THE HOUSING AUTHORITY OF THE CITY OF ATLANTA, GEORGIA
(ATLANTA HOUSING)

BOND ISSUANCE POLICY

Including Bond Loan Program Guidelines and Application

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Table of Contents

PART I — BOND ISSUANCE POLICY AND PROGRAM GUIDELINES

Section 1. General Authority and Purpose

Section 2. Definitions

Section 3. Eligibility and Threshold Requirements

Section 4. Bond Rating and Investment Requirements

Section 5. Application and Inducement Process

Section 6. Full Application and Bond Approval Process

Section 7. Occupancy and Land Use Restriction Requirements

Section 8. Reporting, Compliance, and Records

Section 9. Restrictions on Sale and Transfer

Section 10. Authority Controls and Construction Oversight

Section 11. Fees and Expenses

Section 12. Refunding Bond Process

Section 13. Qualified 501(c)(3) Bonds

EXHIBITS

Exhibit A — Definitions

Exhibit B — Form of Public Notice

Exhibit C — Approved Bond Counsel List

Exhibit D — Board Resolution Fact Sheet

PART I

BOND ISSUANCE POLICY AND PROGRAM GUIDELINES

Section 1. General Authority and Purpose

1.1 Legal Authority

The Bond Issuance Policy and Program Guidelines ("Policy") have been adopted by the Board of Commissioners (the "Board") of The Housing Authority of the City of Atlanta, Georgia ("Atlanta Housing") pursuant to the Housing Authorities Law, Official Code of Georgia Annotated ("O.C.G.A.") Section 8-3-1 et seq., as amended (the "Act"). Atlanta Housing is authorized under the Act and other applicable provisions of Georgia law to issue bonds and undertake financing activities for housing projects and other purposes authorized by law. This Policy establishes the guidelines governing Atlanta Housing's multifamily housing bond issuance program.

This Policy also operates in accordance with, and is subject to, the following applicable federal and state law:

- Internal Revenue Code of 1986, as amended (the "Code"), §§ 103, 141–150 and 142(d), governing the tax-exempt status of private activity bonds used to finance qualified residential rental projects;
- Section 145 of the Code, governing Qualified 501(c)(3) Bonds;
- Securities Act of 1933 and applicable regulations, governing the offer and sale of bonds;
- O.C.G.A. § 8-3-1 et seq. (Housing Authorities Law), authorizing housing authorities to issue bonds and make loans for multifamily rental housing;
- O.C.G.A. § 36-62-1 et seq. (Development Authorities Law), as applicable;
- The Tax Equity and Fiscal Responsibility Act and Tax Reform Act of 1986, as applicable; and
- All applicable Treasury Regulations, IRS Revenue Procedures, and HUD requirements.

1.2 Purpose

The purpose of this Policy is to:

- Set forth Atlanta Housing's requirements and procedures for issuing bonds, notes, and other obligations or evidences of indebtedness authorized by applicable law (collectively, "Bonds");
- Ensure that Bond-financed developments increase the availability of quality affordable housing for low and moderate-income families and individuals;
- Establish transparent, consistent, and legally compliant processes for applicants seeking Bond financing from Atlanta Housing;
- Protect Atlanta Housing, its commissioners, officers, and employees from liability;

- Support the economic development of Atlanta and the broader housing goals of Atlanta Housing; and
- Implement regulatory and land use restrictions that ensure long-term affordability.

1.3 Types of Bond Issuances Covered

This Policy applies to all Bonds issued by Atlanta Housing, including:

- **501(c)(3) Bonds** are a type of Tax-Exempt private activity bond, issued under Section 145 of the Internal Revenue Code ("IRC" or the "Code") to finance Projects for organizations exempt from federal income tax under Section 501(c)(3) of the Code. These bonds are typically issued by a state or local government entity—in this case, Atlanta Housing—and the proceeds are loaned or leased to the nonprofit organization to fund facilities or capital projects. Atlanta Housing in its capacity as issuer is generally not liable for repayment beyond the pledged revenues from the Project.

- **Governmental Purpose Bonds** are municipal bonds issued to finance Projects that serve a core governmental function and are generally exempt from federal income tax because they benefit the public rather than private entities. These bonds are typically used to fund public roads, bridges, general government buildings, water and sewer systems, and other infrastructure that is open to the public on an equal basis. *Essential Function Bonds* are a subset of Governmental Purpose Bonds that specifically finance Projects fulfilling an essential governmental function as defined by the IRC and Treasury regulations. These bonds are widely used by housing authorities and similar entities to finance the construction, acquisition, or substantial rehabilitation of affordable housing that they intend to own and operate.

- **Exempt-Facility Bonds** are a type of private activity bond authorized under Section 142 of the Code. They allow private entities (e.g., the partnership that owns a 4% LIHTC development) to finance Projects that provide public benefits while offering investors federally Tax-Exempt interest, which can also be exempt from state and local taxes, making them an attractive financing tool for infrastructure, transportation, housing, and environmental Projects. As discussed below, these bonds require an allocation of either new or recycled volume cap in order to be Tax-Exempt. These are often referred to (imprecisely) as "private activity bonds" or "PABs."

- **Taxable Bonds** are debt securities whose interest income is subject to federal and often state income taxes. Atlanta Housing may issue such bonds where it's not possible to secure a tax exemption (e.g., the type of Borrower or affordability levels are not eligible for an exemption) or where tax exemption is only available for a portion of the debt issued (requiring a "taxable tail").

While Atlanta Housing has the authority to issue any of the above bond types, the primary focus of this program will concerning the issuance of Governmental, as well as 501(c)(3), bond types. Exempt-facility (LIHTC) and taxable bond options are not the proposed focus of this program.

Section 2. Definitions

The following terms, when used in this Policy, have the meanings set forth below. Capitalized terms not defined herein shall have the meanings assigned by the Act, the Code, or applicable Treasury Regulations.

"Act" means the Housing Authorities Law, O.C.G.A. § 8-3-1 et seq., as amended.

"Applicant" means any Developer, owner, or entity that submits an Application to Atlanta Housing requesting the issuance of Bonds in accordance with any application process created by Atlanta Housing now or in the future.

"Area Median Income" or "AMI" means the median income for households in the Atlanta-Sandy Springs-Alpharetta, Georgia Metropolitan Statistical Area, as determined annually by the U.S. Department of Housing and Urban Development (HUD) under Section 8(f)(3) of the United States Housing Act of 1937, as amended.

"Basic Loan Documents" means the form of documents used to implement the loan program created to invest the proceeds of Bonds issued by Atlanta Housing or any applicable affiliate thereof, pursuant to which one or more Bonds may be issued and purchased.

"Board Resolution" means a resolution adopted by the Board declaring Atlanta Housing's initial intent to issue Bonds with respect to a proposed Development.

"Bond Counsel" means an attorney or firm of attorneys selected from Atlanta Housing's Approved Bond Counsel List (Exhibit C) as may be amended from time to time.

"Bond Regulatory and Land Use Restriction Agreement" or "LURA" means the agreement recorded in the real property records of the county in which the Development is located, setting forth ongoing affordability, occupancy, and compliance requirements.

"Bond Trustee" means a financial institution, typically a trust company or the trust department of a commercial bank, that holds collateral for the benefit of bondholders pursuant to the Trust

Indenture. The Bond Trustee must have an office located in Georgia and a corporate trust department knowledgeable in tax-exempt bond financing.

"Code" means the Internal Revenue Code of 1986, as amended, and applicable Treasury Regulations.

"Developer" means the owner or proposed owner of the Multifamily Development who will execute the Basic Loan Documents, including any parent corporations, general partners, managing members, guarantors, or controlling entities.

"Development" or "Project" means the land and all improvements thereto, including the Multifamily Facilities, that are to be financed in whole or in part from Bond proceeds.

"Elderly Housing" means housing that is 100% occupied by low income elderly persons under Section 8 of the National Housing Act of 1937 and Section 11(b) thereof.

"Institutional Buyer" means a qualified institutional buyer as defined under 17 C.F.R. § 230.144A(a) or an accredited investor as defined under 17 C.F.R. § 230.501(a), excluding natural persons (other than natural persons whose individual net worth, or joint net worth with their spouse, exceeds $1,000,000).

"Low or Moderate Income Tenant" means a household whose aggregate adjusted income does not exceed 80% of the Area Median Income, as computed pursuant to the Certification of Tenant Eligibility. Full-time students are excluded unless they qualify under applicable IRS guidance.

"Multifamily Development" or "Multifamily Facilities" means a residential rental project within the meaning of IRC § 142(d) and applicable Treasury Regulations, consisting of five or more residential rental units available to the general public, together with any functionally related and subordinate facilities.

"State Restrictive Period" means the minimum affordability period required under this Policy, which is at least 15 years from first occupancy of 50% of the units, as further described in Section 7.

"TEFRA Hearing" means the public hearing required under IRC § 147(f) and Treasury Regulations prior to the issuance of tax-exempt private activity bonds, to be conducted by the applicable

governmental unit (typically Fulton or DeKalb County, or the City of Atlanta, depending on project location).

Section 3. Eligibility and Threshold Requirements

3.1 Eligible Developments

Atlanta Housing will consider the issuance of Bonds to finance the following types of Multifamily Developments:

- New construction of 100% affordable or mixed-income multifamily residential rental housing;
- Acquisition and/or rehabilitation of existing multifamily residential rental housing;
- Elderly Housing, as defined herein, provided bonds are secured by a pledge of Housing Assistance Payment Contracts with HUD and/or HUD/FHA mortgage insurance; and
- Multifamily housing owned and operated by a 501(c)(3) nonprofit corporation (subject to Section 13).
- Acquisition of real estate assets that provide a revenue opportunity above the value of the combined debt service and property reserve.

Each Development financed with tax-exempt multifamily housing bonds shall qualify as a qualified residential rental project under Section 142(d) of the Internal Revenue Code and shall comply with all applicable Treasury Regulations, IRS guidance, and other applicable federal and state laws.

3.2 Minimum Income Set-Aside Requirements

All Developments financed with tax-exempt private activity Bonds must satisfy one of the following federal minimum set-aside requirements, as elected by the Applicant at the time of Application:

- 20/50 Test: At least 20% of the units are rent-restricted and occupied (or held available) by individuals or families whose income does not exceed 50% of AMI; or
- 40/60 Test: At least 40% of the units are rent-restricted and occupied (or held available) by individuals or families whose income does not exceed 60% of AMI.

Units intended to satisfy the set-aside requirements must be distributed proportionally throughout the Development and must include a reasonably proportionate amount of each unit type available in the Development. Market rate units, if any, shall be limited to residents with incomes not exceeding 140% of AMI.

Developers are encouraged to commit to renting at least 1–2% of proposed units to Section 8 participants for the period the Bonds are outstanding.

3.3 Pre-Application Conference

All Applicants are strongly encouraged to schedule a preliminary conference with Atlanta Housing's designated representatives prior to submitting an Application. A thorough mutual understanding of the proposed Development, Atlanta Housing's objectives and affordable housing priorities, and applicable legal requirements will improve the likelihood of a successful process.

Section 4. Bond Rating and Investment Requirements

4.1 Publicly Sold Bonds

All Bonds to be sold to the general public in denominations of $5,000 or less must be rated at least "A" by Standard & Poor's, Moody's Investors Service, or Fitch Ratings (collectively, the "Rating Agencies"). Such rating may be achieved through credit enhancement, including but not limited to: HUD/FHA mortgage insurance, a letter of credit from a rated financial institution, municipal bond insurance, a federal or state guarantee program, or other method acceptable to Atlanta Housing that results in at least an "A" rating.

If publicly-sold Bonds fall below an "A" rating during the term, the Developer must either replace the credit enhancement with one that achieves at least an "A" rating or reissue the Bonds in accordance with Section 4.2 below.

4.2 Privately Placed Bonds

Bonds that are unrated or rated below "A" must be privately placed with one or more Institutional Buyers and must be accompanied by an investor letter in form and substance acceptable to Atlanta Housing and Bond Counsel. Such Bonds shall be:

- Issued in minimum denominations of $100,000;
- Accompanied by a legend requiring any subsequent purchaser to qualify as an Institutional Buyer and execute and deliver an investor letter; and
- Sold only to subsequent purchasers who are qualified Institutional Buyers and have executed the required investor letter.

Subordinated and unrated bonds may be issued by Atlanta Housing in its sole and absolute discretion.

4.3 Bond Trustee Requirement

All Bond issuances for Multifamily Developments must utilize a Bond Trustee pursuant to a Trust Indenture. The Bond Trustee must: (a) have an office located in the State of Georgia; (b) have a corporate trust department with demonstrated experience in tax-exempt bond financing; and (c) be acceptable to Atlanta Housing. Atlanta Housing retains the right of final approval of any proposed Bond Trustee.

Section 5. Application and Inducement Process

5.1 Application Submission

An Applicant seeking Bond financing from Atlanta Housing must submit a completed Application in the form set forth in Part II of this Policy, together with all required attachments and the non-refundable application fee set forth in Section 11. The complete Application packet must be delivered to Proposals@AtlantaHousing.Org.

5.2 Public Notice Requirement (TEFRA)

For any Bond issuance subject to the public approval requirements of Section 147(f) of the Internal Revenue Code, Atlanta Housing shall provide public notice and conduct a public hearing in accordance with applicable federal law and Treasury Regulations. TEFRA notices may be posted on Atlanta Housing's public website. The public notice shall be provided not less than seven (7) days before the TEFRA hearing and shall include, at a minimum:

- the maximum aggregate principal amount of the Bonds;
- the name of the proposed borrower or owner (or an affiliate or successor, if applicable);
- a general description of the proposed Development;
- the location of the proposed Development; and
- the date, time, and location (or other permitted access information) for the public hearing.

Following the public hearing, the Bond issuance shall receive the approvals required by Section 147(f) of the Internal Revenue Code before the Bonds are issued.

5.3 Facilities Within Other Municipal Jurisdictions

Atlanta Housing has the option, subject to the approval of the Board of Commissioners to issue conduit bonds in other areas of Georgia, outside of the Atlanta Housing jurisdiction. If the proposed

Development is located within the city limits of a municipality in the Atlanta metropolitan area that has established its own housing authority pursuant to the Act, Atlanta Housing may not issue Bonds for such Development without receiving a resolution from that city and its housing authority requesting Atlanta Housing's participation. Atlanta Housing may not issue Bonds for a Development located within any other municipality without the Developer first obtaining approval by resolution of that municipality's governing body.

Section 6. Full Application and Bond Approval Process

6.1 Additional Documentation

Following adoption of a Board Resolution, the Applicant must provide any additional documentation required by Atlanta Housing, including final financing commitments, organizational documents, site control evidence, environmental reports, and final plans and specifications, to be received at least thirty (30) days prior to bond closing and subject to approval by Atlanta Housing's President and CEO or designee.

6.2 Bond Documents

Once the Application has been submitted and approved by both Atlanta Housing and the Atlanta Housing Board of Commissioners, and the Applicant has deposited funds to cover initial costs, Atlanta Housing's Bond Counsel will draft all required Bond documents, including the Trust Indenture, Loan Agreement, and Bond Regulatory and Land Use Restriction Agreement. All Bond documents are subject to review and approval by Atlanta Housing's Office of General Counsel.

6.3 TEFRA Hearing

Prior to issuance of tax-exempt Bonds, Atlanta Housing will coordinate with the applicable governmental unit to hold a public hearing pursuant to IRC § 147(f) (the "TEFRA Hearing"). All costs of the TEFRA Hearing, including publication costs, are the responsibility of the Applicant. A representative of the Applicant or Development team must be present at the TEFRA Hearing.

6.4 Board Approval and Bond Issuance

Notwithstanding any other provision of this Policy, Atlanta Housing reserves the sole and absolute discretion to approve, deny, defer, suspend, or terminate its review of any Application or proposed Bond issuance at any stage of the process. Satisfaction of the eligibility requirements, submission of a complete Application, adoption of a Board Resolution, completion of a TEFRA Hearing, or satisfaction of any other condition set forth in this Policy shall not create any obligation or commitment on the part of Atlanta Housing to issue Bonds or proceed with any proposed financing. Atlanta Housing may decline to proceed with any Application or proposed Bond issuance at any time, in its sole discretion and to the fullest extent permitted by applicable law.

Subject to satisfactory completion of the following, the Board will consider approval of a final Bond resolution:

- Timely receipt and approval of all financing commitments;
- Eligibility and financial feasibility review by Atlanta Housing;
- Satisfactory negotiation and execution of all Bond documents;
- Completion of the TEFRA Hearing;
- Receipt of all required approvals, including any required TEFRA approval by the governmental approval authority;
- Receipt of all required local permits or evidence that permits are obtainable subject only to payment of fees; and
- Receipt and review of final plans and specifications.

6.5 Property Taxes

Documents authorizing Bond issuance will contain specific provisions requiring the Developer to pay property taxes to the appropriate governmental body as if the Development were financed through conventional means. No Basic Loan Documents with private owners shall be deemed a "Private Enterprise Agreement" under the Act unless specifically approved in writing by Atlanta Housing.

6.6 Bond Sale Date Coordination

Atlanta Housing intends that the marketing of Multifamily Bond issues not adversely impact bonds issued by other Atlanta metropolitan area governmental bodies for conventional public purposes (including improvements to water and sewer systems, roads, schools, and hospitals). Atlanta Housing retains the right to approve the marketing dates of any Bonds it issues and may defer authorization if, in its sole discretion, simultaneous issuance with other county or city issuers would be detrimental to either party.

7.1 Bond Regulatory and Land Use Restriction Agreement

A Bond Regulatory and Land Use Restriction Agreement (LURA) will be recorded in the real property records of the county in which the Development is located for each Development financed with Bond proceeds. The LURA shall include provisions relating to the Qualified Project Period, the State Restrictive Period, income and rent restrictions, and all ongoing compliance requirements. The minimum term of the LURA shall be the greater of:

- Fifteen (15) years from the date on which at least 50% of the residential units are first occupied;
- The period during which any tax-exempt Bond issued with respect to the Development remains outstanding; or
- The date on which any Atlanta Housing subsidy or assistance with respect to the Development terminates.

7.2 Income and Rent Restrictions

The rent of designated restricted units must be affordable at 30% of the applicable income limit. All Developments must satisfy one of the set-aside elections in Section 3.2 throughout the Qualified Project Period.

Income determinations must be made in a manner consistent with Section 8 income determinations and must include adjustments for family size. Annual recertification of resident income is required.

A tenant who qualified at occupancy shall not be required to vacate solely because subsequent income determinations show income exceeding the applicable limit, unless: (a) the most recent income determination shows income exceeding 140% of the applicable limit; and (b) before the next income determination, a unit of comparable or smaller size in the same Development is occupied by a new resident whose income exceeds the applicable limit.

7.3 Deep Rent Skewing (Optional Election)

A Developer may elect Deep Rent Skewing in lieu of the standard income compliance provisions above. Under this election: (a) the 140% threshold is replaced by 170%; (b) at least 15% of the low-income units must be occupied by individuals with income at or below 40% of AMI; (c) the gross rent of each low-income unit must not exceed 30% of the applicable income limit; and (d) the gross

rent of each low-income unit must not exceed 1/3 of the average rent for comparable non-low-income units in the Development.

7.4 Annual Certification

Each Development owner must submit IRS Form 8703 (Annual Certification of a Residential Rental Project) to the Secretary of the Treasury, the Bond Trustee, and Atlanta Housing by March 31 of each year covering the preceding calendar year. Failure to file does not affect tax exemption but results in a $100 penalty under IRC § 6652(j).

7.5 Replacement Reserves

A replacement reserve must be established and maintained for the life of the Bonds, funded at minimum levels as follows:

- New Construction: at least $450 per unit per year, annually escalating at 3%
- Acquisition/Rehabilitation: at least $550 per unit per year, annually escalating at 3%
- Single Family/Duplexes: at least 470 per unit per year;
- Historic Rehab: at least $420 per unit per year.

Section 8. Reporting, Compliance, and Records

8.1 Developer Recordkeeping

During the Qualified Project Period, the Developer shall:

- Obtain and maintain a Certification of Tenant Eligibility from each Low or Moderate Income Tenant dated immediately prior to initial occupancy, verified by an independent third party;
- Annually recertify all low and moderate income units for continuous compliance;
- Provide each tenant's lease with a provision requiring notification to the Developer when any person whose income was not included on the Certification of Tenant Eligibility occupies a unit;
- Maintain complete and accurate records pertaining to all income-restricted units and permit authorized representatives of Atlanta Housing, the Bond Trustee, the U.S. Treasury, and the IRS to inspect such records;
- Provide monthly reports to Atlanta Housing and Bond Trustee, including: (a) a certificate identifying units occupied by Low or Moderate Income Tenants; (b) individual unit income certifications for all move-ins and annual recertifications; (c) a project-wide rent roll; and

(d) a move-out report; monthly operating statements, monthly and quarterly replacement reserve statements; and

- Permit reasonable on-site inspection by authorized representatives of Atlanta Housing, Bond Trustee, U.S. Treasury, and IRS, including inspection of the interiors of vacant and occupied units.

8.2 Annual Report

The Developer shall submit an Annual Report to Atlanta Housing no later than February 15 of each year covering the preceding calendar year, certified as true and correct and acknowledged before a notary. The Annual Report shall include at minimum:

- Rent for each unit type as of January 1 and December 31 of the reporting year;
- Monthly rent rolls with move-in, move-out, and transfer history;
- Identification of next available income-restricted units;
- Average annual occupancy rate with monthly supporting documentation;
- Replacement reserve balance as of December 31, with documentation of reserve transactions;
- Annual audited financial statements, completed by a CPA, including an independent auditor's report
- Detailed accounting of all work performed using replacement reserve funds;
- Outstanding Bond principal balance as of December 31;
- Number of units rented to Section 8 Program participants (or explanation if none); and
- Copy of IRS Form 8703 for the prior year.

Section 9. Restrictions on Sale and Transfer

The Developer agrees that the Development may not be sold, transferred, or otherwise disposed of without the prior written consent of Atlanta Housing. Any such consent will be conditioned upon:

- The proposed purchaser or transferee has assumed in writing all of the Developer's duties and obligations under the Basic Loan Documents, including the LURA covenants;
- The proposed purchaser or transferee has demonstrated sufficient financial capability to fulfill such obligations; and
- The proposed purchaser or transferee is knowledgeable in the operation and management of comparable apartment projects (which requirement may be satisfied by engagement of a qualified management company acceptable to Atlanta Housing).

Any sale, transfer, or disposition in violation of this Section shall be null, void, and without effect, and shall result in reversion of title to the Developer. This restriction shall be included in the LURA recorded with respect to the Development.

So long as any Bonds remain outstanding, no transfer of a 10% or greater ownership interest in the Developer shall occur without the prior written consent of Atlanta Housing and receipt of a Bond Counsel opinion that the transfer will not cause a loss of tax exemption on the Bonds. This restriction does not apply to sales or transfers of limited partnership interests.

Section 10. Authority Controls and Construction Oversight

10.1 Authority Rights

Atlanta Housing shall have the following rights during the term of the LURA:

- Access to the Development at any time, subject to the rights of tenants;
- Inspection of the Developer's and any lender's books and records relating to the Development for purposes of compliance;
- Receipt of monthly financial reports from the Bond Trustee and/or Mortgage Servicer;
- Enforcement of compliance by the Developer with all requirements herein;
- Right to act in reliance on any authorization, representation, or certification by the Developer or Bond Trustee; and
- Approval of plans and specifications prior to bond closing.

10.2 Construction Oversight

Atlanta Housing requires that an independent construction inspector, acceptable to Atlanta Housing, be engaged during the entire construction or renovation period to:

- Inspect construction progress monthly and report to Atlanta Housing on conformance with plans and specifications, overall progress, and any changes to scope;
- Provide monthly written reports to Atlanta Housing.

If an independent inspector is required by the credit enhancer, Atlanta Housing may accept such inspector (subject to its approval) and waive the requirement for a separate inspector, provided the inspector agrees to provide all reports required by Atlanta Housing. All construction inspection costs are the responsibility of the Developer.

Atlanta Housing must approve all construction and renovation draws and any changes to the scope of work previously approved.

Section 11. Fees and Expenses

11.1 Application Fee

A non-refundable application fee of $5,000.00 must be submitted with the Application. This fee covers the cost of Application review and consideration only.

11.2 Inducement Fee

Upon adoption of a Board Resolution, the Applicant shall pay an Inducement Fee equal to 10 basis points (0.10%) of the total bond amount induced.

11.3 Closing Fees

- New Money Issues (New Construction and Acquisition/Rehabilitation): The greater of $25,000 or 25 basis points (0.25%) of the total bonds issued.
- Refunding Issues: The greater of $20,000 or 15 basis points (0.15%) of the total bonds issued.
- Document Amendment Fee: $750 per request for review and/or approval of amendments to Trust Indentures, Loan Agreements, LURAs, or other Bond documents.
- Change of Ownership Fee: $5,000.
- Change of Management Company Fee: $2,500.

11.4 Annual Administration Fee

The Developer shall pay an annual fee to Atlanta Housing equal to 1/8 of 1% (12.5 basis points) of the original principal amount of the Bonds, due on or before the tenth day following each anniversary of the delivery of the Bonds, for as long as any Bonds remain outstanding. This fee reimburses Atlanta Housing for administrative costs associated with the Bond program.

11.5 Annual Program Monitoring Fee

The Developer shall pay a compliance monitoring fee of $3.00 per income-restricted unit per month ($36.00 per unit per year) for the duration of the State Restrictive Period, regardless of whether the Bonds are outstanding. This fee applies only to income-restricted units (either the 20% or 40% set-aside units).

11.6 Professional Fees and Expenses

The Developer is responsible for all fees and out-of-pocket expenses incurred by Atlanta Housing in connection with the proposed financing, including the fees and expenses of Bond Counsel, Issuer's Counsel, Trustee's Counsel, Atlanta Housing's General Counsel, if any, Atlanta Housing's Bond Loan Program Financial Advisor, and any other consultants engaged by Atlanta Housing. This obligation applies regardless of whether the Bond financing ultimately closes.

11.7 Indemnification

The Developer, its general partners, managing members, and/or parent corporation shall:

- Hold Atlanta Housing harmless against all liability for out-of-pocket expenses arising in connection with the contemplated Bond transaction, including the reasonable fees and expenses of Atlanta Housing's Counsel and Bond Counsel; and
- Indemnify and save Atlanta Housing, its commissioners, directors, officers, agents, and employees harmless from and against any and all claims arising from any cause whatsoever in connection with the financing, acquisition, construction, and operation of the Development.

11.8 Fee Schedule

Atlanta Housing reserves the right to charge additional fees as determined from time to time. Atlanta Housing's current fee schedule is available from the Office of General Counsel upon request.

Section 12. Refunding Bond Process

Atlanta Housing may allow a refunding or other financial restructuring of a Program Issue (a "Restructuring"), to the extent permissible by applicable law, subject to all of the following conditions:

- **Application and approval required.** All specifics of a Restructuring proposal are subject to review and approval by Atlanta Housing through the application process. A Restructuring will

not be approved without a complete application, including updated financial projections, and an explanation of the purpose and proposed terms of the Restructuring.

- **Costs borne by borrower.** The Borrower must agree to cover all costs incurred by Atlanta Housing in connection with the Restructuring, including all costs of issuance. Atlanta Housing will not bear any out-of-pocket costs associated with a Restructuring.
- **Affordability restrictions must be extended or maintained.** As a condition of approving any Restructuring, Atlanta Housing will require that the affordability restrictions of the existing Land Use Restriction Agreement be extended through the later of the maturity of the new or restructured bonds or the minimum term required by applicable law and Atlanta Housing's Program policies. Atlanta Housing will not approve a Restructuring that results in the shortening, termination, or material weakening of existing affordability commitments. Where no new City or Atlanta Housing funds will be disbursed at closing, Atlanta Housing will generally not require changes to existing affordability restrictions beyond what is necessary to ensure compliance with applicable legal requirements or to achieve consistency with Program policies.

- **Re-underwriting required.** All Restructuring transactions are subject to Atlanta Housing's full underwriting standards applied to the Project's current financial condition and the proposed restructured debt terms. A Project that no longer meets Program underwriting standards will not be approved for a Restructuring unless the restructured terms, taken together with any additional reserves, equity contributions, or other credit support, bring the transaction into compliance.
- **Additional public benefit may be required.** Atlanta Housing reserves the right to require additional public benefit in connection with any Restructuring, including deeper income targeting, additional rent restrictions, an increase in the number of restricted units, or an extension of the affordability term beyond the minimum required. The level of any additional restrictions will be determined based on the financial feasibility of the Project and the nature and purpose of the Restructuring.
- **Additional conditions at Atlanta Housing's discretion.** Atlanta Housing reserves the right to impose additional requirements on any Restructuring on a case-by-case basis, including conditions relating to deferred maintenance, management changes, reserve replenishment, or other matters that Atlanta Housing determines are necessary to protect the interests of bondholders, tenants, or the Program.

Section 13. Qualified 501(c)(3) Bonds

13.1 General

Atlanta Housing may issue Qualified 501(c)(3) Bonds under IRC § 145 to finance the development or acquisition of residential rental housing by eligible nonprofit organizations. Qualified 501(c)(3) Bonds are not eligible for Housing Tax Credit allocations. This Section supplements the general provisions of this Policy as applied to 501(c)(3) Bond transactions.

13.2 Borrower Eligibility

An organization seeking Qualified 501(c)(3) Bond financing must:

- Be exempt from federal income tax as an organization described in IRC § 501(c)(3);
- Provide a current IRS "determination letter" confirming its § 501(c)(3) status;
- Deliver an unqualified legal opinion from a practitioner experienced in tax-exempt organizations at closing;
- Have at least five (5) years of operating history with demonstrated experience in affordable housing development, management, or ownership;
- Demonstrate that the financed Development furthers the organization's exempt purposes, including providing affordable housing consistent with IRS guidance and Revenue Procedure 96-32;
- Maintain its § 501(c)(3) status while any Bonds remain outstanding; and
- Be registered with the Georgia Secretary of State throughout the term of the LURA.

13.3 Minimum Set-Asides (501(c)(3) Bonds)

The federal Safe Harbor for Relieving the Poor and Distressed (Revenue Procedure 96-32) requires that at least 75% of units be rented to households at or below 80% of AMI. In lieu thereof, the Borrower may elect one of the following:

- At least 60% of units serve households at or below 80% of AMI AND (a) at least 20% of units are both rent-restricted and occupied by households at or below 50% of AMI, or (b) at least 40% of units are both rent-restricted and occupied by households at or below 60% of AMI; AND
- 100% of units must be occupied by households whose income does not exceed 140% of AMI.

13.4 Fees (501(c)(3) Bonds)

The following fees apply to Qualified 501(c)(3) Bond issuances (in lieu of, or in addition to, Section 11 as applicable):

- Application/Inducement Fee: $5,000 non-refundable application fee.
- Application Fee: $20 per unit based on total unit count (10% discount available).
- Closing Fee: The greater of 25 basis points of issued principal amount or such minimum as Atlanta Housing may establish.
- Annual Administration Fee: 10 basis points of outstanding bond amount per year.
- Compliance Monitoring Fee: $36.00 per restricted unit per year for the duration of the LURA.

EXHIBITS

Section Exhibit A. Definitions

The following capitalized terms shall have the meanings set forth below. Additional definitions are set forth in Section 2 of this Policy.

"Act" means the Housing Authorities Law, Official Code of Georgia Annotated § 8-3-1 et seq., as amended.

"Area" means the Atlanta-Sandy Springs-Alpharetta, Georgia Metropolitan Statistical Area, as determined by HUD.

"Authority" means the Housing Authority of the City of Atlanta, Georgia (Atlanta Housing), and its successors.

"Basic Loan Documents" means the form of documents used to implement a loan program for purposes of issuing Multifamily Bonds, pursuant to which Bonds may be issued and purchased.

"Bond Counsel" means a nationally recognized attorney or law firm selected from Atlanta Housing's Approved Bond Counsel List.

"Bond" or "Bonds" means any one or more of the bonds, notes, or other evidences of indebtedness authorized, authenticated, and delivered pursuant to a Trust Indenture or Basic Loan Documents.

"Code" means the Internal Revenue Code of 1986, as amended.

"Counsel" means an attorney or law firm duly admitted to practice before the highest court of any state of the United States or the District of Columbia.

"Developer" means the owner or proposed owner of the Multifamily Facilities who will execute the Basic Loan Documents, including parent corporations, general partners, and managing members.

"Low or Moderate Income Tenant" means a tenant whose aggregate adjusted household income does not exceed 80% of the Median Gross Income for the Area, computed in accordance with the Certification of Tenant Eligibility. Full-time students are excluded unless otherwise qualifying under IRS guidance.

"Median Gross Income for the Area" means the median income for households in the Atlanta-Sandy Springs-Alpharetta, Georgia Metropolitan Statistical Area, as determined annually by HUD under Section 8(f)(3) of the United States Housing Act of 1937.

"Multifamily Facilities" or "Multifamily Development" means a residential rental project consisting of five or more similarly constructed residential rental units, together with functionally related and subordinate facilities, available to the general public on a continuous basis, within the meaning of IRC § 142(d). Excludes hotels, motels, hospitals, nursing homes, trailer parks, and owner-occupied properties.

"Program Guidelines" or "Policy" means this Multifamily Housing Revenue Bond Issuance Policy and Program Guidelines, as adopted and amended by the Board of Commissioners of Atlanta Housing.

"Project" or "Development" means the land and all improvements thereto, including the Multifamily Facilities, financed in whole or in part with Bond proceeds.

"Qualified Project Period" has the meaning set forth in Section 2 of this Policy.

"State" means the State of Georgia.

"Trust Indenture" or "Indenture" means the form of document entered into by and between Atlanta Housing and the Bond Trustee, pursuant to which the Bonds are issued and the Trustee's obligations are set forth.

"Underwriter" means a firm of underwriters experienced in the financing and marketing of tax-exempt bonds.

"Unit" means a separate, self-contained accommodation with complete facilities for living, sleeping, eating, cooking, and sanitation, rented or available for rental to a member of the general public.

Section Exhibit B. Form of Public Notice

The following Notice shall be published on the official website of the applicable governmental entity or in the legal organ of the county in which the proposed Development is located, in accordance with applicable law, at least seven (7) days prior to the Board meeting at which the Application will be considered:

PUBLIC NOTICE — PROPOSED MULTIFAMILY BOND FINANCING

[Owner/Developer Name] proposes to develop _____ apartment units in a complex to be located at [Address], City of Atlanta (or [Municipality]), Georgia, tentatively to be known as "[Development Name]". The Development is located on a site of approximately _____ acres currently zoned _____.

The developer is requesting tax-exempt multifamily housing revenue bond financing from the Housing Authority of the City of Atlanta, Georgia (Atlanta Housing). As a result of this bond financing, _____ % of the units (_____ units) will be income-restricted as follows:

- [20%] of units (_____ units) will be rented to households with incomes at or below 50% of the Area Median Income [OR]
- [40%] of units (_____ units) will be rented to households with incomes at or below 60% of the Area Median Income.

In addition, _____ % of the units (_____ units) will be income-restricted due to other financing sources. Therefore, a total of _____ units in the development will be income-restricted.

For more information about this proposed development, contact:

[Name of Owner's Representative]

[Address]

[Phone / Email]

Written comments will be received at the above address through [date approximately 2 days before Board meeting] and will be considered by the Board.

NOTE: The number and percentage of income-restricted units attributable to bond financing reflects the 20/50 or 40/60 set-aside election made on page 4 of the Application. Additional restricted units reflect tax credit or other financing restrictions.

Firm Name	Telephone
Squire Patton Boggs (US) LLP	(678) 272-3200
Hunton Andrews Kurth LLP	(404) 888-4000
Thompson Hine LLP	(404) 541-2900

Section Exhibit D. Board Resolution Fact Sheet

Complete and submit this Fact Sheet with the Application. This information will be used to prepare the Board Resolution for Board consideration.

Development Name: _____

Development Address: _____

City/County: _____

Total Number of Units: _____

Number of Income-Restricted Units:

_____

Set-Aside Election (20/50 or 40/60):

_____

Total Requested Bond Amount ($):

_____

Bond Structure (New Construction / Rehab / Acquisition-Rehab):

_____

Tax-Exempt Bond Volume Cap Required (Yes / No):

_____

Low Income Housing Tax Credits Requested (Yes / No):

_____

Type of Credit Enhancement (if any):

_____

Proposed Bond Counsel: _____

Proposed Bond Trustee: _____

Proposed Lender / Credit Enhancer:

_____

Anticipated Construction Start Date:

_____

Anticipated Completion Date: _____

Anticipated Bond Closing Date: _____

Tax Credit Investor (if applicable):

_____

Total Development Cost ($): _____

Developer Fee ($): _____

Site Control (Owned / Under Contract / Option — describe):

_____

Applicant Certification:

Signature: _____ Date: _____

Name: _____ Title: _____

— END OF POLICY AND APPLICATION —

Section Exhibit C. Approved Bond Counsel List

The following law firms are currently on Atlanta Housing's Approved Bond Counsel List. Applicants must select Bond Counsel from this list unless an exception is granted in advance by Atlanta Housing's General Counsel. Contact the Office of General Counsel for the current list of approved firms.