

# Texas State Affordable Housing Corporation

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## Bond Refunding and Restructuring Policy

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1. **Introduction.** The Texas State Affordable Housing Corporation (the “Corporation”) is a state sponsored nonprofit corporation that serves the housing needs of low, very low and extremely low-income Texans and other underserved populations who do not have comparable housing options through conventional financial channels. In fulfilling this mission the Corporation has used its powers to issue tax exempt bonds for the purpose of creating or preserving affordable multifamily rental housing (“Development”). From time to time, the Corporation has found it necessary to assist bondholders and Development owners in the process of Refunding or Restructuring, as defined herein, these Developments to ensure the long-term feasibility and preservation of affordable housing assets. To that end, the Corporation is publishing this policy (“Policy”) for the purpose of clarifying the Corporation’s management and role in Refunding and Restructuring Developments.
2. **Definitions.**
  - a. *Refunding.* The issuance of bond proceeds in order to pay the principal, interest, or redemption price on a prior series of bonds issued by the Corporation, as well as the issuance cost, accrued interest, capitalized interest on the prior issue, a reserve or replacement fund, or similar cost, if any, properly allocable to that prior issue.
  - b. *Restructuring.* The process of negotiating changes to any agreements related to a prior series of bonds issued by the Corporation, with the intent to reduce debt service, defer interest payments, or any other change that would limit the risk of default or foreclosure upon the prior issue by the bond holder, limited partners or any other associated party. The Corporation shall also consider renegotiations of compliance and asset oversight agreements, payments in lieu of taxes agreements, or any other agreement associated with a prior issue as a Restructuring.
3. **Processing of Requests.** Developers that request that the Corporation issue new bonds shall be required to fulfill all of the application procedures required by the appropriate bond policy or request for proposals (“RFP”) in effect at the time of the request. Developers that do not request that the Corporation issue new bonds shall submit the Corporation’s application package for Refunding and Restructuring. The Corporation shall make available an application package available to Developers upon request. Developers shall be responsible for submitting a complete application pursuant to the guidelines included in the application. All applications must be submitted at least 28 days prior to the Corporation’s meeting of the Board at which the application may be considered for approval. The Corporation shall bring before the Board only those applications received in a timely manner. The Corporation may delay the presentation of an application to the Board if there are errors, omissions or insufficient documentation that the Corporation deems necessary to make its recommendation to the Board.
4. **Threshold and Scoring Requirements.** Applications that require the Corporation to issue new bonds shall be required to fulfill all of the Threshold Requirements of the appropriate bond policy or RFP with the exception of the following items:

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- a. For applications involving 501(c)(3) bonds the following sections are excluded: §5(b) Experience Threshold; §5(g) Energy Efficiency Threshold; §5(k) Unit Amenities Threshold; §5(l) Community Support Threshold; and §6 Scoring.
  - b. For applications involving Private Activity Bonds the following sections are excluded: §2 Targeted Housing Needs; §5(f) Energy Efficiency Threshold; §5(j) Unit Amenities Threshold; §5(k) Community Support Threshold; and §6 Scoring.
5. **Fees.** Applications that require the Corporation to issue new bonds shall be required submit all fees, deposits and other expenses in accordance with the appropriate bond policy or RFP. Applications that do not require the Corporation to issue new bonds shall submit the following fees, deposits and reimbursements:
- a. The Developer shall submit an application fee of \$5,000 with their completed application.
  - b. The Developer shall submit a deposit against professional fees in the amount of \$7,500 with their completed application.
  - c. The Developer shall notified prior to the Corporation's approval of a Refunding or Restructuring application of the total amount of Professional Fees to be charges and the method of their calculation.
  - d. The Developer shall make payment of a Closing Fee to the Corporation at execution of any final agreement in an amount determined reasonable by the Corporation.
  - e. The Developer and Developer's principals shall guarantee the payment of all expenses and fees for the Corporation, and its Bond Counsel, Financial Advisor and Issuer's Counsel.
6. **Changes in Fees.** The Corporation reserves the right at any time to change, increase or reduce the fees payable under this Policy. All fees imposed subsequent to closing by the Corporation under this Policy will be imposed in such amounts as will provide funds, as nearly as may be practical, equal to that amount necessary to pay the administrative costs of conducting the business and affairs of the Corporation, plus reasonable reserves therefore.
7. **Final Approval by the Corporation.** The Corporation's Board shall consider final action on the Bonds after the completion any public hearings and upon recommendation by the Corporation's staff. If approved, the Board shall adopt a resolution, in such form as is recommended by Bond Counsel, authorizing the Refunding or Restructuring for the Development. Final approval will be granted only upon:
- a. Receipt by the Board of evidence satisfactory to it that the Developer has complied in all material respects with this Policy not otherwise waived by the Board; and
  - b. An affirmative determination of the Board that:
    - i. All requirements for and prerequisites to final approval under this Policy have either been satisfied or waived and are in form and substance satisfactory to the Board; and

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- ii. The operation of the Development(s) will constitute a lawful activity, is qualified for approval by the State, complies with and promotes the purposes of the Corporation and satisfies the requirements of the Corporation.

8. **OTHER REQUIREMENTS.** THE CORPORATION MAY IMPOSE ADDITIONAL OR DIFFERENT REQUIREMENTS ON A DEVELOPER THAN THOSE PROVIDED IN THIS POLICY IN THE EVENT THAT THESE ADDITIONAL OR DIFFERENT REQUIREMENTS BECOME NECESSARY TO PROVIDE THE BEST OPPORTUNITY FOR APPROVAL BY THE CORPORATION'S BOARD OF DIRECTORS AND/OR THE TEXAS BOND REVIEW BOARD.