

Table of Contents:

Oklahoma Rural and Affordable Housing Linked Deposit Program.....	2
Introduction.....	2
Application Process Highlights.....	4
Application Flow Chart.....	5
Oklahoma Rural and Affordable Housing Linked Deposit Program.....	6
Information and Instructions.....	6
Definitions.....	6
Applicant/Borrower is the Developer.....	7
Application Process.....	9
Application Analysis.....	9
Application Confidentiality.....	9
Application Fee.....	10
Application Submission.....	10
Eligible Activities.....	11
Evaluation Criteria:.....	11
Financial Assistance for Application Preparation.....	11
Housing Technical Assistance.....	11
Indemnification.....	12
Maximum Loan Amount.....	12
Application Approval or Rejection.....	12
Application Approval.....	12
Extension Time Allowed for Funding.....	13
Application Rejection.....	13
Program Implementation.....	14
Compliance Monitoring.....	14
Eligible Rural Housing Developer Requirements.....	14
Lender Requirements.....	15
Linked Deposit Agreement.....	15
LDP General Requirements.....	16
Other Resources.....	17
Periodic Deposit Balancing.....	18
Single Family Home Ownership Project Requirements.....	18
Rental Project Requirements.....	18
Site and Neighborhood Standards.....	21
Specific Performance.....	21

Oklahoma Rural and Affordable Housing Linked Deposit Program

Introduction

Developers can save up to three percent on financing for qualifying single-family and multi-family housing with the Oklahoma Rural and Affordable Housing Linked Deposit Program (LDP).

The program was created by the Oklahoma Legislature to help address the need for affordable housing for those with moderate incomes. Visionary state leaders have long recognized the lack of affordable housing in rural communities is an impediment to economic development and business expansion. Many of Oklahoma's rural areas suffer from a lack of interim financing for housing development and inadequate profit incentives for developers.

The Oklahoma Rural and Affordable Housing Linked Deposit Program is designed to assist in meeting rural housing needs. It makes available a total of \$25 million for reduced interest rate loans to eligible rural housing developers to finance land acquisition, site development and construction of single-family or multi-family housing units in rural areas. Qualified developers can borrow up to \$2 million for two years with an option, at the discretion of the Office of State Treasurer, of a one-year extension.

The program is also available for development of urban areas that qualify as "Opportunity Zones" as defined in 68 O.S. 2001, §3604(G)(2).

The LDP makes low-interest loans available by placing certificates of deposit at reduced interest rates in participating lending institutions equal to the amount of the loan approved for funding by the Office of State Treasurer. Lenders are required to reduce the interest rate charged to the developer by up to three (3) percent, equal to the reduction in the certificate of deposit interest rate. Participating lending institutions must fully collateralize or insure state deposits pursuant to the Security for Public Deposit Act. In this way, the program makes low interest funding available to qualified developers without putting state deposits at risk.

* Lending institution may not request funds prior to commencing the project authorized per the approved application. When funding is requested, only the dollar amount needed for the upcoming quarter may be requested.

Housing to be built under the program must meet sales price or income requirements for the intended occupants. For multi-family and single-family rental units, qualifying families must earn at or below 110 percent of HUD's published area median family income for the county in which the project is located. For single family home ownership, the sales price must not exceed the Oklahoma Housing Finance Agency's Mortgage Revenue Bond price limit.

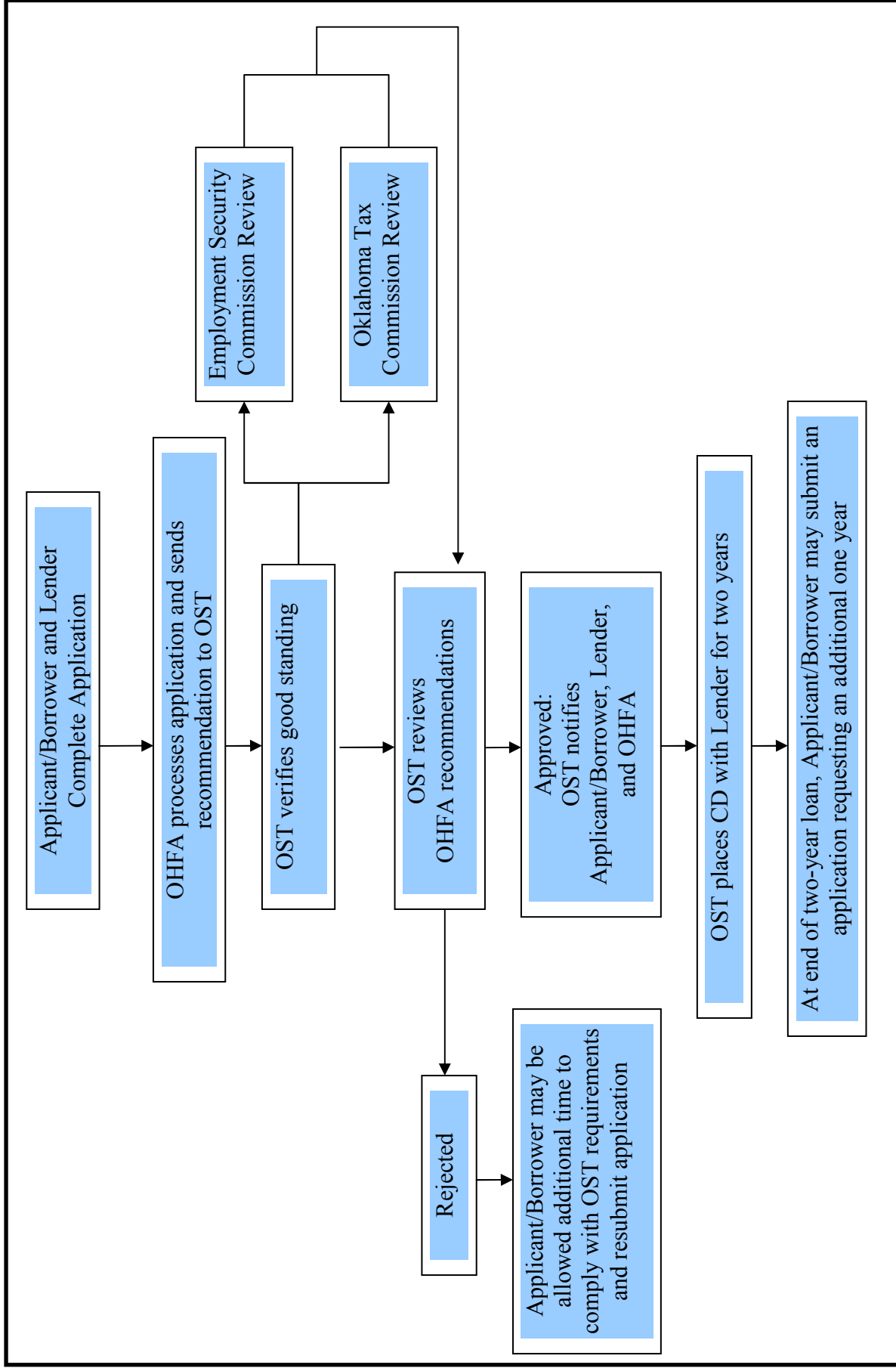
Administered by the Office of State Treasurer, the program is assisted by the Oklahoma Housing Finance Agency as the certifying agency. Statutory provisions governing the program can be found at 62 O.S. 2003 Supp., §§ 91.1 et seq.

Application Process Highlights

The following list of steps is designed to help Developers and Lenders through the application process.

1. Applicant/Borrower and its eligible lending institution (Lender) complete the Oklahoma Rural and Affordable Housing Linked Deposit Program (LDP) application and deliver an original and one copy to the Oklahoma Housing Finance Agency (OHFA).
2. OHFA notifies OST of its recommendation for approval or rejection.
3. Office of State Treasurer (OST) processes application and verifies applicant/borrower is in good standing with the Employment Security Commission and Tax Commission.
4. OST reviews application, accepts or rejects and then notifies applicant/borrower, Lender and OHFA of its decision.
5. If application is accepted, the Lender requests funding from OST. If application is rejected, the applicant/borrower may request additional time to bring the application into compliance.
6. Approved applications will have certificates of deposit placed with Lenders for a two-year period.
7. After the initial two years, the applicant/borrower may submit another application requesting an additional one year in the program.

RURAL AND AFFORDABLE HOUSING APPLICATION FLOW CHART



Oklahoma Rural and Affordable Housing Linked Deposit Program

Information and Instructions

The Oklahoma Housing Finance Agency (OHFA) has been selected to serve as the “Certifying Agency” by the Office of State Treasurer (OST). OHFA will perform the certification process for rural housing developers. Together with OST, OHFA has developed these application materials and guidelines required by the Oklahoma Rural and Affordable Housing Linked Deposit Act (Act). OHFA will review the applications and submit certification recommendations to OST.

OST shall provide rural housing linked deposit applications upon request to the lending institutions (Lender) eligible for participation in the Oklahoma Rural and Affordable Housing Linked Deposit Program (LDP), as well as to interested builders and developers.

Applicants/Borrowers may request information related to the Oklahoma Rural and Affordable Housing Linked Deposit Program from the Housing Development Team (HDT) at OHFA. LDP is a flexible financial tool for housing development. Additional information is also available at the OHFA or OST websites:

- www.ohfa.org
- www.treasurer.state.ok.us

In addition, please feel free to contact:

John Marshall
OHFA Housing Development Team Leader
(405) 419-8263
fax: (405) 419-9263
john.marshall@ohfa.org

Kathy Ehrhard
OST Linked Deposit Program Manager
(405) 522-4235
fax: (405) 521-4993
kathy.ehrhard@treas.state.ok.us

Definitions

The following are definitions of the terminology contained in this Application Packet:

Certification Process: The process by which OHFA determines if the Applicant/Borrower is eligible to participate in the LDP.

Eligible Lending Institution: A financial institution that agrees to participate in the LDP, and

- a. is eligible to make commercial loans and is a public depository of state funds; or,
- b. is an institution of the farm credit system organized under the federal Farm Credit Act of 1971, 12 U.S.C., Section 2001, as amended.

Eligible Rural Housing Developer (Developer): Any individual, partnership, domestic limited liability company, or domestic corporation within the State of Oklahoma engaged in the construction, building or development of rural housing, as certified by OHFA. Such certification is intended to identify those Developers who will meet new construction or acquisition rehabilitation needs in designated, underserved rural target markets. (See the definition of “Underserved Rural Areas”.)

* Applicant/Borrower is the Developer. The developer’s history and experience will be evaluated to determine capacity to perform. OHFA may certify applicant as an eligible Rural Housing Developer based on this history and experience.

Multi-Family and Single Family Rental: Units assisted with an LDP loan must serve qualifying families at or below 110% of the HUD’s published area median family income for the county in which the project is located. (See the definition of Qualifying Family Income.) Visit HUD’s website at www.hud.gov/local/index.cfm?state=ok&topic=library for more information.

Periods of Affordability: All rental housing units receiving financial assistance from the LDP must remain affordable to qualified families for a period of not less than two (2) years. Periods of affordability begin when the first qualified family occupies a housing unit. Affordability periods must be assured by deed restrictions, covenants running with the land or other forms approved by OHFA. There is no period of affordability on home ownership units.

Qualifying Family Income: The total income of all family members over 18 years of age living in the unit. This definition includes, but is not limited to:

- Wages, salaries, tips, commissions, etc.;
- Self-employment income from owned non-farm business, including proprietorships and partnerships;
- Farm self-employment income;
- Interest, dividends, net rental income, or income from estates or trusts;
- Social Security or railroad retirement;
- Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;
- Retirement, survivor, or disability pensions;
- Any other sources of income received regularly, including Veterans' (VA) payments, unemployment compensation, and alimony.

Rural Areas: Areas of the state outside of high population centers and well-developed metropolitan areas which are not adequately served by existing developers in meeting supply needs for adequate housing. A "Rural Area" shall also include a specific geographic area which meets the criteria of an "Opportunity Zone" as defined in 68 O.S. 2001, §3604(G)(2).

Rural Housing: Any single-family or multifamily dwelling to be constructed in rural areas of Oklahoma, as defined above.

Rural Housing Linked Deposit: A certificate of deposit placed by OST with a Lender or an investment in bonds, notes, debentures, or other obligations or securities issued by the federal farm credit bank with regard to a Lender for the purpose of carrying out the intent of the Act.

Rural Housing Linked Deposit Loan Packet: Forms provided by OST for the purpose of applying for a rural housing linked deposit. This application packet contains the forms and instructions.

Single Family Home Ownership: The sales price for units assisted with an LDP loan must not exceed OHFA's Mortgage Revenue Bond price limit, as published by OHFA. Visit HUD's website at www.hud.gov/local/index.cfm?state=ok&topic=library for more information.

Underserved Rural Areas: Underserved Rural Areas are areas that will be given preference when making loan decisions for LDP. The criteria used to identify "Underserved Rural Areas" are:

- Areas of the state identified as having a "County Area Median Income"(defined by HUD) that is less than 80% of the "State Median Income;"
- Counties identified in the OHFA 77 county market study (or updates) showing a need for more than 100 rental units;
- Those areas in the "Opportunity Zones." Oklahoma Department of Commerce, Research and Policy, has maps available of Opportunity Zones; and,
- Only those portions of Oklahoma and Tulsa counties identified as "Opportunity Zones" can be included.

OHFA will post annually the listing of counties that qualify as "Underserved Rural Areas." See Appendix 1 for those areas qualifying as Underserved Rural Areas for 2004.

- www.doc.state.ok.us for Oklahoma, Tulsa or Cleveland County.
- www.census.gov for all other counties.

In addition, for further assistance regarding opportunity zones, you may contact:

Jeff Wallace
Director of Data Center
Department of Commerce
(405) 815-5184
Jeff_Wallace@ODOC.state.ok.us

Application Process

The application shall be submitted first by the Applicant/Borrower to a Lender. The Lender shall then forward the completed original application and one copy to OHFA. Both the Applicant/Borrower and Lender must complete the appropriate forms.

The LDP will operate on a continuous application basis effective with the release of these application materials. Every effort will be made to approve or reject loan applications within thirty (30) business days of the submission of an “administratively completed loan application” to OHFA. An “administratively completed loan application” is defined as an application that provides full and complete project documentation at the time of submission or subsequent documentation submitted in response to questions, clarification or deficiencies in the original submission.

Award of LDP funds is subject to the availability of funds, the satisfaction of all underwriting and evaluation criteria, and the discretion of OST.

Application Analysis

Applications will be analyzed using evaluation criteria. Only applications that are responsive to all criteria will be eligible for funding.

OHFA will assume that each application submitted is complete and correct. However, additional information or clarification may be requested from an Applicant/Borrower after application submission.

Application Confidentiality

Information provided to OST and OHFA is a matter of public record. Therefore, only such data that directly affects acceptance under this program should be submitted. Since neither OST nor OHFA is a lender of funds, information vital to the credit worthiness of the Applicant/Borrower and other matters of confidentiality should not be included in this application process. Only Lenders can submit linked deposit applications.

Application Fee

All eligible applicants/borrowers seeking financial assistance will be charged a one-time non-refundable fee. A cashier's check or bank draft made payable to the Oklahoma Housing Finance Agency must accompany the application. All fees will be used by OHFA to pay for overall LDP delivery and operation activities.

Home ownership Single-family:

Single Family 1 to 4 houses:	Fee	\$ 250.00
Single Family 5 to 10 houses:	Fee	\$ 500.00
Single Family 11 or more houses:	Fee	\$ 900.00

Rental: Multi-family/Single-family:

Rental 1 to 10 units:	Fee	\$ 900.00
Rental 11 to 20 units	Fee	\$1,500.00
Rental 21 or more	Fee	\$2,500.00

Application Submission

Applications can be mailed or hand delivered to:

Oklahoma Housing Finance Agency
Attn: Oklahoma Rural and Affordable Housing Linked Deposit Program
100 N.W. 63rd, Suite 200
Oklahoma City, OK 73116

Persons delivering the application by hand should ensure that their applications are date-stamped and obtain a receipt.

Applications must be submitted with one original and one copy.

Applications submitted by electronic means (e-mail or fax) will not be accepted.

OHFA shall submit a written recommendation to OST concerning the application.

OST may accept or reject an application and/or any portion thereof, which has been recommended for approval by OHFA based on OST's evaluation of the application, the amount of funding requested, and availability of funds.

In evaluating the Developers, OST shall consider the recommendation of OHFA and the economic / housing needs of the area where the business is located.

Eligible Activities

Activities under the LDP include:

- New construction of rental and home ownership units;
- Conversion of non-residential buildings or structures into rental or home ownership units;
- Rehabilitation of multi-family or single family units; and,
- Infrastructure development, when it is an essential element of a total affordable housing development project.

Evaluation Criteria:

Developer Qualification Criteria:

- History and experience – must demonstrate capacity to perform.

Project Evaluation Criteria:

Single-Family Projects:

- For rehabilitation projects, rehabilitation must be substantial (at least \$3,000);
- For home ownership, purchase price must not exceed Mortgage Revenue Bond Price Limits; and,
- For rental projects only, a process for certifying that the income of qualified families does not exceed 110% of Area Median Income.

Multi-Family Projects:

- For rehabilitation projects, rehabilitation must be substantial (at least \$3,000);
- Project characteristics – number of units utilized for affordable housing; and,
- For rental projects only, a process for certifying that the income of qualified families does not exceed 110% of Area Median Income.

Financial Assistance for Application Preparation

Neither OST nor OHFA assume any responsibility for any costs associated with preparation or submittal of application.

Housing Technical Assistance

OHFA and OST staffs are available to provide technical assistance regarding a variety of housing and community development issues as related to individual project applications.

Applicants/Borrowers seeking technical assistance regarding the submission of an application are encouraged to contact:

John Marshall
OHFA Housing Development Team Leader
(405) 419-8263
fax: (405) 419-9263
John.Marshall@ohfa.org

Kathy Ehrhard
OST Linked Deposit Program Manager
(405) 522-4235
fax: (405) 521-4993
kathy.ehrhard@treas.state.ok.us

If necessary, staff will contact applicants/borrowers to establish a mutually agreeable date and time for technical assistance meetings that will include all relevant parties to the application.

Indemnification

The Applicant/Borrower agrees to indemnify and hold harmless the State, OST, OHFA, its Board of Trustees, officers and employees from and against all liabilities, losses, claims, damages, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by the State, OST, OHFA, its Board of Trustees, officers and employees as a result of any material inaccuracy in any of the representations and warranties contained in complying with the Act, or as a result of any action by the Applicant/Borrower, including claims by third parties. The Applicant/Borrower agrees that should any claims, demands, suits or other legal proceedings be made or instituted by any person against the State, OST, OHFA, its Board of Trustees, officers, and employees which arise out of any of the matters relating to the Act, the Applicant/Borrower will cooperate fully with all parties in the defense or other disposition thereof.

Maximum Loan Amount

No single linked deposit loan shall exceed Two Million Dollars (\$2,000,000.00).

Application Approval or Rejection

Application Approval

Acceptance:

Upon acceptance of the application or any portion thereof, OST shall notify OHFA, the Lender, and the Applicant/Borrower.

Upon acceptance, OST may place certificates of deposit with the Lender at a rate no more than three percent (3%) below current market rates, or may invest in bonds, notes, debentures, or other obligations or securities issued by the federal farm credit bank at a rate no more than three percent (3%) below current market rates. OST may place certificates of deposit or may invest in such obligations or securities prior to acceptance of an application.

Funds:

The amount that OST may invest in all linked deposit programs authorized by law shall not exceed the lesser of Two Hundred Twenty-five Million dollars (\$225,000,000) or fifteen percent (15%) of all monies available to OST for investment as calculated by taking the average of the quarter-end amount for the previous four (4) quarters. These programs include the LDP and two other low-interest loan programs administered by OST.

* Extension Time Allowed for Funding:

The lending institution may request, in writing, a postponement of funding for thirty (30) day intervals with a maximum extension time of ninety (90) days. After the 90 days, the approval for funding will be withdrawn. Should the borrower wish to be considered for a Rural Housing Linked Deposit again, they would need to submit a new application. OST may extend this time further for good cause shown.

Funds Liability:

The State, OST, and OHFA shall not be liable to any Lender in any manner for payment of the principal or interest on the loan to Developer. Any delay in payments or default on the part of a Developer does not in any manner affect the rural housing linked deposit agreement between the Lender and OST.

Application Rejection

OHFA Rejection:

If OHFA recommends rejection, the written recommendation to OST shall include reasons for said rejection. OHFA shall forward a copy of its rejection notice to the Lender and the Applicant/Borrower. OHFA may reject an application for the following reasons:

- Project characteristics;
- Qualification of families is not appropriate;
- Underwriting issues; and,
- Qualification of Applicant/Borrower.

Resubmission:

If OST rejects the application, the Applicant/Borrower may be allowed additional time to bring the application into compliance with OST 's requirements and resubmit it.

Insufficient Funds:

If OST rejects the application because sufficient funds are not available for a linked deposit, then the completed application may be considered in the order received when funds are once again available, subject to a review by OHFA and Lender. This action means that an application would not have to be re-submitted at a later time.

Official Rejection:

Official rejection of an application may come only from OST. OST shall reject any application if the Applicant/Borrower requesting such loan is not in good standing with the Oklahoma Tax Commission and/or the Oklahoma Employment Security Commission. OST may accept or reject an application or any portion thereof, which has been recommended for approval by OHFA based on OST's evaluation of the application, the amount of the loan request and the availability of funds. If OST rejects the application, the written notice to the Applicant/Borrower, Lender and OHFA shall include reasons for said rejection.

Program Implementation

Compliance Monitoring

OHFA is the sole party responsible for monitoring compliance with the guidelines of the Act. These compliance-monitoring procedures apply to all buildings placed in service in Oklahoma, which have received allocations of LDP funds. For more information on the compliance monitoring procedures and requirements, contact:

John Marshall
OHFA Housing Development Team Leader
(405) 419-8263
fax: (405) 419-9263
john.marshall@ohfa.org

Eligible Rural Housing Developer Requirements

Certify Eligibility of Rural Housing Developer:

The Applicant/Borrower shall certify that it is an Eligible Rural Housing Developer.

Certify Eligible Use of Loan:

The Applicant/Borrower shall certify that the use of the reduced rate loan is for the purpose of building affordable rural housing and to enable eligible rural housing developers to finance land acquisition, site development, and construction of single-family or multi-family housing units in rural areas.

Certify Family Income Requirements:

For rental units, the Applicant/Borrower will certify that each tenant family meets income eligibility requirements. Examples of documentation to certify eligibility include, but are not limited to, a written statement from the family of the amount of the family's annual income and family size; copies of income tax returns for the family; and a written statement from the administrator of a government program under which the family receives benefits.

Application Submission:

The application shall be completed by the Applicant/Borrower before being forwarded to the Lender for consideration and submission.

Lender Requirements

Application:

A Lender that desires to receive a rural housing linked deposit shall accept and review application for loans from applicants/borrowers. Since the program is not a guaranteed program, the Lender is encouraged to apply usual lending standards to determine the credit worthiness of each eligible Applicant/Borrower.

Application Information:

The application shall include information regarding the amount of the loan requested by each Applicant/Borrower and such other information regarding each development required by OST.

Application Submission:

A Lender shall forward to OHFA an application in the form and manner prescribed and approved by OST. The application shall be submitted first by the Applicant/Borrower to the Lender.

Loan Priority:

In considering the application, the Lender shall give priority to the economic needs of the area in which the development to be financed is located and other factors it considers appropriate to determine the relative financial need of the Developer.

Linked Deposit Agreement

The Lender shall enter into a rural housing linked deposit agreement with OST, which shall include requirements necessary to implement the purposes of the LDP as provided in 62 O.S. 2003 Supp., § 91.7. Such requirements shall include:

- An agreement by the Lender to lend an amount equal to the rural housing linked deposit to Developers at an interest rate that reflects a percentage-rate reduction below the borrowing rate that would otherwise be charged to each specific Developer in the accepted application;
- The interest rate reduction must be at least equal to the percentage rate reduction below the market rate at which the certificates of deposit that constitute the rural housing linked deposit were placed or at which the investments in bonds, notes, debentures or other obligations or securities that constitute the rural housing linked deposit were made. For example, if the market rate on the two-year Treasury note is five percent, and OST places a two-year CD at the lending bank at a rate of two percent, the lender must reduce the interest rate to the Applicant/Borrower by at least three percent;
- The agreement shall also include a specification of the period of time in which the Lender is to lend funds upon the placement of a linked deposit;
- Agreement shall include provisions for the certificates of deposit to be placed or the investment in bonds, notes, debentures, obligations, or securities to be made for any maturity considered appropriate by OST not to exceed two (2) years;
- Agreement may be renewed once for up to an additional year, at the option of OST; and,
- Interest shall be paid at the times determined by OST.

Upon the placement of a rural housing linked deposit with a Lender, the institution shall:

- Fund the loan to each approved eligible Developer listed in the application in accordance with the rural housing linked deposit agreement between the institution and OST;
- The loan shall be at a rate that reflects a percentage-rate reduction below the present borrowing rate applicable to each Developer that is equal to the percentage-rate reduction below market rates at which the certificates of deposit that constitute the rural housing linked deposit were placed or at which the investments in bonds, notes, debentures, or other obligations or securities that constitute the rural housing linked deposit were made; and,
- A certification of compliance with this section in the form and manner as prescribed by OST shall be required of the Lender.

LDP General Requirements

Penalty for False Statements:

Whoever knowingly makes a false statement concerning an application shall be prohibited from participating in the LDP.

Loan Liability:

The state, OST, and OHFA shall not be liable to any Lender in any manner for payment of the principal or interest on the loan to a Developer. Any delay in payments or default on the part of a Developer does not in any manner affect the linked deposit agreement between the Lender and OST.

Maximum Loan Amount:

No single linked deposit shall exceed Two Million Dollars (\$2,000,000.00).

Number of Loans Outstanding:

Only one linked deposit loan shall be made and be outstanding at any one time to any Applicant/Borrower.

Prohibited Loans:

No loan shall be made to any officer or director of the Lender making the loan. No loan shall be made to any employee of OST or to any officer, director or employee of OHFA, or to any entity in which such officer, director or employee maintains a controlling interest, or to an immediate family member of the employees, officers, or directors of OST or OHFA.

Loans cannot be used to pay for existing indebtedness on property owned by the Applicant/Borrower or affiliated parties.

Term of Loan:

No single linked deposit loan shall exceed two (2) years in term. However, the linked deposit loan may be renewed for another one (1) year period subject to approval by OST and OHFA. No renewals will be allowed unless the amount of principal has been reduced by a minimum of five percent (5%) and all interest paid to date from time of prior loan.

Other Resources

LDP is not a federal program. However, any application combining resources from a program such as Tax Credits, Home Investment Partnerships Program (HOME), Housing Trust Fund, or Community Development Block Grant (CDBG) must follow applicable regulations for each of the Federal and State sources of funding.

Please refer to the OHFA website, www.ohfa.org, for more information on Tax Credits, HOME and Housing Trust Fund.

Periodic Deposit Balancing

The Lender shall submit to OST a completed quarterly report acceptable to OST, along with the appropriate amount of deposit interest and principal paid on the loan. This provision is necessary to avoid a situation where OST subsidizes financial institutions to an extent greater than necessary to fund the outstanding amount of the LDP loan.

Single Family Home Ownership Project Requirements

The sales price for units assisted with an LDP loan must not exceed the Mortgage Revenue Bond price limit published by OHFA.

Rental Project Requirements

Multi-family and Single Family Rental Caps

Rental units assisted with an LDP loan cannot charge more than the Fair Market Rents as published by HUD for the county in which the project is located. Fair markets rents may be accessed at www.hud.gov/local/index.cfm?state=ok&topic=library listed under Frequently Requested Information.

Single Family and Multi-family Rental

The project will constitute residential rental property, the rental units of which will be rented to or available for rental on a continuous basis to members of the general public. The project will consist of one or more proximate buildings or structures, or buildings under a common financing plan, containing one or more similarly constructed accommodations containing separate and complete facilities for living, sleeping, eating, cooking and sanitation which are to be used on other than a transient basis and facilities which are functionally related and subordinate to such accommodations. The Applicant/Borrower shall use the project as rental property and shall take no actions which will in any way affect the use of the project thereafter.

Use of Project:

The Applicant/Borrower shall not grant commercial leases relating to the project (other than commercial leases with respect to an insubstantial portion of the project) or permit the sale, transfer, conveyance or encumbrance of the project or any part thereof (except for unit leases) during the period of affordability.

During the period of affordability, the Applicant/Borrower shall not demolish any part of the project or substantially subtract from any real or personal property of the project or permit the use of any residential rental unit for any purpose other than rental housing. Units occupied by qualifying families shall be of comparable quality to other units in the project.

Duty to Repair:

If the project, or any part thereof, shall be damaged or destroyed or shall be condemned or acquired for public use, the Applicant/Borrower will use its best efforts to repair and restore the project to substantially the same condition as existed prior to the event causing such damage or destruction, or to relieve the condemnation, and thereafter to operate the project in accordance with the terms of the loan documents.

Transfers Prohibited:

The Applicant/Borrower shall not convey, transfer, assign, or dispose of the project prior to the expiration of period of affordability.

Notification to OHFA:

If the Applicant/Borrower becomes aware of any situation, event or condition which would result in non-compliance of the project, owner, the period of affordability or terms of the loan documents the Applicant/Borrower will promptly give written notice thereof to OHFA.

Rental Restrictions:

The Applicant/Borrower represents, warrants, and covenants to OST and OHFA that once available for occupancy, each unit in the project funded with LDP shall be rented or available for rental to a qualified family on a continuous basis throughout the term of the period of affordability.

Rental: Determination of Family Status:

During the period of affordability, the Applicant/Borrower shall annually determine whether resident families are qualified based on current incomes. OHFA shall provide the forms for use in this annual certification. If a family is found to no longer be qualified, the unit in which they reside will continue to be counted as qualified until the next available unit of comparable or smaller size is rented to a qualified family. A qualified unit that is vacated will continue to be counted as such so long as reasonable attempts are made to rent it and no other units of comparable or smaller size are rented to qualified families.

Percent Occupancy for Qualifying Families:

During the period of affordability, the minimum percentage of units funded by the LDP, as listed in the application, shall be occupied by qualified families. Also during the affordability period, the Applicant/Borrower shall annually determine whether resident families are qualified based on current incomes. After the annual certification, a unit with a qualified resident family at the start of occupancy will continue to be considered qualified unless the family income exceeds 120 percent of the applicable income limit and a unit of comparable or smaller size is rented to a nonqualified family. Leases will not be renewed for families that are no longer qualified if renewal would drop the percentage of units with qualified families below the minimum requirement.

No Discrimination:

Applicant/Borrower shall not discriminate on the basis of race, creed, sex, age or national origin in the lease, use or occupancy of the project or in connection with the employment or application for employment of persons for the operation and management of the project and shall not deny admission to any person exclusively on the basis of such person receiving rent assistance payments under a local, state, federal or other housing assistance program, including, but not limited to, Section 8 of the United States Housing Act of 1937 as amended.

Form of Lease:

The lease form used by the Applicant/Borrower shall provide for termination and consent by the tenant to non-renewal for failure to qualify due to any material misrepresentation concerning income certification, if the tenant does not execute an annual income certification or for any other reasons that result in no qualification. A lease addendum containing these provisions is available from OHFA. The term of the lease will be for no longer than one year. For more information, contact:

John Marshall
OHFA Housing Development Team Leader
(405) 419-8263
fax: (405) 419-9263
john.marshall@ohfa.org

Compliance with Applicable Laws:

The Applicant/Borrower shall not knowingly take or permit any action that would result or have the direct or indirect effect of causing the owner or the project to be in non-compliance or violation of the requirements of the Act. Applicant/Borrower agrees to take any lawful action deemed necessary by OST or OHFA to fully comply with the Act.

Multi-Family and Single Family Rental - Income Limits:

Units assisted with an LDP loan must serve qualifying families at or below 110% of HUD's published area median family income for the county in which the project is located. See definition of qualifying family income. These income limits may be accessed at www.hud.gov/local/index.cfm?state=ok&topic=library listed under Frequently Requested Information.

Site and Neighborhood Standards

All applications must submit an analysis relating to site and neighborhood standards. Specifically, applicants/borrowers must provide an analysis indicating that the proposed project site:

- Is adequate in size, exposure, and contour to accommodate the number and type of units proposed;
- Has adequate water, sewer, gas and electric;
- Has streets available to service the site;
- Is capable of complying with applicable provisions of Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063 and HUD regulations;
- Will support housing accessible to social, recreational, commercial and health facilities and services that are at least equivalent to those typically found in neighborhoods consisting of unassisted standard housing of similar market rents; and,
- Does not impose excessive travel time and cost via public transportation or private auto for low-income workers.

Specific Performance

The Applicant/Borrower acknowledges that the purpose of the provided restrictions is to ensure the project and Applicant/Borrower comply with the Act.

Application for One-Year Extension of LDP

After the initial two years, the Applicant/Borrower may submit another application requesting an additional one year in the Program. The application must be submitted at least 60 days prior to the end of the initial two-year period.

The project funded by the LDP will be evaluated and, at the discretion of OST, may be extended for one year.



Oklahoma Rural and Affordable Housing Linked Deposit Act Application Part A – Applicant/Borrower

To be completed by: Applicant/Borrower

Date: _____

Name of Applicant: _____

Mailing Address: _____

Phone: _____

Fax: _____

E-mail address: _____

Federal Employer Identification Number: _____

Name of Applicant/Borrower's project: _____

Name of primary contact person: _____

Phone: _____

Fax: _____

Mailing Address: _____

E-mail address: _____

The Applicant/Borrower is a:

Sole Proprietorship Corporation Partnership LLC or LLP

Other: _____

Is Applicant/Borrower in good standing with the Oklahoma Tax Commission?

YES: NO:

If no, provide an attachment with details.

Is Applicant/Borrower in good standing with the Oklahoma Employment Security Commission?

YES: NO:

If no, provide an attachment with details.

Does Applicant/Borrower have an officer or director or controlling party that is an officer or director of the Lender making the loan?

YES: NO:

If yes, provide an attachment with names and pertinent details.

Borrower's Name: _____ 1

Revised 6/2007

Application Part A - continued

Does Applicant/Borrower have an employee of OST's office or any officer, director or employee of OHFA, or in which such officer, director or employee, or to an immediate family member of the employees, officers, or directors of OST or OHFA maintain a controlling interest in Applicant/Borrower?

YES: ___ NO: ___

If yes, provide an attachment with names and pertinent details.

Does Applicant/Borrower have another linked deposit outstanding?

YES: ___ NO: ___

If yes, provide an attachment with pertinent details.

Project Activities: (Check all that apply.)

Home Ownership

- New construction
- Acquisition
- Rehabilitation
- Infrastructure Development

Total number of homes to be built: _____
Sales price of each home: (Attached schedule if necessary.) _____

Rental

- New construction – Single-family
- New construction – Multi-family
- Acquisition
- Rehabilitation
- Infrastructure Development

Total number of units to be developed: _____

	Number of Units:	Rental amount:
Efficiency	_____	_____
One bedroom	_____	_____
Two bedroom	_____	_____
Three bedroom	_____	_____
Four Bedroom	_____	_____

Application Part A - continued

Location of Project in an “Underserved Rural Area” or “Opportunity Zone.” (For a list of eligible counties see Appendix 1.)

County location of Project: _____

LDP funds requested: \$ _____

Provide as an attachment that describes the project characteristics planned for this development. Reference should be made to project characteristics in the guidelines.

Applicant/Borrowers: Statements, Representations and Certifications

Statements, representations and supplemental data provide for this application are true and factual. I understand knowingly making a false statement or representation on this application shall prohibit me from participating in the LDP and other such legal action deemed appropriate. Applicant/Borrower has read and understands the Act, the compliance requirements identified in the guidance provided with this application and will allow OST or OHFA and its appointees to monitor, report and take such action necessary to enforce the requirements of the Act and its regulations.

Applicant/Borrower’s Initials: _____

Access to records: The Applicant/Borrower agrees to maintain required records and supporting documentation for a period of three (3) years following the conclusion of this contract period. The Applicant/Borrower agrees to allow OST, the State Auditor and Inspector, OHFA, or their authorized representatives access to the Applicant/Borrower’s records, books, documents, accounting procedures, practices or any other items of the service provider relevant to the Act for purpose of audits, examination, etc.

Applicant/Borrower’s Initials: _____

The undersigned Applicant/Borrower for a new, re-admittance or renewal of the LDP loan hereby certifies that the reduced rate loan will be used exclusively for the purposes of financing land acquisition, site development, and construction of single-family or multi-family housing units in rural or underserved areas.

Applicant/Borrower’s Initials: _____

Application Part A - continued

The undersigned Applicant/Borrower for a renewal or re-admittance of the LDP Loan certifies that the loan is not made to any officer or director of the Lender making the loan or to any employee of OST's office or to any officer, director or employee of OHFA, or to any entity in which such officer, director or employee maintains a controlling interest, or to an immediate family member of the employees, officers, or directors of OST or OHFA.

Applicant/Borrower's Initials: _____

The Applicant/Borrower agrees to fully comply with all applicable provisions of state and federal law, specifically 62 O.S 2003 Supp., §§ 91.1, et seq. (The Oklahoma Rural and Affordable Housing Linked Deposit Act), as well as all guidelines set forth in the application.

Applicant/Borrower's Initials: _____

No single linked deposit shall exceed two (2) years in term. However, the linked deposit loan may be renewed for another one (1) year period subject to approval by OST and OHFA.

Applicant/Borrower's Initials: _____

Authorized Persons' Name and Title

Authorized Persons' Signature and Date

If corporation affix corporate seal:

Subscribed and sworn to me this _____ day of _____, 20____

Notary Public _____

SEAL My commission expires _____

Commission # _____

Application Part A - continued

Applicant/Borrower Supplements

A. Attach a summary of the applicants/borrowers history

Applicant/Borrower should provide a detailed summary of the company history

- Length of time in construction business
- Types of construction projects – rental or home ownership
- Staffing level and experience of key staff
- Include detailed description of any programs Applicant/Borrower has utilized in building affordable housing. Examples are Housing Tax Credits, HOME, Housing Trust Fund, etc.
- Detailed summary of projects completed in the last two years.
 - i. Size of project
 - ii. Financing utilized
 - iii. Selling price of homes if applicable

B. Attach a listing of owners (Partnership, LLC, LLP or Corp.)

Applicant/Borrower is to provide a listing of owners, their percentage of ownership and their role in operating the business. Applicant/Borrower should also identify any other business with joint ownerships. A family tree of related companies is important.

Statements, representations and supplemental data provided for this certification as a Developer are true and factual. I understand knowingly making a false statement or representation on this application shall prohibit me from participating in the LDP and other such legal action deemed appropriate. Applicant/Borrower has read and understands the Act, the compliance requirements identified in the guidance provided with this application and will allow OHFA and its appointees to monitor, report and take such action necessary to enforce the requirements of the Act and its regulations.

Name of the Applicant/Borrower: _____

Name of authorized person: _____

Signature of authorized person: _____

Title of authorized person: _____

Date: _____

Page 5A

Name of Project _____

Date Project to
Begin _____

Owner's of Development
Company and percentage
Owned _____

Total Number of _____

Units to be
Built _____

Cost per Unit + _____

Total Cost of
Project = _____

**Oklahoma Rural and Affordable Housing Linked Deposit Act
Application Part B – Lending Institution**

To be completed by: Lending Institution

Date: _____

Lending Institution: _____

Mailing Address: _____

City, Zip Code, County: _____

President/CEO: _____

Telephone/Fax Number: _____

Contact regarding this application: _____

E-mail address: _____

Name of Applicant/Borrower: _____

Compliance with 62 O.S. 2003 Supp., §§ 91.1 et seq.

OST requires the collateralization of the uninsured portions of state deposits under the individual assignment method. Accordingly, trust receipts evidencing the pledge of securities must be in receipt of OST prior to the placement of link deposit.

The Lender agrees to fully comply with provisions of the Security for Public Deposit Act, 62 O.S. 2001, §§ 72.2 et seq., during the time that state funds are on deposit with said lending institution.

Amount applied for under Oklahoma Rural and Affordable Housing Linked Deposit Program (this application). \$ _____

Is the Lender making application for this Linked Deposit an approved State Depository?
Yes () No ()

Application Part B – continued

Lending Institution: _____

Estimation of interest rate on linked deposit loan

Rate	_____	Estimation of two-year T-Note rate. (Actual rate is determined when sent to C.D. department for funding.)
Minus	_____	Discount (Normally 3%, see Guidelines).
Equals	_____	Rate to Lending Institution. (CD placed in bank. 2% is floor)
Plus	_____	Margin, service charges, mark-up (maximum 5.5% or 550 basis points).
Equals	_____	Estimated loan rate to borrower. (Rate without loan minus discount).
	_____	Estimated loan rate to borrower without a Linked Deposit loan.

Will the LDP reduce the Applicant/Borrower's commercial interest rate by an amount equal to the discount from the corresponding treasury note rate that OST charges the Lender on the certificate of deposit which funds the loan? Please provide any supporting documentation or explanation to verify that discounts charged to lending bank on certificates of deposits are passed through to the Applicant/Borrower.

Yes () No ()

Lender: Statements, Representations and Certifications

It is understood that, by completing this application process, all applicable provisions of the Act and guidelines regarding Lender will be met.

Lender's Initials: _____

The purpose of the Act is to develop affordable housing in rural and underserved Oklahoma. Applicant/Borrower hereby agrees that any Oklahoma Rural and Affordable Housing Linked Deposits placed by the OST are to be used solely to finance development or housing in rural Oklahoma pursuant to 62 O.S. 2003 Supp., §§ 91.1 et seq.

Lender's Initials: _____

The placement of funds under this program is subject to the cash flow and investment needs of the State of Oklahoma.

It is understood that OST or OHFA is not a Lender and that the certificate of deposit will mature as indicated above. OST or OHFA assumes no responsibility or liability for any loan made by the depository.

Lender's Initials: _____

Application Part B – continued

The depository agrees to fully comply with all applicable provisions of state and federal law, specifically 62 O.S. §§ 91.1, et seq. (The Oklahoma Rural and Affordable Housing Linked Deposit Act) and to adequately collateralize state funds.

Lender's Initials: _____

If a bank has lower loan limits than the amount of the loan to be made and desires participation from another bank or banks, the lead bank, or the one that makes application for a linked deposit, shall determine where the deposit shall be made, providing all banks are approved depositories for state funds. Each bank must complete appropriate pages and submit with application.

Access to records: The Lender agrees to maintain required records and supporting documentation for a period of three (3) years following the conclusion of this contract period. The Lender agrees to allow OST, the State Auditor and Inspector, OHFA, or their authorized representatives access to the Applicant/Borrower's records, books, documents, accounting procedures, practices or any other items of the service provider relevant to the Act for purpose of audits, examination, etc.

Lender's Initials: _____

The undersigned Lender for a new, re-admittance or renewal of the Oklahoma Rural and Affordable Housing Linked Deposit loan hereby certifies that the reduced rate loan will be used exclusively for the purposes of financing land acquisition, site development, and construction of single-family or multi-family housing units in rural areas.

Lender's Initials: _____

The undersigned Lender for a renewal or re-admittance of the Oklahoma Rural and Affordable Housing Linked Deposit Loan certifies that the loan is not made to any officer or director of the Lender making the loan or to any employee of OST 's office or to any officer, director or employee of OHFA, or to any entity in which such officer, director or employee maintains a controlling interest, or to an immediate family member of the employees, officers, or directors of OST or OHFA.

Lender's Initials: _____

No single linked deposit loan shall exceed two (2) years in terms. However, the linked deposit loan may be renewed for another one (1) year period subject to approval by OST and OHFA.

Lender's Initials: _____

Application Part B – continued

The Lender agrees to submit to OST a completed quarterly report acceptable to OST, along with the appropriate amount of deposit interest and principal paid on the loan. This provision is necessary to avoid a situation where OST subsidizes financial institutions to an extent greater than necessary to fund the outstanding amount of the LDP loan.

Lender's Initials: _____

Name _____

Authorized Signature – Title

If corporation affix corporate seal:

Subscribed and sworn to me this _____ day of _____, 20____

Notary Public _____

SEAL My commission expires _____

Commission # _____

Attachments must include the following information:

Homeownership Developments:

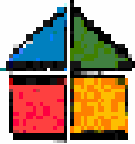
- Floor plans and specifications for the houses
- Detailed construction budget
- Information on how the need for the housing was established
- Estimated timeline for the project
- Evidence that the projected sales prices are achievable

Rental Developments:

- Building plans and specifications
- Detailed construction budget
- 15-year proforma
- Information on how the need for the housing was established
- Estimated timeline for the project
- Evidence that proposed rents are achievable

Deliver this completed application and one copy to:

Oklahoma Housing Finance Agency
Oklahoma Rural and Affordable Housing Linked Deposit Program
100 N.W. 63rd, Suite 200
Oklahoma City, OK 73126-0720



**County-by-County Underserved Rural Areas
Oklahoma Housing Finance Agency**

Appendix 1

<u>COUNTIES</u>	<u>COUNTY</u> <u>"AREA"</u> <u>MEDIAN <</u>	<u>Rental Units</u> <u>Greater</u> <u>Than 100</u>	<u>Opportunity</u> <u>Zone</u>
ADAIR	X	X	
ALFALFA			
ATOKA	X		
BEAVER			
BECKHAM			
BLAINE			
BRYAN		X	X
CADDO	X		
CANADIAN			X
CARTER		X	
CHEROKEE		X	X
CHOCTAW	X		X
CIMARRON			
CLEVELAND			X
COAL	X		
COMANCHE		X	X
COTTON		X	
CRAIG			
CREEK		X	
CUSTER			X
DELAWARE		X	
DEWEY			
ELLIS			
GARFIELD			
GARVIN			
GRADY		X	X
GRANT			
GREER	X		

<u>COUNTIES</u>	<u>COUNTY</u> <u>"AREA"</u> <u>MEDIAN <</u>	<u>RENTAL UNITS</u> <u>GREATER</u> <u>THAN 100</u>	<u>OPPORTUNITY</u> <u>ZONE</u>
HARMON	X		
HARPER			
HASKELL	X		
HUGHES	X		X
JACKSON			X
JEFFERSON	X		
JOHNSTON	X		
KAY			
KINGFISHER			
KIOWA	X		
LATIMER	X		
LEFLORE	X	X	
LINCOLN			
LOGAN		X	
LOVE			
McCLAIN			
McCURTAIN	X	X	X
McINTOSH	X	X	
MAJOR			
MARSHALL	X		
MAYES		X	
MURRAY			
MUSKOGEE			X
NOBLE			
NOWATA			
OKFUSKEE	X		
OKLAHOMA			X *
OKMULGEE		X	
OSAGE		X	
OTTAWA	X		
PAWNEE			
PAYNE		X	X
PITTSBURG			X

	<u>COUNTY</u>	<u>Rental Units</u>	<u>Opportunity</u>
<u>COUNTIES</u>	<u>"AREA"</u>	<u>Greater</u>	<u>Zone</u>
	<u>MEDIAN <</u>	<u>Than 100</u>	
PONTOTOC			X
POTTAWATOMIE			X
PUSHMATAHA	X		
ROGER MILLS			
ROGERS		X	
SEMINOLE	X		
SEQUOYAH		X	
STEPHENS			
TEXAS		X	
TILLMAN	X		
TULSA			X *
WAGONER		X	
WASHINGTON			X
WASHITA			
WOODS			
WOODWARD			

COUNTY “AREA Median <

Areas of the state identified as having a “County Area Median Income” (defined by HUD) that is less than 80% of the “State Median Income.”

Rental Units Greater Than 100

Counties identified in the OHFA 77 county market study (or updates) showing a need of over 100 rental units

Opportunity Zone

Those areas in the “Opportunity Zones.” Oklahoma Department of Commerce, Research and Policy, has maps available of the “Opportunity Zones.”

Oklahoma and Tulsa counties are only included in the “Underserved Rural area” in those census tracts identified as “Opportunity Zones.”

These maps may be accessed at:

- www.odoc.state.ok.us for Oklahoma, Tulsa or Cleveland Counties.
- www.census.gov for all other counties.

In addition, you may contact:

Department of Commerce
Attn: Jeff Wallace
Director of Oklahoma State Data Center
P.O. Box 26980
Oklahoma City, OK 73126-0980
Fax: (405) 815-5163
Jeff.Wallace@ODOC.state.ok.us