and Subsequent Participation~~

~~If a participant has acquired a property before meeting all the requirements above, the building is generally considered ineligible for NSP acquisition assistance under Eligible Use B because it is no longer "foreclosed or abandoned". However, acquisition is an option for activities identified under Eligible Use E and if the grantee planned to rehabilitate the home, the grantee (or Third Party Entity, with grantee approval) may eligibly use NSP funding for financing and rehabilitation (if granted an Exception by HUD)~~

[THE FOLLOWING IS TO BE REPEALED IN ITS ENTIRETY]

~~ARKANSAS DEVELOPMENT FINANCE AUTHORITY~~
~~RESOLUTION REGARDING~~
~~SECOND AMENDED~~
RULE~~S~~ REGARDING THE
RESERVATION OF PRIVATE ACTIVITY BOND VOLUME CAP
(Title 15, Chapter 5, Subchapter 6)
~~AND REGULATIONS, IMPLEMENTING THE LAW~~
~~ON THE ALLOCATION OF THE STATE VOLUME CAP FOR~~
~~PRIVATE ACTIVITY BONDS PURSUANT TO~~
~~ACT 1044 OF 2001~~

~~WHEREAS, Act 1044 of 2001 of the Arkansas General Assembly (the "Act") designates the Arkansas Development Finance Authority (the "Authority") as the body charged with administration of the State Ceiling for the State of Arkansas (the "State"), applicable to Affected Bonds (capitalized terms herein not otherwise defined, having the same meaning ascribed to them in the Act); and~~

~~WHEREAS, the Act requires the Authority to promulgate rules and regulations implementing the Act and setting forth the rules and procedures to be utilized by the Authority in allocating the State Ceiling among issuers and bond issues in the State; and~~

~~WHEREAS, the Act requires that such rules and regulations be promulgated pursuant to the Arkansas Administrative Procedures Act, Arkansas Code Annotated Sections 25-15-201 et seq. (the "APA"); and~~

~~WHEREAS, the Authority finds that the requirements for promulgation of regulations under the APA having been fulfilled, the regulations required by the Act are contained hereinafter and are appropriate for accomplishing the purposes of the Act;~~

~~NOW, THEREFORE, BE IT RESOLVED, that the following regulations implementing Title 15, Chapter 5, subchapter 6 of the Arkansas Code of 1987 Annotated, as amended by the Act, are hereby adopted and shall be in full force and effect from and after the date set forth in Section 5 of this resolution:~~

~~SECOND AMENDED~~
~~RULES AND REGULATIONS~~
~~REGARDING ALLOCATION OF THE STATE VOLUME CAP~~
~~FOR PRIVATE ACTIVITY BONDS~~

~~TABLE OF CONTENTS~~

SECTION~~ection~~ .001.
PURPOSE.

(a) The purpose of this Rule is to provide procedures for governmental and private participants for the allocation of tax-exempt private activity bond volume cap, including special rules for certain multifamily housing bonds, and to repeal and replace prior rules relating to the reservation and allocation of volume cap.

~~Application for Reservation of Volume Cap. Except as otherwise specifically stated, the regulations contained in this Section 1 shall apply to all Applications for Reservation of volume cap.~~

~~1.1. Form of Application. The form of application for reservation of volume cap shall be substantially in the form attached to these regulations as Appendix A-1 (the "Application for Reservation"). The Application for Reservation must include (i) the name of the issuer; (ii) the principal amount of bonds to be issued; (iii) the amount of volume cap allocation sought; (iv) the purpose of the bonds, including a description of any project to be funded with bond proceeds; (v) the principal users of the bond proceeds (if different than the issuer); (v) the date of adoption of the bond authorizing resolution or other official action; (vi) the Arkansas statutory authority for the issuance of the bonds; and (vii) the name and address of bond counsel. The Application for Reservation must be signed and dated by bond counsel. No Application for Reservation shall be accepted until after the issuer has declared its "official intent" to issue the bonds. For the purposes of these regulations, "official intent" must meet the requirements of Section 1.150-2(e) of the Treasury Regulations. No Application for Reservation of volume cap with respect to a given calendar year may be filed until the first business day of such calendar year.~~

Commented [JB1]: The requirements of this section have been largely moved to Section .006 of the new rule, with the primary difference being the additional requirement for applicants to state the type of issue as identified by IRS Form 8038

~~1.2. Manner of Filing Application. All Applications for Reservation must be delivered to the Authority, and shall be addressed to:~~

~~Arkansas Development Finance Authority~~
~~Volume Cap Reservations~~
~~P.O. Box 8023~~
~~Little Rock, Arkansas 72203-8023~~

~~Applications for Reservations shall be accepted only upon delivery to the Authority, and the date of receipt (the "Filing Time") of each Application for Reservation shall be noted by the Authority on the application. All Applications for Reservation received on any given day shall be assigned the same Filing Time.~~

~~The Authority may also, according to procedures to be established, provide for the filing of applications by e-mail or other electronic means.~~

Commented [JB2]: This section has been replaced by Section .006 of the new rule, which simply requires applications be submitted to the President of ADFA

~~1.3. Review of Requests for Reservation. The President of the Authority, or his or her designee, shall review each application for compliance with the Act and these regulations, and may reject any application that is not in compliance. The President of the Authority, or his or her designee, shall notify bond counsel of any such rejection within ten (10) days of such rejection. The issuer of any such Affected Bonds may appeal, within ten (10) days, any such rejection to the Volume Cap Allocation Committee, created pursuant to Section 2.3, below. If, pursuant to such appeal, the decision to reject the application is overturned, then the Application for Reservation shall be reinstated, and the issuer shall be granted a Reservation Date as determined by the ruling of the Volume Cap Allocation Committee.~~

~~1.4. Acknowledgment of Reservation. Within ten (10) days of receipt of the Application for Reservation, the Authority shall send an acknowledgment of reservation to the bond counsel that signed the application. Such acknowledgment shall include (i) notice that the Application for Reservation has been received, and the Filing Time; (ii) the priority number granted to such application, if one has been granted; and (iii) whether volume cap has been allocated to the issue, and, if not, a statement of explanation. If volume cap has been allocated to the issue, the acknowledgment shall constitute evidence of such allocation for purposes of compliance with the Internal Revenue Code of 1986, subject only to timely issuance of the Affected Bonds within the Reservation Period and the filing of a Notice of Issuance as described in Section 1.8.~~

Commented [JB3]: The requirements of this section have been moved to sections .006 and .007 of the new rule but remain substantively identical.

~~1.5. Determination of Reservation Date. For all applications received prior to September 1 of each calendar year, and unless (i) a shortage situation is in effect as described in Section 2.2 below, or (ii) the Application for Reservation is for multifamily residential housing bonds, volume cap shall be allocated on the basis of the Filing Time, and the Filing Time shall be the "Reservation Date," for purposes of these regulations.~~

~~After September 1 of each calendar year or in a shortage situation, or for multifamily residential housing bonds, the Reservation Date shall be the date on which volume cap is allocated as provided herein.~~

~~1.6. Reservation Period. No Application for Reservation may be made more than sixty (60) days prior to the expected date of issuance of the Affected Bonds. The Affected Bonds must be issued within sixty (60) days of the Reservation Date or by December 31st of the applicable calendar year if such date occurs prior to the expiration of the sixty (60) day period (such period of time from the Reservation Date to the earlier of (a) sixty (60) days thereafter or (b) December 31st of that year being the "Reservation Period"), unless the Reservation Period is extended as set forth in Section 1.7 of these regulations. Upon expiration of the Reservation Period, an applicant must file a new Application for Reservation and receive a new Reservation Date and priority number.~~

Commented [JB4]: This section is not continued in the proposed rule and is unnecessary

~~1.7. Extension of Reservation Period.~~

~~(a) The Reservation Period may be extended by the President of the Authority for up to an additional sixty (60) days from the Reservation Date. The extension periods shall be granted in three (3) increments as follows:~~

~~(i) The first extension period of fifteen (15) days shall be automatically granted by the President of the Authority upon receipt of a written explanatory statement in sufficient detail from the borrower. The borrower shall not be required to pay an extension fee for the first extension period.~~

~~(ii) The second extension period of fifteen (15) days shall be granted if the President of the Authority determines that granting of a second extension of the Reservation Period is warranted based on being provided with the following:~~

~~(a) an explanatory statement, in sufficient detail to the satisfaction of the Authority, of why the Affected Bonds will not be issued within the original Reservation Period;~~

~~(b) a certification by the borrower that it reasonably expects the Affected Bonds to be issued within the extended Reservation Period; and~~

~~(c) payment to the Authority of a non-refundable reservation extension fee in the amount of $5,000.00.~~

~~(iii) The third extension period of up to thirty (30) days shall be granted if the President of the Authority determines that granting of a third extension of the Reservation Period is warranted based on being provided with the following:~~

~~(a) an explanatory statement in sufficient detail explaining the extraordinary, unforeseen circumstances warranting such an extension. The circumstances must be of no fault of the borrower and could not have been anticipated at the time the first or second extension periods were requested.~~

~~(b) a certification by the borrower that it reasonably expects the Affected Bonds to be issued within the extended Reservation Period; and~~

~~(c) payment to the Authority of a non-refundable reservation fee in the amount of $10,000.00.~~

Commented [JB5]: This section has been replaced with Section .008 of the new rule. The new rule eliminates the 15day extension requests and eliminates fees.

~~1.8. Notice of Issuance of Bonds. In order to notify the Authority of the actual use of volume cap for the concerned Affected Bonds, the issuer must file, prior to the expiration of the Reservation Period in the same manner as set forth for the filing of an Application for Reservation, a Notice of Issuance in substantially the form attached to these regulations as Appendix B-1. If a Notice of Issuance is not filed by the expiration of the Reservation Period, the Authority shall notify bond counsel for the issuer of the failure to file and determine whether the Affected Bonds were in fact issued. Failure to timely file the Notice of Issuance shall not affect the volume cap allocation.~~

Commented [JB6]: Replaced in the new rules by Section .014

~~Allocation of Volume Cap After September 1 of Each Year and in Shortage Situations. Until September 1 of each year, the statutory allocations of volume cap to the Arkansas Development Finance Authority and the Arkansas Student Loan Authority made pursuant to Arkansas Code Annotated Sections 15-5-603(a)(1) and (3) shall be preserved. Pursuant to Arkansas Code Annotated Section 15-5-603(c), such allocations, if not used or reserved by September 1, shall be subject to reservation by any issuer in the State. The regulations contained in this Section 2 shall apply to all Applications for Reservation of volume cap filed after September 1 of each calendar year and when a shortage of volume cap in the General Category (as defined in Section 2.2(a) below) has been declared, or to applications the filing of which will cause a shortage to be declared in the General Category. The provisions of Section 1 shall apply to Shortage Applications to the extent not in conflict with the provisions of this Section 2.~~

~~2.1. Determination of Priority. For all Applications for Reservation of volume cap filed after September 1 of each calendar year, or that are filed when a shortage has been declared, or that by their filing cause a shortage to be declared (in each event, a "Shortage Application"), the determination of priority of such Shortage Applications shall be made by the Volume Cap Allocation Committee pursuant to Section 2.4 of these regulations.~~

~~2.2. Declaration of Shortage.~~

~~The Authority staff shall continuously monitor the filings of Applications for Reservation to determine whether the amount of volume cap requested in the category set forth in Arkansas Code Annotated Section 15-5-603(c), as amended (the "General Category"), if projected on an annualized basis, would equal or exceed one hundred ten percent (110%) of the annual volume cap for such category. If the determination of a shortage has been made, the President of the Authority shall declare a shortage of General Category volume cap in the State.~~

~~In making the determination set forth in Section 2.2(a), the Authority shall use the following formula to calculate whether a shortage exists:~~

~~R + P x AD = Total Projected Annual Request~~
~~CD~~
~~where~~

~~"R" equals the total amount of volume cap reserved (including reservations already utilized) in the General Category to the date of calculation;~~

~~"P" equals the total amount of cap being requested in the Application for Reservation (plus the amount of any other Applications for Reservation in the General Category received the same day);~~

~~"CD" is the total number of calendar days from January 1 to the date on which the calculation is being made; and~~

~~"AD" is the number 243, representing the number of days in the year from January 1 to September 1, (or, in leap years, 244).~~

Commented [JB7]: This section has been eliminated from the current rule. The definition of shortage has also changed and simplified in Section .010 of the proposed rule

~~2.3. Volume Cap Allocation Committee. A Volume Cap Allocation Committee is hereby established, comprised of the following members: the Director of the Arkansas Department of Economic Development; the Director of the Arkansas Department of Finance and Administration; and the President of the Arkansas Development Finance Authority, or their equivalent successors, as appropriate.~~

Commented [JB8]: The proposed rule retains the volume cap committee with the same membership. See Section .003(t)

~~2.4. Powers and Duties of Volume Cap Allocation Committee.~~

~~Whenever a shortage has been declared pursuant to Section 2.2, the Volume Cap Allocation Committee shall meet, either in person or by other means of communication. At such meetings, the Volume Cap Allocation Committee shall have the authority to (i) determine the relative priority of Applications for Reservations; (ii) to reduce the amount of volume cap to be allocated to any Application for Reservation; (iii) to deny an Application for Reservation; or (iv) to defer for a period of time an Application for Reservation. The Volume Cap Allocation Committee shall consider and decide all appeals of decisions made by the President of the Authority pursuant to these regulations.~~

Commented [JB9]: This process has been retained in the proposed rule with the additional requirement of file written reports of the actions of the committee to the ADFA board

~~(a) In making the determinations set forth in Section 2.4(a), the Volume Cap Allocation Committee may consider the following factors, none of which shall be, in and of itself, necessarily determinative of the decision of the Volume Cap Committee:~~

~~(i) the relative Filing Times of the Applications for Reservation;~~

~~(ii) the feasibility of closing the bond issue within the Reservation Period;~~

~~(iii) the benefits to the State from the project or activity to be financed, including but not limited to, the creation of jobs, the increased availability of capital for housing, the increased availability of educational opportunities, the economic impact of a project, and the impact of the project or activity on the health, safety and welfare of the State;~~

~~(iv) the area of the State to be most benefitted from the issuance of the bonds, including but not limited to, whether the issuance of the bonds will tend to alleviate conditions in an economically distressed area of the State;~~

~~(v) whether a project is likely be moved to another state if not timely financed;~~

~~(vi) whether the financing of the project could be delayed until the succeeding calendar year without adverse impact on the project;~~

~~(vii) the policy objectives of the State; and~~

~~(viii) such other factors as are deemed appropriate by the Volume Cap Allocation Committee.~~

~~(b) The Volume Cap Allocation Committee shall have the authority to issue letters committing volume cap for the next succeeding calendar year to a particular bond issue or bond issues for which the total amount of volume cap requested was not allocated in the year in which it was requested, and any such commitment shall take precedence over these regulations in such succeeding calendar year. The Volume Cap Allocation committee shall also have the authority to direct the President of the Authority to carry forward unused volume cap amounts for specific categories if such action is deemed necessary or desirable in accomplishing the allocation goals of the Volume Cap Allocation Committee.~~

~~Special Regulations Regarding Multifamily Residential Housing Bonds. The regulations contained in this Section 3 shall apply to all Applications for Reservation of volume cap applicable to multifamily residential housing bonds. The provisions of Section 1 shall apply to Applications for Reservation applicable to multifamily residential housing bonds to the extent not in conflict with the provisions of this Section 3.~~

~~Rules for Multifamily Housing Bond Applications from ADFA Category.~~
~~When the Authority is to be the issuer of multifamily housing bonds, priority of Applications for Reservation within the ADFA Multifamily Category (as set forth in Arkansas Code Annotated Section 15-5-603(a)(1)) shall be determined according to the procedure set forth in this Section 3.1.~~

~~At the beginning of each calendar year, the Authority shall set the amount of multifamily housing bond volume cap to be made available from the Authority's statutory allocation of volume cap. The Authority shall make a general public announcement of the availability of such ADFA multifamily housing bond volume cap and shall also announce a competitive funding round (the "First Funding Round") along with applicable deadlines for such First Funding Round.~~

~~On or prior to the deadline for the First Funding Round, applicants for ADFA multifamily housing bonds shall file an application with the Authority (the "ADFA Multifamily Application"). Each ADFA Multifamily Application shall comply with the Guidelines for Allocating Tax Exempt Private Activity Multifamily Volume Cap (the "Guidelines") available on the Authority's web site. Applications shall include (i) the Low Income Housing Tax Credit Application (the "Housing Application"); (ii) all threshold items required by the Guidelines; (iii) all other pertinent documentation; and (iv) be accompanied by the application fee set forth in the Guidelines.~~

~~The Authority staff will review the ADFA Multifamily Applications for completeness, inclusion of threshold items, site plan, unit layout (floor) plans and project specifications. Applicants will also be required to make a formal presentation to the Authority's Housing Review Committee.~~

~~Based on staff review and the formal presentations, the Housing Review Committee will make recommendations of applications to be selected for volume cap and tax credit allocation to the full Board. The Board will make the final selection of ADFA Multifamily Applications at a regular Board meeting.~~

~~Commitments of volume cap and tax credits to applicants will be valid only with respect to a specific development at a specific site. The applicant shall notify the Authority of any material change in the information provided to the Authority during the application process. Any change in the project site, the applicant entity, the ownership entity, or the size, nature, or other characteristics of the project may, in the Authority's sole discretion, invalidate the commitment.~~

~~Additional funding rounds may be conducted depending on the availability of multifamily volume cap from the ADFA Multifamily Category or as may be transferred from ADFA's other allocation categories pursuant to Arkansas Code Annotated Section 15-5-603(a)(2). Notice of any additional funding rounds shall be given to bond counsel, underwriters, developers and other concerned entities, and such rounds shall be conducted in the same manner as described in this Section 3.1.~~

~~When volume cap has been allocated from the ADFA Multifamily Category, the Affected Bonds must be issued within time deadlines established in the allocation process. Such deadlines shall not be shorter than the Reservation Period set forth in Section 1.6, but such deadlines will take priority over the Reservation Period provisions of these Regulations.~~

~~Rules for Multifamily Housing Bond Applications from General Category.~~

~~All Applications for Reservation from the General Category relating to multifamily residential housing bonds ("General Category Multifamily Applications") shall include a market study of the rental housing market in the area in which the project to be financed will be located, which market study must show sufficient demand for the proposed project, in the discretion of the Authority.~~

~~Before the Authority assigns a priority number to any General Category Multifamily Application, the Authority must determine:~~

~~that, based on the market study and other information available to the Authority, there is sufficient need for the multifamily project in the area in which it is proposed to be located;~~

~~that the proposed project will be constructed with such quality in workmanship, materials, energy efficiency, and design as is, at a minimum, standard for projects of a similar nature in the area in which it is to be located; and~~

~~that the developer of the project to be financed with the proceeds of the bonds, based on past performance, general reputation, demonstrated resources, community support, and proposed third-party alliances, has the ability to close the proposed bond transaction and construct and operate the proposed project.~~

~~The Authority may publish guidelines for applications that, as the Authority deems appropriate, clarify and quantify the standards set forth in Section 3.2(b), above.~~

~~Multifamily Housing Bond Applications When No Shortage Exists. When no shortage has been declared with respect to state allocation of volume cap in the General Category, assuming a General Category Multifamily Application meets the threshold requirements set forth in Section 3.2(b), above, the President of the Authority shall set the priority number for each project based on the Filing Time of the General Category Multifamily Application.~~

~~Multifamily Housing Bond Application When Shortage Has Been Declared. When a shortage has been declared in the General Category (as defined in Section 2.2(a) above), the Volume Cap Allocation Committee may either (i) determine the priority and amount of volume cap to be allocated to each project based on the factors set forth in Section 3.2(b), or (ii) refer all of the General Category Multifamily Applications back to the Authority for the Authority to conduct competitive rounds in a manner similar to that set forth in Section 3.1 for ADFA Multifamily Bonds..~~

Commented [JB10]: Rules on the filing of reservations for Multifamily Volume Cap have been moved to Section .011 and largely replaced with the Qualified Allocation Plan (QAP) to be promulgated separately.

~~3. Miscellaneous~~

~~3.1 Amendment of Regulations. These regulations may be amended from time to time by Resolution of the Board of the Authority in accordance with the requirements of the APA.~~

~~3.2 Count of Days. Unless otherwise specifically provided herein, when a number of days is provided herein for action to be taken, it shall be counted as calendar days.~~

~~4. Emergency. It is hereby found and determined by the Authority that a procedure is immediately necessary for allocating the State Ceiling among issuers and for reviewing Applications for Reservation and determining the priority of such Applications for Reservation in the current calendar year, and that an effective date of January 1, 2003 is necessary in order to preserve for the residents of the State the benefits of bonds to be issued subject to the State Ceiling. Therefore, an emergency is hereby declared to exist, and this regulation, being necessary for the preservation of the public health, safety, and welfare, shall be in full force and effect from and after January 1, 2003.~~

~~ADOPTED, this ___ day of December, 2002.~~

~~ARKANSAS DEVELOPMENT FINANCE AUTHORITY~~

~~By:____ Chair~~

~~ATTEST:~~

~~_______________________________~~
~~President~~