

## Summary of Changes to Program Parameters:

The following summarizes the update to MSHDA's Program Parameters.

1. The index on pages 1-4 was changed where appropriate based on some of the changes to the body of the document mentioned below.
2. Under the section on Eligible Developments, we added a sentence that designates any development of 24 units or less as a small scale proposal. (Pg. 3) This was added because a different underwriting assumption is made for Small scale transactions as described on page 28.
3. Any reference to Community Development's HRF Program was removed throughout the parameters, beginning on page 3.
4. The cost for risk share loan insurance coverage was reduced from one half of one percent to 0.125 points. (Pg. 7)
5. The debt coverage ratio (DCR) when risk share loan insurance is required; the word "may" instead of "will" was made. (Pg. 7) The DCR will only be changed when the change makes financial sense by improving the overall feasibility of the development.
6. A sentence was added to the Loan Insurance section that allows the DCR within MSHDA's 20-year cash flow projections to be reduced to 1.10 instead of maintaining a 1.15 DCR. (Pg. 7)
7. The availability of Gap Funding under Section 2a on page 7 adds a statement to one exception "when gap funding is made available". We may not always have gap funding available for PSH transactions.
8. The availability of Gap Funding under Section 2a on page 7 removes the small scale loan exception. This is being proposed because there is no CD Division, and any Small Scale transaction would have to compete with other NOFA proposals for gap funding.
9. A CHDO Set-Aside has been added. The Set-Aside will be 15% of the HOME allocation made available for each round of the Gap Financing Program. (Pg. 12)
10. A footnote of the CHDO definition was added. (Pg. 12)
11. A reference to MSHDA's requirement under the QAP was added for the Pass Through and the 9% LIHTC Preservation Proposals, to ensure that any changes in the QAP are picked up. (Pg. 13)

12. The requirement for 9% LIHTC Preservation proposals to submit an application for Tax Exempt funding first to see if they would be competitive under the NOFA, now references how this provision is subject to MSHDA's QAP. (Pg. 13)
13. Part A "Community Development Initial Review" of Section IV on page 14 was removed, since there is no longer a Community Development Division, and small scale transactions would need to compete under the Gap Financing Program like any other development.
14. The references to the web link for the Addendum IV Exhibit Checklist in Step B on pages 14, 15 and 16 are being removed. We had chosen not to refer to a web link in Step B in the previous version of the parameters, so removing the reference corrects that error.
15. A minor correction was made to the Debt Coverage section on page 18.
16. A correction was made to Section 7 - PBV/Supportive Housing Income Restrictions to remove the word "adjusted" and include the word "gross" to the last sentence that referred previously as "adjusted incomes". It now says "gross incomes". (Pg. 22)
17. A correction was made to Section 7 – PBV/Supportive Housing Rent Restriction to change the first bullet point on page 24 to read only as "An amount determined by MSHDA, which does not exceed 110% of FMR minus tenant paid utilities".
18. We added the name of "Project Based Voucher" as the MSHDA web site to visit for information on procedures for establishing initial and re-determined PBV rents on page 24.
19. We have reduced the trending assumption for the first five years for Electricity Expenses from 6% to 5%. (Pg. 25)
20. We removed the individual the Replacement Reserve Annual Trending Factor item. This was done after deciding that trending of the RR should be 3% whether new construction or preservation. Therefore the item titled "All Other Operating Expenses" effectively covers the RR trending assumption. (Pg. 25)
21. In place of HRF proposals, we mention Small Scale proposals instead that are subject to a greater initial deposit requirement for replacement reserve funding levels. (Pg. 28)
22. A correction to the "Financial Requirements for a Guarantor" provision has been made to appropriately refer to the correct section. Instead of (see section II.2b above), it has been changed to (see section II.2a above). (Pg. 37)
23. The HOME Disbursement and Closeout Requirements parameter has been corrected not to refer to the definition in 24 CFR 92.2 for project completion information, since we

are referring to the information needed for entry into IDIS. We also made some minor corrections to the language in this section. (Pg. 38)

24. The provision on Seller Obligations has been changed to better reflect actual practice and when it is expected to occur. (Pg. 42)

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