

**Pennsylvania Housing Finance Agency
Meeting of the Board
September 12, 2019**

Members Present:

*Robin Wiessmann, Chair
*Mark Schwartz, Vice Chair
*Maria F. Coutts
*Ronald F. Croushore
*Mark Dombrowski
**Kathy Possinger (serving in the stead of
Dennis Davin, Secretary of Department
of Community and Economic Development)
Gary E. Lenker
*Robert Loughery
*Beth Ellis (serving in the stead of
Teresa Miller, Secretary, Human Services)
*John P. O'Neill
*John Paone
Keith Welks (serving in the stead of
Joseph Torsella, State Treasurer)

*On Telephone conference call

Members Absent:

Ross Nese

Others Present:

Brian A. Hudson, Executive Director
*Rebecca L. Peace, Deputy Executive Director/Chief Counsel
*Holly Glauser, Director of Development
Carl Dudeck, Director of Housing Management
Coleen Baumert, Director of Homeownership
Bryce Maretzki, Director of Strategic Planning & Policy
Scott Elliott, Director of Communications
*Ali Tomich, Director of Western Region
*Jay Hausher, Director of Eastern Region
Jordan Laird, Director of Finance
Adrienne Trumpy, Director of Accounting
Lori Toia, Director, Homeowners Emergency Mortgage Assistance Program
Terri Redmond, Director of Counseling
Bill Bailey, Senior Development Officer
Anne Mermelstein, Senior Development Officer
Linda Stewart, Manager of Tax Credit Program
Stanley Salwocki, Manager of Architecture & Engineering
David Doray, Manager of Multifamily Underwriting
Dave Gregorits, Development Officer
Nina Lehr, Development Officer
Clay Lambert, Business Policy Officer
Ray Carey, Policy Associate
Steven O'Neill, Assistant Counsel

Chris Anderson, Communications Officer
*Liz Hersh, Director of Homeless Services, City of Philadelphia
*Penn Lindsay, Episcopal House
*Dale White, Norris Homes Phase V
*Jay Reinhard, Sandy Hill Terrace
*Martin Bershtein, Esquire, Sandy Hill Terrace
George Werner, Piper Jaffray
Alexis Zappala, Piper Jaffray
Melanie Lean, Piper Jaffray
Jennifer Shockley, Pennsylvania Developers' Council
Kimberly Smeal, Assistant Secretary
Maggie Strawser, Assistant Secretary
Carrie M. Barnes, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, September 12, 2019 at 10:30 a.m. at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania.

In compliance with the provisions of the Sunshine Act, notification of this meeting appeared in the Legal Notices Section of *The Patriot News* in Harrisburg, Dauphin County on September 3, 2019.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Wiessmann at 10:30 a.m. The roll was called and a quorum was present.

2. APPROVAL OF THE MINUTES FROM THE JULY 11, 2019 BOARD MEETING

There were no additions or corrections to the minutes as presented.

Mr. Schwartz made a motion that the minutes from the July 11, 2019 Board meeting be approved as submitted. This motion was seconded and unanimously approved.

3. POLICY COMMITTEE REPORT

Mr. Schwartz as Chair of the Policy Committee reported that the Committee met prior to the Board meeting to discuss and review the following items.

A. 2019 PHARE Plan Amendment

Mr. Maretzki reported that an amendment to the PHARE Allocation Plan is being proposed to allow the Agency to address unmet, unanticipated and critical housing needs which may occur throughout the Commonwealth outside of the funding cycle.

He noted that the annual Request For Proposals for the current funding cycle are due to the Agency by November 15, 2019.

He briefly reviewed the proposed changes to the Plan.

Staff recommends approval of the changes to the PHARE Plan. Mr. Schwartz reported that the Policy Committee concurs with staff's recommendation.

A motion was made that the Board approve the amendments to the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund Plan. This motion was seconded by Mr. Welks. Ms. Koppel abstained. The motion carried. (See Appendix 1 of these Minutes.)

B. Approval of Second Amendment to the 2019 Tax Credit Allocation Plan

Ms. Glauser reported that the Agency held a public hearing on August 28, 2019 regarding the proposed changes to the Low Income Housing Tax Credit Allocation Plan. A number of individuals attended with limited comments.

Ms. Glauser briefly reviewed the proposed changes which included extending the compliance period from 35 to 40 years; instituting a development sustainability and energy conservation recommendation; and the discontinuation of awarding points for project soft loans above the applicable federal rate.

Staff recommends approval of the Second Amendment to the Allocation Plan. Mr. Schwartz reported that the Policy Committee concurs with staff's recommendation.

A motion was made that the Board approve the Second Amendment of the Agency's Low Income Housing Tax Credit Program Allocation Plan for Year 2019-2020. This motion was seconded and unanimously approved. (See Appendix 2 of these Minutes.)

C. Other Business

There was no other business to be brought to the Board.

4. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT

Mr. Welks as Chair of the Program and Development Committee reported that the Committee met prior to the Board meeting to discuss and review the following items.

A. 2019/2020 PHARE Supplemental Allocation

Mr. Maretzki reported that the allocation to the Realty Transfer Tax portion of the PHARE fund has been increased to \$40,000,000 from \$25,000,000.

Staff is requesting Board approval of an allocation of \$3,000,000 from the PHARE funds to address the immediate need for stable housing among those recovering from opioid-driven homelessness. The proposed allocation breakdown is

\$1,000,000 for Allegheny County; \$1,000,000 for Philadelphia County; and \$1,000,000 for the remaining 65 counties.

Mr. Marezki reported that the funds would flow through designated Continuum of Care organizations which have expertise in managing these types of resources and programs.

Staff recommends approval of this supplemental allocation.

Mr. Welks reported that the Program and Development Committee concurs with staff's recommendation.

Mr. Lenker made the motion that the Board approve the resolution authorizing the processing of PHARE programs and projects. This motion was seconded by Mr. Croushore.

Chair Wiessmann recognized Liz Hersh who wished to address the Board.

Ms. Hersh thanked the Board for setting aside this allocation of funds. She emphasized the importance for individuals caught in the opioid crisis of having access to stable, affordable housing which will aid them in their recovery. She appreciates the concern and support of the Agency and the Board in this regard.

Chair Wiessmann called for a vote on the motion that the Board approve the resolution authorizing the processing of PHARE programs and projects. Ms. Koppel abstained. The motion carried. (See Appendix 3 of these Minutes.)

B. Request for Tax-Exempt Financing

1. Norris Homes Phase V, Philadelphia, Philadelphia County

Mr. Doray reviewed the project and its financing plan. He reported that the sponsor is requesting that the Agency issue bonds in an amount not to exceed \$28,500,000 toward the financing of this development.

Staff has reviewed this proposal and recommends approval of this request. Mr. Welks stated that the Program and Development Review Committee concurs with staff and recommends approval of this request.

Ms. Possinger made the motion that the Board approve the issuance of Special Limited Obligation Multifamily Housing Development Bonds in the maximum aggregate principal amount of \$28,500,000 for Norris Homes Phase V. This motion was seconded and unanimously approved. (See Appendix 4 of these Minutes.)

Mr. White, representing the development team stated that they are excited about his project and being able to provide affordable housing. He thanked all of the staff members who worked with them to get this project approved.

2. Sandy Hill Terrace, Norristown, Montgomery County

Ms. Mermelstein reviewed the project and its financing plan. She reported that the sponsor is requesting that the Agency issue bonds in an amount not to exceed \$24,000,000 toward the financing of this development. Tenants will temporarily be relocated during rehabilitation. Supportive services will be provided.

Staff has reviewed this proposal and recommends approval of this request. Mr. Welks stated that the Program and Development Review Committee concurs with staff and recommends approval of this request.

A motion was made that the Board approve the issuance of Special Limited Obligation Multifamily Housing Development Bonds in the maximum aggregate principal amount of \$24,000,000 for Sandy Hill Terrace. (See Appendix 5 of these Minutes.)

Mr. Reinhard representing the development team thanked the Agency, specifically Ms. Mermelstein for her work with them on this project. They were grateful for her assistance.

Mr. Bershtein echoed Mr. Reinhard's thanks to the Agency and the Board for approval.

3. Episcopal House, Allentown, Lehigh County

Mr. Bailey reviewed the project and its financing plan. He reported that the sponsor is requesting that the Agency issue bonds in an amount not to exceed \$13,500,000 toward the financing of this development. The Agency will also provide a Capital Magnet Fund Loan in the amount of \$500,000 and a PHARE/RTT loan in the amount of 500,000. Tenants will temporarily be relocated to vacant units during rehabilitation.

Staff has reviewed this proposal and recommends approval of this request. Mr. Welks stated that the Program and Development Review Committee concurs with staff and recommends approval of this request.

A motion was made that the Board approve the issuance of Special Limited Obligation Multifamily Housing Development Bonds in the maximum aggregate principal amount of \$13,500,000 for Episcopal House. (See Appendix 6 of these Minutes.)

Mr. Lindsay representing the development team thanked the Agency, the Board and specifically Mr. Bailey for all the work on this project.

C. Request for Agency Financing – Stone Ridge Commons, York, York County

Mr. Laird reviewed the project and its financing plan. This project received an allocation of tax credits in 2018 and the Agency is now being requested to provide the first mortgage financing. The financing would be in the amount of \$500,000 for a 30-year term at 5.0 percent.

Staff recommends approval of this financing request.

Mr. Welks stated that the Program and Development Committee concurs with staff's recommendation of approval.

A motion was made that the Board approve the mortgage financing, additional resources and adjustments for Stone Ridge Commons. This motion was seconded and unanimously approved. (See Appendix 7 of these Minutes.)

5. APPROVAL OF LOAN FROM TRISTATE CAPITAL BANK

Mr. Hudson reported that the Agency has previously borrowed funds from TriState Capital Bank for various program funding purposes. All funds have been repaid in full.

TriState Capital Bank has offered a 15-year loan with a 30 year amortization period payable semiannually at 2.75 percent to the Agency.

These funds would be used for general program funding purposes including funding of mortgages recently originated for multifamily projects as well as replenishing the Agency's general fund.

Staff requests the Board's approval of this transaction.

A motion was made that the Board approve the resolution authorizing a \$25,000,000 maximum aggregate principal amount loan from TriState Capital Bank. This motion was seconded and unanimously approved. (See Appendix 8 of these Minutes.)

6. **APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 131 AND SERIES 132**

Mr. Hudson reported that later this month the Agency will be closing its Series 2019-130 bonds. He noted that all of the funds from this issuance have been reserved at mortgage interest rates between 3 and 3-1/2 percent.

Staff is requesting the Board's approval for staff to begin working on the next two bond issues and to delegate the approval of the final terms and conditions of each of the transactions to the Finance Committee. Mr. Hudson anticipates that at least one of these transactions will occur before year's end.

Mr. Lenker made a motion that the Board approve the resolutions authorizing the issuance of Single Family mortgage Revenue Bonds, Series 131 and Series 132. This motion was seconded by Mr. Welks and was unanimously approved. (See Appendices 9 and 10 respectively of these Minutes.)

7. **OTHER BUSINESS**

A. **NCSHA Annual Conference**

Mr. Hudson reported that the NCSHA Annual Conference will be held in Boston from October 19-23, 2019. Any Board member who would like to attend should contact the Secretary as soon as possible.

B. **October Board Meetings**

Mr. Hudson reminded the Board that the October 10 meeting will likely be conference call. Board members will be contacted by the Secretary regarding this meeting.

C. **November Board Meeting**

Mr. Hudson also reminded the Board that the meeting date for the November meeting has been changed to Wednesday, November 6 and will be held in Philadelphia in the City Council's Chamber at City Hall. There will be a dinner on Tuesday, November 5 at a place to be determined. The Secretary will contact the members regarding this meeting. Any questions should be directed to the Secretary.

D. **Affordable Housing Reform**

Mr. Hudson reported that NCSHA and NAHB have been working together on affordable housing reform. A great deal of lobbying is taking place to support affordable housing and tax credits. He will keep the Board informed about this issue.

8. **ADJOURNMENT**

There being no further business to be discussed, a motion was made and seconded that the Board meeting be adjourned. The motion was unanimously approved. The meeting adjourned at 11:20 a.m.

The next monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held at the Agency on Thursday, October 10, 2019 at 10:30 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carrie M. Barnes".

Carrie M. Barnes
Secretary

2019/2020 Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund PLAN - Final

Background

Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)

The PHARE Fund was established by Act 105 of 2010 (the "PHARE Act") to provide the mechanism by which certain allocated state or federal funds, as well as funds from other outside sources, would be used to assist with the creation, rehabilitation and support of affordable housing throughout the Commonwealth.

The PHARE Act outlines specific requirements that include preferences, considerations, match funding options and obligations to utilize a percentage of the funds to assist households below 50% of the median area income. The PHARE Act provides a fairly broad canvas regarding the types of programs and the specific uses of any funding to allow flexibility in working with other state and federal acts and programs.

For Program Year 2019/2020, the PHARE Fund includes funds available through Marcellus Shale (Act 13 of 2012), the Realty Transfer Tax (RTT) Funds (Act 58 of 2015) and the National Housing Trust Fund "HTF", authorized by the Housing and Economic Recovery Act of 2008 ("HERA").

In the event that additional funds become available at any time, PHFA will administer them in accordance with this Plan, and without the need for additional notices or amendments.

This Plan includes the following general sections: principles of PHARE, Elements of the Plan, Application requirements and timeline. Thereafter, the Plan includes specific information and program requirements relating to each of the Marcellus Shale (Act 13) funds, the RTT funds and the HTF funds.

Principles of PHARE

In accordance with the PHARE Act, the monies will be used to address significant and persistent housing needs in communities with the following additional criteria:

- 1) **Maximize resource leveraging** – to the greatest extent possible, the resources allocated will be used as leverage for other public and private resources. Additionally, local non-financial assets should be identified and leveraged where possible – including transportation, schools, recreation, employment, health, community and economic development support and other amenities.

- **Maintenance of Effort/Resource Coordination** - The Agency is seeking to ensure that PHARE applicants, where practical and relevant, are utilizing all other available sources of funding (CDBG, HOME CSBG, AHP, ESG, CoC, HUD, NAP, Keystone Communities, etc.). PHFA will review applications with an emphasis on ensuring maximize leveraging of available resources with PHARE funds not intended to substitute for, or supplant, other currently available sources of program/project funding. This provision is primarily intended to address local municipal or county-based real estate development projects where other federal/non-federal sources of funding may be applicable. Multi-county, regional or statewide proposals addressing critical housing needs are still encouraged to apply.
- 2) **Affordability** - The Agency encourages applicants to address the issue of long term affordability based on the local housing market conditions. To the greatest extent possible, programs and projects should be designed in ways to both maintain the investment made in the housing stock and to continue affordability after initial assistance. This could include revolving loan programs, shared equity homeownership and other strategies for addressing this objective.
 - 3) **Address greatest need** – the monies will be allocated in communities where the greatest housing needs are identified based on housing needs studies and assessments, interviews, real estate price factors, housing stock analysis and market studies. The limited resources available should be used to meet the most significant and pressing housing needs but may also be used to address longer term housing needs. Preference: Projects/programs that: 1.) Assist with the rehabilitation of blighted, abandoned or otherwise at risk housing and the reuse of vacant land where housing was once located; 2.) Provide funding for owner- occupied rehabilitation, first time homebuyers, and rental assistance; or 3.) Address ongoing needs for homeless families and individuals including veterans.
 - 4) **Foster partnerships** – the funds should be used to maximize sustainable partnerships that will be committed to addressing the housing needs in these communities over a significant period of time. While the funds are to be used to directly support housing to meet community needs, the projects should also help establish capacity to address those needs over the long term. Preference: Projects/programs that incorporate social service entities which offer additional services to the residents within the community where the project/program is taking place.
 - 5) **Effective and efficient implementation**– ensure that the resources are used effectively and efficiently to meet the housing needs. Given the expectation that demand for many types of housing will greatly exceed the funds available, it will be critical to maximize the effectiveness and efficiency for housing investments by the PHARE Fund. Preference: Projects/programs that assist the residents with the greatest need in that particular region and can document highly effective strategies to address unmet need.

6) **Equitable and transparent** – create a plan and equitable allocation process that provides transparency to all stakeholders. Funding decisions and reporting will be done in accordance with legislative requirements.

7) **Emergency Response to Critical Needs** – providing immediate and necessary funding to address an emergent crisis, emergency housing need or other unanticipated issues that may arise over the course of the year. The PHARE funds could be rapidly deployed to address these significant, unmet and emergency housing needs in the Commonwealth as determined by the Agency.

Elements of the Plan

Analysis of Need – one of the most critical components of the plan is to continually assess housing need in these communities. From both a quantitative and qualitative perspective the requirement to have accurate, reliable data from which funding decisions can be made is imperative.

It is important to recognize that this data will need to be municipality-specific to capture the unique and likely different housing needs in the various communities. In addition, the housing/real estate markets are diverse across communities and the analysis of need will require an understanding (qualitative and quantitative) of individual markets to make appropriate resource allocation decisions.

Building upon analysis already undertaken by the Agency and the Commonwealth, additional analysis may be performed to assess specific housing issues to identify housing needs (persons with special needs, elderly, larger households, physical disabilities, homeless, etc.) to appropriately target PHARE Fund resources to those in greatest need of housing. In addition to multiple types of housing analysis, PHFA will consider different income levels, nature of housing stock and the housing needs of those across a broad spectrum (homeless, near homeless, very low income, low income, temporary and seasonal workers, and permanent work force, etc.)

Understanding of real estate market dynamics – the plan for the utilization of these resources has been developed to address and continuously reevaluate the specific housing real estate markets in each community. The housing and real estate development “capacity” will also have significant impact on the ability of these funds to be used effectively and efficiently to meet the needs of the communities. There will be need for ongoing analysis of capacity (private, non-profit, public) as part of the plan. Some communities may not have had a significant housing market in decades while in others there may be a robust market addressing a significant portion of housing needs. The plan will help determine where additional housing development may be necessary, or where other strategies may be implemented for meeting the housing needs in those communities.

Allocation and use – The funding vehicle’s allocation process, created by the plan, must also be supportive of and responsive to the needs of the housing and real estate development market and should foster coordinated local housing plans and resources. Funds may be used to support predevelopment, site acquisition and infrastructure development, planning and preconstruction activity in addition to direct support of development and operation of projects and housing programs including employee assisted housing programs. Funds may be provided in various forms designed to best support the particular activity including grants; market rate, amortizing, balloon, bridge or soft loans; capital contributions; capital financing subsidy support; operating and supportive service reserve funding; rental or homeowner assistance. Funds may be specifically allocated to address timing issues presented in the development of affordable housing projects; i.e., when other financing is available, construction season, local zoning or other approvals. In addition, funding may be directed for administration by the Agency for certain projects approved for low income housing tax credits or other PHFA resources. Preliminary allocations may be made for projects/programs awaiting approval of additional resources. Projects/programs that do not commence within 1 year may have the preliminary allocation withdrawn.

High quality design and construction – a vital element of the plan will be the development of housing that is both of good quality design and construction and will be sustainable over a long period of time.

The opportunity to meet the growing housing needs in these communities will necessitate that this housing be available as an asset for the community for many generations. To meet that objective requires that projects funded with these resources meet the highest design and construction quality standards available and that all projects ensure sustainability to the long term (both financial and physical). Funds may be specifically allocated to support green and renewable energy sources and as leverage to consumer programs available through utility companies or other business partners.

PHARE Application Process

The elements of the application and allocation process include;

- Adoption of “plan” for managing the anticipated PHARE funds by PHFA each year.
- PHFA will establish an annual application process that will allow the Agency to address local housing needs.
 - PHFA may amend the plan, application and the allocation process at any time, upon written publication of such amendments.
- Announcement of application and possible training/information session concerning the elements of the application.
- Applications accepted and reviewed by PHFA staff based on the application and plan requirements.
- As part of the RFP process, PHFA will recommend that all applicants target a minimum of 30% of their awarded PHARE funds to support households with incomes below 50% of median area income.
- Project recommendations reviewed by PHFA.

- Announcement of preliminary funding approval.

PHFA may allocate existing funds, or funds that may become available, at any time outside of the application cycle but consistent with the Principles, Goals and Elements of this Plan.

Applicants are expected to satisfy the affordability requirements of the PHARE program and commit to a long term sustainable program to maintain affordability (which may be documented with restrictive covenants or other program documents). Applicants must abide by prevailing wage where applicable.

Timeline

The Agency will align the application and funding timelines of its programs that support multifamily affordable rental housing - Tax Credits, PennHOMES and PHARE (Marcellus Shale, RTT and HTF) - to strategically and efficiently allocate these resources.

The following is the proposed timeline for 2019 program administration:

- Tax Credit Allocation Plan and PHARE Plan – Initial Draft (PHARE – December 2019, QAP – March 2019)
- Tax Credit Allocation Plan and PHARE Plan – Final (PHARE – March 2020, QAP – June 2019)
- Intent to Submit (Tax Credit) September 2019
- PHARE RFP – Issued September 2019
- Tax Credit Applications Due November 2019
- PHARE Applications Due November 2019
- PHARE Funding Awards July 2020

PHARE/Marcellus Shale Impact Fee (Act 13 of 2012)

Purpose and Priorities for Funding

The Marcellus Shale Impact Fee (Act 13 of 2012) provides the funding mechanism to address the housing needs in impacted counties/communities of the Marcellus Shale region. Fifty percent (50%) of the awarded funds must be spent in 5th through 8th class counties.

The Marcellus Shale Impact Fee legislation (the "Impact Fee Act") specifically allocates certain amounts from the impact fee into the PHARE Fund to address the following needs, including;

1. Support for projects that increase the availability of affordable housing for low and moderate income persons and families, persons with disabilities and elderly persons in counties where unconventional gas wells have been drilled (regardless of production levels),
2. Provide rental assistance, in counties where unconventional gas wells have been drilled, for persons or families whose household income does not exceed the area median income, and
3. Specifies that no less than 50% of the funds are to be used in fifth, sixth, seventh and eighth class counties.

Direct Allocation - PHARE Fund will receive a direct yearly allocation from the portion of funds set aside for local distribution. The direct allocation is as follows: \$5.0 million each fiscal year beginning in 2013 and thereafter.

Windfall/Spillover Funds - Additional funds may become available because the Impact Fee Act limits amounts allocated to qualifying municipalities (as defined in the Impact Fee Act) and provides that any money remaining, after all allocations have been made to qualified municipalities, would also be deposited into the PHARE Fund.

It is likely that the funds in this program will not be sufficient to meet all the housing needs and mitigate every housing impact created by the shale gas development; therefore investment decisions will target the limited funds to projects that meet the principles outlined above and most comprehensively address the elements of the plan.

Where possible these funds will be targeted and stay focused on mitigating the very specific housing impacts created by the shale development in the impacted and designated communities. This element will likely result in the determination that while there may be worthy housing projects that could be funded with these resources, the focus of development will be on most comprehensively addressing the direct and tangible housing impacts. Priority may be given to target resources in tandem with approved county housing trust fund plans and/or plans for the utilization of local share impact fee funds.

Eligible Applicants

Applicants eligible to receive PHARE/Marcellus Shale funds include counties that have adopted impact fees as well as municipalities who have further contributed to PHARE via windfall/spill over funds from the impact fee. While only eligible applicants may apply, nonprofit and for profit organizations may be part of the application process.

Counties and municipalities may also delegate the role of “applicant” to a nonprofit or for-profit organization for purposes of the application. In the case where a county or municipality has designated another organization, agency or department to apply on their behalf, documentation identifying such must be included in the application.

There are many diverse interests that are concerned about the anticipated housing impact and therefore how these resources will be allocated to address the need. To the greatest extent possible opportunities should be created for relevant and legitimate stakeholders to comment and advise the plan. This element will need to be managed for practicality and efficiency in order to maximize input. Preference: Applications that 1.) Provide a process where members of the community and other stakeholders may provide input on the application prior to submission; and/or 2.) Include Optional Affordable Housing funds (Act 137 of 1989) and/or local share portions of the impact fee.

PHFA also requests that applicants include information on how the county is using local shares of public resources, including local Act 13 funds and Act 137 (county-based housing trust fund) monies, to address housing needs in the community.

Preliminary approval and funding of applications is contingent upon receipt of funds under Act 13 of 2012.

PHARE/Realty Transfer Tax Fund (Act 58 of 2015)

In November 2015, Governor Wolf signed Act 58 of 2015, which, in part, directs certain Realty Transfer Tax (RTT) receipts to the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE, Act 105 of 2010). This revenue source is available in all 67 counties of the Commonwealth.

Under Act 58 of 2015 (RTT), PHFA's PHARE program will receive an allocation of funds based on a formula using 2014 year as a base. (The annual amount available for the PHARE program will be equal to the lesser of forty percent (40%) of the difference between the total dollar amount of the Realty Transfer Tax imposed under section 1102-C of the Tax Reform Code of 1971 collected for the prior fiscal year and the total amount of RTT estimated for the fiscal year beginning July 1, 2014.) The PHARE/RTT fund will be capped at **\$40 (increased cap enacted as part of FY19/20 final approved State Budget)** million annually. Funding allocations and reporting will be completed in accordance with PHARE requirements.

Purpose and Priorities for Funding

The PHARE/RTT Program will provide funds to projects/programs providing sustainable and comprehensive solutions to address housing and community development needs across the Commonwealth.

These funds will be directed to address clearly articulated needs in communities based on the following priorities;

1. Preservation of the current stock of rental housing or the development/creation of new affordable rental housing to address unmet local need. This includes projects/programs for the

elderly in danger of losing their homes and rental assistance to help families remain in their residence.

2. Funding for projects/programs to address ongoing housing needs for reducing homelessness, including specific and targeted vulnerable populations (veterans, persons with disabilities, supportive housing for the elderly, re-entry population, families and youth).
3. Funding for comprehensive housing and redevelopment efforts that address blighted and abandoned properties impacting concerted community revitalization efforts, supported by clearly articulated community plans. This could include a variety of housing/redevelopment strategies such as acquisition, demolition, construction, rehabilitation, site remediation, and other efforts.
4. Creating new opportunities for affordable homeownership. This may include closing cost/ down payment assistance, financial education/counseling or other forms of assistance to potential first-time homebuyers as well as the development/construction of new homes and rehabilitation of existing housing.
5. Other efforts that address unmet housing and community development needs. This could include projects and programs to assist persons living in manufactured communities, homeowners to remain in their homes through renovation/mortgage/utilities or other forms of housing services and assistance, addressing environmental conditions such as lead paint abatement, rapid rehousing efforts and emergency temporary housing needs resulting from disasters.

Priorities for Selection

PHARE/RTT awards will be directed to projects and programs based on the following criteria for selection:

- Projects/programs that show significant leveraging of other funds (local, state and federal, public and private) to ensure maximum impact.
- Projects/programs that have all funding committed and can move rapidly to implementation and utilization.
- Projects/programs that embrace, partner with, and/or are incorporated into a larger local, county, or regional housing development plan.
- Projects/programs that satisfy local planning/zoning ordinances.
- Projects/programs that affirmatively further fair housing.
- Funding for rental housing projects (5 or more units) will adhere to PHFA's Development processes.
- Projects/programs that are specifically designed to address a clearly articulated need in a community or specific population.
- Projects/programs that embrace innovative approaches to statewide housing and community development issues, address underserved and unmet housing needs across the Commonwealth and otherwise meet overall Agency goals for tackling community redevelopment.

- Documented capacity or applicant and ability to proceed with the project/program in a timely manner.

Eligible Applicants

Applicants eligible to receive PHARE/RTT funds include units of local government (counties, cities, boroughs, townships, town and home rule municipalities), nonprofit and for-profit entities, and economic, community, and housing developments organizations in all 67 counties of the Commonwealth.

All applicants are expected to satisfy the affordability requirements of the PHARE program and commit to a long term sustainable program to maintain affordability (which may be documented with restrictive covenants or other program documents). Applicants must abide by prevailing wage labor payment standards where applicable.

All funds will have expenditure deadlines and approved programs/projects must be commenced within two years of funding reward. Additional requirements for application submission will be outlined in the annual RFP.

Preliminary approval and funding of applications is contingent upon receipt of funds under Act 58 of 2015.

PHARE/National Housing Trust Fund (HTF)

The National Housing Trust Fund ("HTF") was enacted as part of the Housing and Economic Recovery Act of 2008 ("HERA") to provide resources to develop, preserve and rehabilitate housing for very low income and extremely low income households. Funding for the HTF is derived from Fannie Mae and Freddie Mac earnings.

HTF funding will be made available to provide additional financial support to Tax Credit properties which increase the number of units set aside for Extremely Low-Income ("ELI") tenants. The Agency received approval from HUD of Pennsylvania's HTF Allocation Plan and is awaiting release of funding from HUD. Upon receipt of HUD program documents and release of funding, the Agency will announce the application process in accordance with the HTF Allocation Plan.

A copy of the approved HUD HTF Allocation Plan can be found at:
<http://www.phfa.org/legislation/act105.aspx>

DRAFT
**Second Amendment to the Pennsylvania Housing Finance Agency's
Allocation Plan for Year 2019-2020
Low Income Housing Tax Credit Program**

The Pennsylvania Housing Finance Agency (the "Agency") administers the Federal Low Income Housing Tax Credit Program ("Tax Credit Program") in the Commonwealth of Pennsylvania ("Commonwealth"). On July 12, 2018, the Agency adopted a plan (the "Allocation Plan") outlining the allocation priorities and procedures to be followed in distributing Federal Low Income Housing Tax Credits ("Tax Credits") based on the housing needs of the Commonwealth.

The Agency is hereby amending the 2019-2020 Allocation Plan as follows:

1. With respect to the compliance period for commitment to serve low income residents:

The first and second sentences of Paragraph 8 on Page 4 shall be amended to read:

Applications for Tax Credits must demonstrate a commitment to serve low income residents for a period of not less than 40 years or, in the alternative, offer homeownership opportunities to qualified residents after the initial 15 year compliance period. For the commitment to serve low income residents for a period of not less than 40 years, Applicant will certify this commitment in the Application and the Restrictive Covenant Agreement will contain a provision waiving any right to petition the Agency to terminate the extended use term (as described in the Code).

The last sentence in the second paragraph on Page 20 shall be amended to read:

The Restrictive Covenant Agreement will run for forty (40) years.

2. With respect to Development Sustainability and Energy Conservation Measures:

The Air Conditioning paragraph on Page 12 shall be amended to read:

- Air Conditioning. For new construction, substantial rehabilitation and preservation developments, all commons spaces (except stair towers, mechanical rooms and storage rooms) must be air conditioned.

The second paragraph in this section should be deleted in full.

The first section in Paragraph 6 on Page 13 shall be amended to read:

- All newly constructed multifamily buildings shall comply with the requirements of the 2015 Enterprise Green Communities program Criteria 5.1a or 5.1b. All substantially rehabilitated multifamily buildings shall comply with the requirements of the 2015 Enterprise Green Communities program Criteria 5.1c or 5.1d. Preservation developments shall meet the mandatory measures found in the "Design Architect's/Applicant's Certification of Threshold Criteria" in the Guidelines. (Not required if Applicant commits to achieving certification under one of the Green Building Standards listed in the Selection Criteria.)

References to the 2009 International Conservation Code in Paragraph 6 on Page 16 shall be amended to reflect the 2015 International Energy Conservation Code.

3. **With respect to funding from cash flow or deferred repayment (“soft financing”), Selection Criteria D.5. related to Commitment of Funds on Pages 33 and 34 shall be amended to read:**

- Inclusion of Private Capital and Soft Debt Funds – The Agency may award up to eight (8) points for the inclusion of permanent amortizing debt and/or soft financing **with an interest rate at or below the long term applicable federal rate in effect at the month of closing (which shall be evidenced by an executed note at closing)** which may include financing from state or local programs, nonprofit organizations, private capital, and permanent funding from foundations and/or federal programs. This category includes equity from historic tax credits and land and/or building donation (subject to verification by a current appraisal). This category does not include a PennHOMES or PHARE Program request that has not been approved. Applications with a donation or a reduction in development-related fees (i.e., tap-in, impact, recreational and/or other development rights by the local government unit/municipality) may also be included. The reduction must be measurable and based upon an existing fee schedule that applies to all developments.

Comparison will be made between total qualifying financing and total development costs, with possible points granted as follows:

| Participating Jurisdiction Percentage | Nonparticipating Jurisdiction Percentage | Points |
|--|---|---------------|
| 5-10% | 2-5% | 2 |
| >10-20% | >5-10% | 4 |
| >20-30% | >10-20% | 6 |
| >30% | >20% | 8 |

- Inclusion of Funding Applied For and To Be Applied For – In accordance with the Code, all applications must identify all sources of funding (including those to which the Applicant expects to apply). **Consideration for soft financing will be given for those sources with an interest rate at or below the long term applicable federal rate in effect at the month of closing (which shall be evidenced by an executed note at closing).** The Agency may award up to two (2) points for identified funding listed as applied for or to be applied for. To be considered for points in this category, the amount may not exceed twenty-five percent (25%) of developer fee and Applicant must provide evidence of the commitment to reinvest developer fee in an amount equal to the amount of the identified funding. The Agency will use this funding as a source in determining the Tax Credit award.

| Percentage | Points |
|-------------------|---------------|
| ≤15% | 1 |
| ≥15.01% -25% | 2 |

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY APPROVING THE
PROCESSING OF PENNSYLVANIA HOUSING AFFORDABILITY AND REHABILITATION
ENHANCEMENT FUND (PHARE) PROGRAMS AND PROJECTS**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists and operates pursuant to the Housing Finance Agency Law (35 P.S. Section 1680.101 *et seq.*) for the purposes ". . . of alleviating hardship which results from insufficient production of private homes and of rental housing for persons and families of low and moderate income, including the elderly . . . the deleterious effect of inadequate housing upon the general welfare of the Commonwealth . . . by broadening the market for private homes and for housing for persons and families of low and moderate-income, through the provision of specialized financing secured by mortgages to corporations, individuals, joint ventures, partnerships, limited partnerships, trusts, cooperatives and condominiums... "; and

WHEREAS, in November 2010, the Pennsylvania Housing Affordability and Rehabilitation Enhancement Program ("PHARE") was enacted (Act 105 of 2010), establishing a housing trust fund; which can be used to provide dwellings for rent or purchase to low and moderate-income individuals or families; increase the availability or quality of housing for elderly persons and accessible housing for persons with disabilities; prevent and reduce homelessness; development and rehabilitation of distressed neighborhoods; mortgage or rental assistance including housing counseling, foreclosure prevention and refinancing products; or provide loans or grants to low and moderate income owner occupants for repairs or improvements of their homes; and

WHEREAS, PHARE currently has three separate sources; derived from (a) Act 13 of 2012 (Impact Fee Act), which provides for impact fees relating to activity in the Marcellus Shale region of the Commonwealth and includes funding for PHARE in certain counties of the Commonwealth; (b) Act 58 of 2015 which provides certain revenue from the Realty Transfer Tax (RTT) to PHARE program activities in all 67 counties of the Commonwealth; (to be capped at \$40 million in 2020); and (c) the National Housing Trust Fund (HTF), enacted as part of the Housing and Economic Recovery Act of 2008 (HERA), P.L. 110-289 (July 30, 2008), and funded through an annual assessment of the volume of business of Freddie Mac and Fannie Mae; and

WHEREAS, in accordance with PHARE, the Agency adopted, after public comment, a plan establishing priorities and describing the method in which all PHARE program funds will be distributed (the "Plan"); and

WHEREAS, in accordance with the adopted Plan, the Board has approved certain amendments to allow additional allocations to be made from funds determined to be available in PHARE; and

WHEREAS, staff has outlined and reviewed with the Board availability of PHARE funds and the need for an additional allocation of \$3M to three designated Continuum of Care organizations serving Pittsburgh, Philadelphia and balance of Pennsylvania communities to address immediate housing needs relating to opioid-driven homelessness risks and housing insecurities.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 12th day of September, 2019, as follows:

Section 1. The Agency has determined that funds are available in the PHARE program for immediate distribution.

Section 2. Staff is hereby authorized and directed to provide emergency supplemental allocations of PHARE funds to the designated Continuum of Care facility in each of Philadelphia, Pittsburgh and the balance of state to address the immediate need for stable housing relating to opioid driven homelessness and housing insecurity and to take all steps necessary to administer the allocation of PHARE funds and to provide appropriate contracts outlining monitoring, reporting, record keeping, and low income set aside requirements.

Section 3. This resolution shall take effect immediately.

PENNSYLVANIA HOUSING FINANCE AGENCY

RESOLUTION

**Authorizing the Issuance of \$28,500,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(Norris Homes Phase V)**

Adopted: September 12, 2019

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$28,500,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(NORRIS HOMES PHASE V)**

WHEREAS, the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended (35 P.S. Section 1680.101 *et seq.*) (the "**Act**"), determines and declares that the welfare of the Commonwealth of Pennsylvania (the "**Commonwealth**") is threatened by an inadequate supply of housing for persons and families of low and moderate income and the elderly; that the housing need for persons and families of low and moderate income and the elderly has not had economic expression in a market demand sufficient to encourage greater production of such housing by private industry due to high construction costs, a scarcity of financing and increased interest rates; that necessary governmental activities in urban renewal programs and under regulatory laws protecting health and safety face serious curtailment or interruption unless it becomes economically feasible for persons and families to acquire housing in place of the dwellings being eliminated by such activities; that the Commonwealth has a strong moral responsibility to assist in providing opportunity for the rental of relocation housing by persons and families displaced by necessary governmental activities and a general responsibility to eliminate conditions which prevent private industry from supplying housing to relieve the general shortage of housing; that private industry alone is unable to provide financing necessary for housing for persons and families of low and moderate income at a cost which such persons and families can afford; that the financing provided for in the Act will encourage greater expenditure of private capital for housing; and that there is a clear relationship between the provision of adequate, safe and sanitary housing and the advancement of public health and morals and the prevention of fire, accident and crime; and

WHEREAS, the Act empowers the Pennsylvania Housing Finance Agency (the "**Agency**") to make loans to eligible borrowers to provide for the construction, rehabilitation or permanent financing of such residential housing developments as in the judgment of the Agency have promise of supplying well planned, well designed apartment units which will provide housing for low and moderate income persons or families or the elderly and others in locations where there is a need for such housing and to purchase, service and sell such loans and to accept grants and subsidies from and to enter into agreements or other transactions with any federal agency or agency of the Commonwealth or other entity and to do all things necessary or convenient to carry out the powers granted by the Act; and

WHEREAS, the Agency is further authorized to issue and sell, subject to written approval by the Governor, bonds or notes in such principal amounts as, in the opinion of the Agency, are necessary to provide sufficient funds for achieving its corporate purposes; and

WHEREAS, the Agency has the power to invest any funds held in reserve or sinking funds and any funds not required for immediate disbursement in such investments as may be lawful for fiduciaries under any law of the Commonwealth, and the Agency may pledge reserve funds to the holders of bonds or notes which are issued pursuant to the Act and proceeds of loans created therefor by the Agency, all or any part of the assets acquired by the Agency pursuant to the Act, and any other lawfully available money to secure the payment of such bonds or notes; and

WHEREAS, the Act provides that bonds or notes issued by the Agency may be secured by a trust agreement, indenture of trust or similar instrument by and between it and a trustee and that the resolution providing for the issuance of such bonds or notes or such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Agency in relation to the custody, safeguarding and application of all moneys, may set forth the rights and remedies of the bondholders or noteholders and of any trustee, and may contain such other provisions as the Agency may deem reasonable and proper for the security of the bondholders or noteholders; and

WHEREAS, the Agency has determined to issue and secure bonds or notes in one or more series or subseries in accordance with, pursuant to and under this Resolution, a loan agreement and/or similar loan, trust, regulatory, financing and/or purchase agreements (such operative documents shall be referred to hereinafter collectively as the "**Agreement**"); and

WHEREAS, Rose Norris Homes LLC, a Pennsylvania limited liability company, or another affiliate of the sponsor, Jonathan Rose Companies, LLC (the "**Borrower**"), has requested financing from the Agency in the form of tax-exempt and/or taxable bonds or notes, in one or more series or subseries, issued at the same or different times, in an aggregate amount not to exceed \$28,500,000 (the "**Bonds**") to fund the acquisition, new construction, improvement and equipping of a multifamily residential rental housing project known as "Norris Homes Phase V" located on the 1900 block of North 10th Street, Philadelphia, Philadelphia County, Pennsylvania, with 111 affordable units out of 133 total units of housing (collectively, the "**Project**"); and

WHEREAS, the Agency will lend the proceeds of the Bonds to the Borrower pursuant to the Agreement; and

WHEREAS, the Agency may use a portion of the proceeds of the Bonds to reimburse itself or the Borrower for original expenditures paid prior to the date of issuance of the Bonds; and

WHEREAS, this Resolution is intended, *inter alia*, to constitute a statement of "Official Intent" pursuant to Treasury Regulations §1.150-2, T.D. 8476 (the "**Treasury Regulations**"); and

WHEREAS, Stifel, Nicolaus & Company, Incorporated or its affiliate (the "**Purchaser**"), or such successor entity as may be approved by the Agency, is anticipated to underwrite and to be the initial holder of the Bonds pursuant to the Agreement prior to a public offering of the Bonds.

NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF THE PENNSYLVANIA HOUSING FINANCE AGENCY AS FOLLOWS:

**ARTICLE I
AUTHORITY AND DEFINITIONS**

Section 101. Authority for Resolution. This Resolution (hereinafter referred to as the "**Resolution**") is adopted pursuant to the authority granted to the Agency in the Act.

Section 102. Definitions. All terms which are used but not defined herein shall have the meanings ascribed to them in the Agreement.

**ARTICLE II
AUTHORIZATION OF BONDS**

Section 201. Principal Amount and Designation. The Bonds are hereby authorized to be issued in one or more series or subseries, in an aggregate principal amount not to exceed \$28,500,000. The Bonds shall carry the designation set forth in the Agreement. The Bonds shall be issued pursuant in all respects to the terms of this Resolution.

Section 202. Purposes. The Bonds are being issued as special and limited obligations of the Agency, payable solely out of the moneys derived pursuant to the Agreement and the notes evidencing the certain loan or loans to the Borrower. Proceeds of the Bonds shall be used for the payment of qualified costs associated with the acquisition, new construction, renovation, equipping and/or improvement of the Project, and may be applied to certain costs of issuance. The Project is in every respect intended to qualify as a "residential rental facility" under the exempt facility provisions of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code").

Section 203. Conditions. This financing is subject to the fulfillment of all of the following conditions to the satisfaction of the Agency: (a) submission, review, and approval of all documentation necessary to secure construction and permanent loan financing; (b) satisfactory evidence that all conditions and qualifications relating to Section 42 of the Code and all applicable requirements of the Tax Credit Program have been met; (c) satisfactory evidence and Agency Counsel approval that all qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; (d) compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals; (e) compliance with all timeframes and deadlines established by the Agency; (f) evidence of the commitment of construction and permanent financing and contributions of equity in amounts sufficient to ensure financial feasibility of the Project; (g) evidence of the commitment to serve low income tenants for a period of not less than thirty-five (35) years, which will be included in the Restrictive Covenant Agreement; (h) evidence of the satisfaction of accessibility requirements; (i) final underwriting of the application for tax-exempt financing and low income housing tax credits; (j) satisfactory evidence of all requisite HUD and/or housing authority approvals, including approval of a rental subsidy with a term and in an amount sufficient to ensure the financial feasibility of the Project; (k) satisfactory evidence of all requisite Freddie Mac and lender approvals; and (l) submission of two sets of complete full size architectural plans and specifications at least sixty (60) days prior to the commencement of construction to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the commencement of the loan closing.

Section 204. Date, Principal Amount, Maturity and Interest Rate. The Bonds shall be dated as of the first day of the month in which they are issued, except as may be otherwise provided in the Agreement or the Bonds. The maturity date, interest rate or rates (which may be fixed or variable), interest payment dates, place of payment and other terms of the Bonds shall be as provided in the Agreement as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$28,500,000; the initial interest rate on the Bonds shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting; and the final maturity of the Bonds shall be no later than twenty-four (24) years after issuance, or such date supported by the final underwriting (whichever is shorter).

Section 205. Payments. The Bonds shall bear interest from their dated date and shall be payable as set forth in the Bonds and the Agreement, until the date of maturity of the Bonds or

redemption prior to maturity, as provided in the Agreement. All principal shall be due at maturity or redemption prior to maturity, as provided in the Agreement.

Section 206. Denominations, Numbers, Letters and Forms. The Bonds shall be issued as registered Bonds in \$1.00 minimum denominations and any multiple of \$1.00 in excess thereof, provided that for purposes of redeeming Bonds, the authorized denomination shall mean \$1.00. The Bonds shall be numbered consecutively, as appropriate. The Bonds shall be in substantially the form and tenor prescribed in the Agreement.

Section 207. Execution of Bonds. The Bonds shall be executed by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance and the seal of the Agency or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Bonds and attested by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel, Director of Finance or Secretary of the Agency. The Bonds shall be delivered to or on behalf of the Purchaser pursuant to the terms of the Agreement.

Section 208. Place of Payment. The principal payments, including payments upon redemption, of the Bonds shall be payable to the bondholders, as provided in the Agreement.

Section 209. Redemption. The Bonds shall be subject to optional redemption, extraordinary optional redemption and mandatory redemption as provided in the Agreement.

Section 210. Execution of Requisite Agreements. Any of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance of the Agency is hereby authorized to execute, for and on behalf of and in the name of the Agency, the Bonds and the Agreement, including a trust agreement if deemed appropriate, with such final terms and provisions as their counsel may deem advisable, provided that the Bonds shall contain substantive terms and provisions materially consistent with this Resolution.

ARTICLE III BOND PROCEEDS AND PAYMENTS OF COSTS

Section 301. Bond Proceeds. Pursuant to the Agreement, upon receipt of the proceeds of the sale of the Bonds, such proceeds shall be advanced to the Borrower.

Section 302. Payments of Costs. At closing, the Borrower shall pay the costs, expenses and professional fees associated with the issuance of the Bonds.

ARTICLE IV SECURITY FOR THE BONDS

Section 401. Limited Obligation. The Bonds shall be special and limited obligations of the Agency, and shall be payable only from funds paid by or on behalf of Borrower for such purposes. The Bonds shall be secured by the collateral described in the Agreement as security for the bondholders. The Bonds shall contain a statement therein to the effect that the obligations of the Agency on the Bonds are expressly limited to and are payable solely from the sources described in the Agreement.

Section 402. Credit of Commonwealth Not Pledged. The Bonds shall contain therein a statement to the effect that the Bonds shall be special and limited obligations of the Agency payable only from the sources provided in the Agreement, that neither the Commonwealth nor any political subdivision thereof shall be liable on the Bonds and that neither the faith and credit nor the taxing power of the

Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. Neither the members of the Board nor the officers of the Agency nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

ARTICLE V MISCELLANEOUS

Section 501. Authorization of Officers and Further Actions. The Chairperson, Vice Chairperson, Executive Director, Director of Finance, Deputy Executive Director and Chief Counsel, Secretary and any Assistant Secretary of the Agency, and any other authorized officer of the Agency, are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the Bonds and the Agreement as shall, with the advice of the Agency Counsel and Bond Counsel, be advisable, including the taking of any necessary or appropriate actions to modify the terms hereof in order to achieve the financing transaction.

Section 502. Covenant to Comply with Federal Tax Requirements. The Agency hereby covenants to comply, and to take appropriate steps to ensure that the Borrower complies, with all applicable requirements of the Code so that interest on the Bonds is entitled to exclusion from gross income of the holders thereof for federal income tax purposes, including all applicable requirements of the Code regarding the provision of funds for qualified residential rental properties, investment of proceeds, treatment of fund investment earnings, repayments or unused proceeds, restriction of earnings on reserve funds, and rebate and yield restrictions set forth in Section 148 of the Code. The Agency also covenants to make any required payment imposed by the United States to maintain compliance with said requirements from time to time as required by Section 148 of the Code (or by applicable subsequent Treasury Regulation). The Agency shall require that Borrower contract for and fund the retention of qualified computation advisers to perform all applicable disclosure and federal tax compliance requirements.

Section 503. Official Intent. In accordance with Treasury Reg. §1.150-2, the Agency hereby confirms its intentions that a portion of the proceeds of the Bonds may be used to reimburse itself or the Borrower for qualifying expenditures paid prior to the date of issuance of the Bonds. All original expenditures to be reimbursed will be capital expenditures (as defined in Treas. Reg. Sec. 1.150-1(b)) and other amounts permitted to be reimbursed pursuant to Treas. Reg. Sec. 1.150-2(d)(3) and (f).

Section 504. Effective Date and Validity. This Resolution shall take effect immediately and shall remain in effect until specifically repealed.

PENNSYLVANIA HOUSING FINANCE AGENCY

RESOLUTION

**Authorizing the Issuance of \$24,000,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(Sandy Hill Terrace)**

Adopted: September 12, 2019

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$24,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(Sandy Hill Terrace)**

WHEREAS, the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended (35 P.S. Section 1680.101 *et seq.*) (the "**Act**"), determines and declares that the welfare of the Commonwealth of Pennsylvania (the "**Commonwealth**") is threatened by an inadequate supply of housing for persons and families of low and moderate income and the elderly; that the housing need for persons and families of low and moderate income and the elderly has not had economic expression in a market demand sufficient to encourage greater production of such housing by private industry due to high construction costs, a scarcity of financing and increased interest rates; that necessary governmental activities in urban renewal programs and under regulatory laws protecting health and safety face serious curtailment or interruption unless it becomes economically feasible for persons and families to acquire housing in place of the dwellings being eliminated by such activities; that the Commonwealth has a strong moral responsibility to assist in providing opportunities for the rental of relocation housing by persons and families displaced by necessary governmental activities and a general responsibility to eliminate conditions which prevent private industry from supplying housing to relieve the general shortage of housing; that private industry alone is unable to provide financing necessary for housing for persons and families of low and moderate income at a cost which such persons and families can afford; that the financing provided for in the Act will encourage greater expenditure of private capital for housing; and that there is a clear relationship between the provision of adequate, safe and sanitary housing and the advancement of public health and morals and the prevention of fire, accident and crime; and

WHEREAS, the Act empowers the Pennsylvania Housing Finance Agency (the "**Agency**") to make loans to eligible borrowers to provide for the construction, rehabilitation or permanent financing of such residential housing developments as in the judgment of the Agency have promise of supplying well planned, well designed apartment units which will provide housing for low and moderate income persons or families or the elderly and others in locations where there is a need for such housing and to purchase, service and sell such loans and to accept grants and subsidies from and to enter into agreements or other transactions with any federal agency or agency of the Commonwealth or other entity and to do all things necessary or convenient to carry out the powers granted by the Act; and

WHEREAS, the Agency is further authorized to issue and sell, subject to written approval by the Governor, bonds or notes in such principal amounts as, in the opinion of the Agency, are necessary to provide sufficient funds for achieving its corporate purposes; and

WHEREAS, the Agency has the power to invest any funds held in reserve or sinking funds and any funds not required for immediate disbursement in such investments as may be lawful for fiduciaries under any law of the Commonwealth, and the Agency may pledge reserve funds to the holders of bonds or notes which are issued pursuant to the Act and proceeds of loans created therefor by the Agency, all or any part of the assets acquired by the Agency pursuant to the Act, and any other lawfully available money to secure the payment of such bonds or notes; and

WHEREAS, the Act provides that bonds or notes issued by the Agency may be secured by a trust agreement, indenture of trust or similar instrument (the "**Indenture**") by and between it and a trustee

and that the resolution providing for the issuance of such bonds or notes or such Indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Agency in relation to the custody, safeguarding and application of all moneys, may set forth the rights and remedies of the bondholders or noteholders and of any trustee, and may contain such other provisions as the Agency may deem reasonable and proper for the security of the bondholders or noteholders; and

WHEREAS, the Agency has determined to issue and secure bonds or notes in one or more series or subseries in accordance with, pursuant to and under this Resolution, a loan agreement and/or similar loan, trust, financing or purchase agreements (such operative documents shall be referred to hereinafter collectively as the "**Agreement**"); and

WHEREAS, Lighthouse Sandy Hill, LLC, a Pennsylvania limited liability company, or another affiliate of the sponsor, Orbach Affordable Housing Solutions LLC (the "**Borrower**") has requested financing from the Agency in the form of tax-exempt and/or taxable bonds or notes, in one or more series or subseries, issued at the same or different times, in an aggregate amount not to exceed \$24,000,000 (the "**Bonds**") to fund the acquisition, construction, improvement, rehabilitation and equipping of a multifamily residential rental housing project known as "Sandy Hill Terrace," located at 330 Walnut Street, Norristown, Montgomery County, Pennsylvania, with 175 total units of affordable housing for senior occupancy (ages 62 and older) (collectively, the "**Project**"); and

WHEREAS, the Agency may use a portion of the proceeds of the Bonds to reimburse itself or the Borrower for original expenditures paid prior to the date of issuance of the Bonds; and

WHEREAS, this Resolution is intended, *inter alia*, to constitute a statement of "Official Intent" pursuant to Treasury Regulations §1.150-2, T.D. 8476 (the "**Treasury Regulations**"); and

WHEREAS, Jeffries LLC or its affiliate (the "**Purchaser**"), or such successor entity as may be approved by the Agency, will underwrite the Bonds and facilitate the public sale and offering of the Bonds to the ultimate purchasers.

NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF THE PENNSYLVANIA HOUSING FINANCE AGENCY AS FOLLOWS:

ARTICLE I AUTHORITY AND DEFINITIONS

Section 101. Authority for Resolution. This Resolution (hereinafter referred to as the "**Resolution**") is adopted pursuant to the authority granted to the Agency in the Act.

Section 102. Definitions. All terms which are used but not defined herein shall have the meanings ascribed to them in the Agreement.

ARTICLE II AUTHORIZATION OF BONDS

Section 201. Principal Amount and Designation. The Bonds are hereby authorized to be issued in one or more series or subseries, in an aggregate principal amount not to exceed \$24,000,000. The Bonds shall carry the designation set forth in the Agreement. The Bonds shall be issued pursuant in all respects to the terms of this Resolution.

Section 202. Purposes. The Bonds are being issued as special and limited obligations of the Agency, payable solely out of the moneys derived pursuant to the Agreement and the revenues generated by the mortgage-backed security issued by Fannie Mae with respect to a mortgage loan (the "**Mortgage Loan**") originated by Berkadia Commercial Mortgage LLC (the "**Lender**") in respect of the Project. Proceeds of the Bonds shall be used for the payment of qualified costs associated with the acquisition, new construction, renovation, equipping and/or improvement of the Project, and may be applied to certain costs of issuance. The Project is in every respect intended to qualify as a "residential rental facility" under the exempt facility provisions of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "**Code**").

Section 203. Conditions. This financing is subject to the fulfillment of all of the following conditions to the satisfaction of the Agency: (a) submission, review, and approval of all documentation necessary to secure construction and permanent loan financing; (b) satisfactory evidence that all conditions and qualifications relating to Section 42 of the Code and all applicable requirements of the Tax Credit Program have been met; (c) satisfactory evidence and Agency Counsel approval that all qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; (d) compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals; (e) compliance with all timeframes and deadlines established by the Agency; (f) evidence of the commitment of construction and permanent financing and contribution of equity in amounts sufficient to ensure financial feasibility of the Project; (g) evidence of the commitment to serve low income tenants for a period of not less than thirty-five (35) years, which will be included in the Restrictive Covenant Agreement; (h) evidence of the satisfaction of accessibility requirements; (i) final underwriting of the application for tax-exempt financing and low income housing tax credits; (j) satisfactory evidence of all requisite HUD and/or housing authority approvals, including approval of a rental subsidy with a term and in an amount sufficient to ensure the financial feasibility of the Project; (k) satisfactory evidence of all requisite Fannie Mae and Lender approvals for the origination of the Mortgage Loan and the issuance of the mortgage-backed security with respect to the Mortgage Loan; and (l) submission of two sets of complete full size architectural plans and specifications at least sixty (60) days prior to the commencement of construction to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the commencement of the loan closing.

Section 204. Date, Principal Amount, Maturity and Interest Rate. The Bonds shall be dated as of the first day of the month in which they are issued, except as may be otherwise provided in the Indenture or the Bonds. The maturity date, interest rate or rates (which may be fixed or variable), interest payment dates, place of payment and other terms of the Bonds shall be as provided in the Indenture as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$24,000,000; the initial interest rate on the Bonds shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting; and the final maturity of the Bonds shall be no later than twenty (20) years after issuance, or such date supported by the final underwriting (whichever is shorter).

Section 205. Payments. The Bonds shall bear interest from their dated date and shall be payable as set forth in the Bonds and the Indenture, until the date of maturity of the Bonds or redemption prior to maturity, as provided in the Indenture. All principal shall be due at maturity or redemption prior to maturity, as provided in the Indenture.

Section 206. Denominations, Numbers, Letters and Forms. The Bonds shall be issued as registered Bonds in \$1.00 minimum denominations and any multiple of \$1.00 in excess thereof, provided

that for purposes of redeeming Bonds, the authorized denomination shall mean \$1.00. The Bonds shall be numbered consecutively, as appropriate. The Bonds shall be in substantially the form and tenor prescribed in the Indenture.

Section 207. Execution of Bonds. The Bonds shall be executed by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance and the seal of the Agency or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Bonds and attested by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel, Director of Finance or Secretary of the Agency. The Bonds shall be delivered to or on behalf of the Purchaser pursuant to the terms of the Indenture.

Section 208. Place of Payment. The principal payments, including payments upon redemption, of the Bonds shall be payable to the bondholders, as provided in the Indenture.

Section 209. Redemption. The Bonds shall be subject to optional redemption, extraordinary optional redemption and mandatory redemption as provided in the Indenture.

Section 210. Execution of Requisite Agreements. Any of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance of the Agency is hereby authorized to execute, for and on behalf of and in the name of the Agency, the Bonds, the Indenture, the Agreement, a purchase contract with the Purchaser and a land use restriction agreement with respect to the Federal income tax requirements applicable to the Bonds and the Project, with such final terms and provisions as their counsel may deem advisable, provided that the Bonds shall contain such substantive terms and provisions materially consistent with this Resolution.

ARTICLE III BOND PROCEEDS AND PAYMENTS OF COSTS

Section 301. Bond Proceeds. Pursuant to the Agreement and the Indenture, the proceeds of the sale of the Bonds shall be applied to purchase a mortgage-backed security issued by Fannie Mae with respect to the Mortgage Loan upon the issuance of said mortgage-backed security and the proceeds of the Mortgage Loan will be advanced to the Borrower.

Section 302. Payments of Costs. At closing, the Borrower shall pay the costs, expenses and professional fees associated with the issuance of the Bonds.

ARTICLE IV SECURITY FOR THE BONDS

Section 401. Limited Obligation. The Bonds shall be special and limited obligations of the Agency, and shall be payable only from funds paid by or on behalf of Borrower or revenues from the mortgage-backed security issued by Fannie Mae with respect to the Mortgage Loan. The Bonds shall be secured by the collateral described in the Indenture as security for the bondholders. The Bonds shall contain a statement therein to the effect that the obligations of the Agency on the Bonds are expressly limited to and are payable solely from the sources described in the Indenture.

Section 402. Credit of Commonwealth Not Pledged. The Bonds shall contain therein a statement to the effect that the Bonds shall be special and limited obligations of the Agency payable only from the sources provided in the Indenture, that neither the Commonwealth nor any political subdivision thereof shall be liable on the Bonds and that neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or the

interest on the Bonds. Neither the members of the Board nor the officers of the Agency nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

ARTICLE V MISCELLANEOUS

Section 501. Authorization of Officers and Further Actions. The Chairperson, Vice Chairperson, Executive Director, Director of Finance, Deputy Executive Director and Chief Counsel, Secretary and any Assistant Secretary of the Agency, and any other authorized officer of the Agency, are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the Bonds, the Agreement and the Indenture, , as shall, with the advice of the Agency Counsel and Bond Counsel, be advisable, including the taking of any necessary or appropriate actions to modify the terms hereof in order to achieve the financing transaction.

Section 502. Covenant to Comply with Federal Tax Requirements. The Agency hereby covenants to comply, and to take appropriate steps to ensure that the Borrower complies, with all applicable requirements of the Code so that interest on the Bonds is entitled to exclusion from gross income of the holders thereof for federal income tax purposes, including all applicable requirements of the Code regarding the provision of funds for qualified residential rental properties, investment of proceeds, treatment of fund investment earnings, repayments or unused proceeds, restriction of earnings on reserve funds, and rebate and yield restrictions set forth in Section 148 of the Code. The Agency also covenants to make any required payment imposed by the United States to maintain compliance with said requirements from time to time as required by Section 148 of the Code (or by applicable subsequent Treasury Regulation). The Agency shall require that Borrower contract for and fund the retention of qualified computation advisers to perform all applicable disclosure and federal tax compliance requirements.

Section 503. Official Intent. In accordance with Treasury Reg. §1.150-2, the Agency hereby confirms its intentions that a portion of the proceeds of the Bonds may be used to reimburse itself or the Borrower for qualifying expenditures paid prior to the date of issuance of the Bonds. All original expenditures to be reimbursed will be capital expenditures (as defined in Treas. Reg. Sec. 1.150-1(b)) and other amounts permitted to be reimbursed pursuant to Treas. Reg. Sec. 1.150-2(d)(3) and (f).

Section 504. Effective Date and Validity. This Resolution shall take effect immediately and shall remain in effect until specifically repealed.

PENNSYLVANIA HOUSING FINANCE AGENCY

RESOLUTION

**Authorizing the Issuance of \$13,500,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(Episcopal House)**

Adopted: September 12, 2019

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$13,500,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(EPISCOPAL HOUSE)**

WHEREAS, the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended (35 P.S. Section 1680.101 *et seq.*) (the "**Act**"), determines and declares that the welfare of the Commonwealth of Pennsylvania (the "**Commonwealth**") is threatened by an inadequate supply of housing for persons and families of low and moderate income and the elderly; that the housing need for persons and families of low and moderate income and the elderly has not had economic expression in a market demand sufficient to encourage greater production of such housing by private industry due to high construction costs, a scarcity of financing and increased interest rates; that necessary governmental activities in urban renewal programs and under regulatory laws protecting health and safety face serious curtailment or interruption unless it becomes economically feasible for persons and families to acquire housing in place of the dwellings being eliminated by such activities; that the Commonwealth has a strong moral responsibility to assist in providing opportunities for the rental of relocation housing by persons and families displaced by necessary governmental activities and a general responsibility to eliminate conditions which prevent private industry from supplying housing to relieve the general shortage of housing; that private industry alone is unable to provide financing necessary for housing for persons and families of low and moderate income at a cost which such persons and families can afford; that the financing provided for in the Act will encourage greater expenditure of private capital for housing; and that there is a clear relationship between the provision of adequate, safe and sanitary housing and the advancement of public health and morals and the prevention of fire, accident and crime; and

WHEREAS, the Act empowers the Pennsylvania Housing Finance Agency (the "**Agency**") to make loans to eligible borrowers to provide for the construction, rehabilitation or permanent financing of such residential housing developments as in the judgment of the Agency have promise of supplying well planned, well designed apartment units which will provide housing for low and moderate income persons or families or the elderly and others in locations where there is a need for such housing and to purchase, service and sell such loans and to accept grants and subsidies from and to enter into agreements or other transactions with any federal agency or agency of the Commonwealth or other entity and to do all things necessary or convenient to carry out the powers granted by the Act; and

WHEREAS, the Agency is further authorized to issue and sell, subject to written approval by the Governor, bonds or notes in such principal amounts as, in the opinion of the Agency, are necessary to provide sufficient funds for achieving its corporate purposes; and

WHEREAS, the Agency has the power to invest any funds held in reserve or sinking funds and any funds not required for immediate disbursement in such investments as may be lawful for fiduciaries under any law of the Commonwealth, and the Agency may pledge reserve funds to the holders of bonds or notes which are issued pursuant to the Act and proceeds of loans created therefor by the Agency, all or any part of the assets acquired by the Agency pursuant to the Act, and any other lawfully available money to secure the payment of such bonds or notes; and

WHEREAS, the Act provides that bonds or notes issued by the Agency may be secured by a trust agreement, indenture of trust or similar instrument (the "**Indenture**") by and between it and a trustee and that the resolution providing for the issuance of such bonds or notes or such Indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Agency in relation to the custody, safeguarding and application of all moneys, may set forth the rights and remedies of the bondholders or noteholders and of any trustee, and may contain such other provisions as the Agency may deem reasonable and proper for the security of the bondholders or noteholders; and

WHEREAS, the Agency has determined to issue and secure bonds or notes in one or more series or subseries in accordance with, pursuant to and under this Resolution, a loan agreement and/or similar loan, trust, financing or purchase agreements (such operative documents shall be referred to hereinafter collectively as the "**Agreement**"); and

WHEREAS, Episcopal Housing Associates LP, a Pennsylvania limited partnership, or another affiliate of the sponsor, Wishrock Housing Partners LLC (the "**Borrower**"), has requested financing from the Agency in the form of tax-exempt and/or taxable bonds or notes, in one or more series or subseries, issued at the same or different times, in an aggregate amount not to exceed \$13,500,000 (the "**Bonds**") to fund the acquisition, construction, improvement, rehabilitation and equipping of a multifamily residential rental housing project known as "Episcopal House," located at 1440 Walnut Street, Allentown, Lehigh County, Pennsylvania, with 210 total units of affordable housing (collectively, the "**Project**"); and

WHEREAS, the Agency will lend the proceeds of the Bonds to the Borrower pursuant to the Agreement; and

WHEREAS, the Agency may use a portion of the proceeds of the Bonds to reimburse itself or the Borrower for original expenditures paid prior to the date of issuance of the Bonds; and

WHEREAS, this Resolution is intended, inter alia, to constitute a statement of "Official Intent" pursuant to Treasury Regulations §1.150-2, T.D. 8476 (the "**Treasury Regulations**"); and

WHEREAS, Stifel, Nicolaus & Company, Incorporated or its affiliate (the "**Purchaser**"), or such successor entity as may be approved by the Agency, is anticipated to underwrite and to be the initial holder of the Bonds pursuant to the Agreement prior to a public offering of the Bonds.

NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF THE PENNSYLVANIA HOUSING FINANCE AGENCY AS FOLLOWS:

**ARTICLE I
AUTHORITY AND DEFINITIONS**

Section 101. Authority for Resolution. This Resolution (hereinafter referred to as the "**Resolution**") is adopted pursuant to the authority granted to the Agency in the Act.

Section 102. Definitions. All terms which are used but not defined herein shall have the meanings ascribed to them in the Agreement.

ARTICLE II AUTHORIZATION OF BONDS

Section 201. Principal Amount and Designation. The Bonds are hereby authorized to be issued in one or more series or subseries, in an aggregate principal amount not to exceed \$13,500,000. The Bonds shall carry the designation set forth in the Agreement. The Bonds shall be issued pursuant in all respects to the terms of this Resolution.

Section 202. Purposes. The Bonds are being issued as special and limited obligations of the Agency, payable solely out of the moneys derived pursuant to the Agreement and the proceeds of an FHA-insured 221(d)(4) mortgage loan (the "**Mortgage Loan**") originated by Walker & Dunlop (the "Lender") in respect of the Project. Proceeds of the Bonds shall be used for the payment of qualified costs associated with the acquisition, new construction, renovation, equipping and/or improvement of the Project, and may be applied to certain costs of issuance. The Project is in every respect intended to qualify as a "residential rental facility" under the exempt facility provisions of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "**Code**").

Section 203. Conditions. This financing is subject to the fulfillment of all of the following conditions to the satisfaction of the Agency: (a) submission, review, and approval of all documentation necessary to secure construction and permanent loan financing; (b) satisfactory evidence that all conditions and qualifications relating to Section 42 of the Code and all applicable requirements of the Tax Credit Program have been met; (c) satisfactory evidence and Agency Counsel approval that all qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; (d) compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals; (e) compliance with all timeframes and deadlines established by the Agency; (f) evidence of the commitment of construction and permanent financing and contributions of equity in amounts sufficient to ensure financial feasibility of the Project; (g) evidence of the commitment to serve low income tenants for a period of not less than thirty-five (35) years, which will be included in the Restrictive Covenant Agreement; (h) evidence of the satisfaction of accessibility requirements; (i) final underwriting of the application for tax-exempt financing and low income housing tax credits; (j) satisfactory evidence of all requisite HUD and/or housing authority approvals, including approval of a rental subsidy with a term and in an amount sufficient to ensure the financial feasibility of the Project as well as renewal and assignment of the HUD Service Coordinator Grant; (k) satisfactory evidence of agreements for payments in lieu of taxes with the Allentown School District, the City of Allentown and Lehigh County with terms and in amounts sufficient to ensure the financial feasibility of the project; (l) satisfactory evidence of all requisite Lender approvals for the origination of the Mortgage Loan; and (m) submission of two sets of complete full size architectural plans and specifications at least sixty (60) days prior to the commencement of construction to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the commencement of the loan closing.

Section 204. Date, Principal Amount, Maturity and Interest Rate. The Bonds shall be dated as of the first day of the month in which they are issued, except as may be otherwise provided in the Indenture or the Bonds. The maturity date, interest rate or rates (which may be fixed or variable), interest payment dates, place of payment and other terms of the Bonds shall be as provided in the Indenture as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$13,500,000; the initial interest rate on the Bonds shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting; and the final maturity of the Bonds shall be

no later than forty-eight (48) months after issuance, or such date supported by the final underwriting (whichever is shorter).

Section 205. Payments. The Bonds shall bear interest from their dated date and shall be payable as set forth in the Bonds and the Indenture, until the date of maturity of the Bonds or redemption prior to maturity, as provided in the Indenture. All principal shall be due at maturity or redemption prior to maturity, as provided in the Indenture.

Section 206. Denominations, Numbers, Letters and Forms. The Bonds shall be issued as registered Bonds in \$1.00 minimum denominations and any multiple of \$1.00 in excess thereof, provided that for purposes of redeeming Bonds, the authorized denomination shall mean \$1.00. The Bonds shall be numbered consecutively, as appropriate. The Bonds shall be in substantially the form and tenor prescribed in the Indenture.

Section 207. Execution of Bonds. The Bonds shall be executed by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance and the seal of the Agency or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Bonds and attested by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel, Director of Finance or Secretary of the Agency. The Bonds shall be delivered to or on behalf of the Purchaser pursuant to the terms of the Indenture.

Section 208. Place of Payment. The principal payments, including payments upon redemption, of the Bonds shall be payable to the bondholders, as provided in the Indenture.

Section 209. Redemption. The Bonds shall be subject to optional redemption, extraordinary optional redemption and mandatory redemption as provided in the Indenture.

Section 210. Execution of Requisite Agreements. Any of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance of the Agency is hereby authorized to execute, for and on behalf of and in the name of the Agency, the Bonds, the Indenture, the Agreement, a purchase contract with the Purchaser and a land use restriction agreement with respect to the Federal income tax requirements applicable to the Bonds, with such final terms and provisions as their counsel may deem advisable, provided that the Bonds shall contain substantive terms and provisions materially consistent with this Resolution.

ARTICLE III BOND PROCEEDS AND PAYMENTS OF COSTS

Section 301. Bond Proceeds. Pursuant to the Agreement and the Indenture, upon receipt of the proceeds of the sale of the Bonds, such proceeds shall be advanced to the Borrower.

Section 302. Payments of Costs. At closing, the Borrower shall pay the costs, expenses and professional fees associated with the issuance of the Bonds.

ARTICLE IV SECURITY FOR THE BONDS

Section 401. Limited Obligation. The Bonds shall be special and limited obligations of the Agency, and shall be payable only from proceeds of the Mortgage Loan or funds paid by or on behalf of Borrower for such purposes. The Bonds shall be secured by the collateral described in the Indenture as security for the bondholders. The Bonds shall contain a statement therein to the effect that the obligations

of the Agency on the Bonds are expressly limited to and are payable solely from the sources described in the Indenture.

Section 402. Credit of Commonwealth Not Pledged. The Bonds shall contain therein a statement to the effect that the Bonds shall be special and limited obligations of the Agency payable only from the sources provided in the Indenture, that neither the Commonwealth nor any political subdivision thereof shall be liable on the Bonds and that neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. Neither the members of the Board nor the officers of the Agency nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

ARTICLE V MISCELLANEOUS

Section 501. Authorization of Officers and Further Actions. The Chairperson, Vice Chairperson, Executive Director, Director of Finance, Deputy Executive Director and Chief Counsel, Secretary and any Assistant Secretary of the Agency, and any other authorized officer of the Agency, are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the Bonds, the Agreement and the Indenture, as shall, with the advice of the Agency Counsel and Bond Counsel, be advisable, including the taking of any necessary or appropriate actions to modify the terms hereof in order to achieve the financing transaction.

Section 502. Covenant to Comply with Federal Tax Requirements. The Agency hereby covenants to comply, and to take appropriate steps to ensure that the Borrower complies, with all applicable requirements of the Code so that interest on the Bonds is entitled to exclusion from gross income of the holders thereof for federal income tax purposes, including all applicable requirements of the Code regarding the provision of funds for qualified residential rental properties, investment of proceeds, treatment of fund investment earnings, repayments or unused proceeds, restriction of earnings on reserve funds, and rebate and yield restrictions set forth in Section 148 of the Code. The Agency also covenants to make any required payment imposed by the United States to maintain compliance with said requirements from time to time as required by Section 148 of the Code (or by applicable subsequent Treasury Regulation). The Agency shall require that Borrower contract for and fund the retention of qualified computation advisers to perform all applicable disclosure and federal tax compliance requirements.

Section 503. Official Intent. In accordance with Treasury Reg. §1.150-2, the Agency hereby confirms its intentions that a portion of the proceeds of the Bonds may be used to reimburse itself or the Borrower for qualifying expenditures paid prior to the date of issuance of the Bonds. All original expenditures to be reimbursed will be capital expenditures (as defined in Treas. Reg. Sec. 1.150-1(b)) and other amounts permitted to be reimbursed pursuant to Treas. Reg. Sec. 1.150-2(d)(3) and (f).

Section 504. Effective Date and Validity. This Resolution shall take effect immediately and shall remain in effect until specifically repealed.

**RESOLUTION OF THE MEMBERS OF THE BOARD
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING MORTGAGE FINANCING AND ADDITIONAL RESOURCES AND
ADJUSTMENTS FOR STONE RIDGE COMMONS**

WHEREAS, the Agency is currently reviewing certain 2018 Tax Credit projects and is working with projects to provide appropriate financial resources to achieve financial feasibility given increased costs and lack of adequate funding to meet closing conditions; and

WHEREAS, staff has reviewed requests for first mortgage financing as described below for the following project, expected to close within the next few months:

Stone Ridge Commons (Springettsbury Township, York, York County); \$500,000 (30 years at 5.0%)

WHEREAS, based upon its underwriting, staff recommends that the Agency provide financing to the project as set forth above (subject to final underwriting and satisfaction of all closing conditions); and

WHEREAS, the Agency has worked with 2018 Tax Credit projects seeking additional resources to achieve closing and has determined to provide additional tax credits to satisfy funding gaps to the extent possible so as to preserve other financial resources.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 12th day of September, 2019, as follows:

Section 1. Staff is authorized and directed to take all actions necessary to provide construction and permanent mortgage loan financing to support Stone Ridge Commons, in the maximum amount and rates set forth above (which may be increased by 15% as a contingency allowance based on final underwriting of both supportable debt amount and interest rate) subject to the following conditions: (a) agreement to all terms of a regulatory agreement that establishes affordability restrictions on the project for the financing period; (b) commitment of all other necessary funding sources set forth in the underwriting and financing plan and necessary for financial feasibility; and (c) the Agency's final review and approval of the necessary financing documents and closing requirements.

Section 2. This resolution shall take effect immediately.

**PENNSYLVANIA HOUSING FINANCE AGENCY RESOLUTION AUTHORIZING
A \$25,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
LOAN FROM TRISTATE CAPITAL BANK**

WHEREAS, pursuant to the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended (35 P.S. Section 1680.101 *et seq.*) (the "Act"), the Agency has the power and authority, *inter alia*, to provide financing for loans for the renovation, repair and improvement of owner-occupied single family residences, for the acquisition of single family homes, for the acquisition construction, renovation and rehabilitation of residential rental facilities, for specialized affordable housing financing programs; and for related and ancillary facilities; and

WHEREAS, the Agency originates and services loans for its various affordable housing financing program and funds such loans through its issuance of bonds, notes, capital sources and through the amounts available and not otherwise restricted in its general fund; and

WHEREAS, TriState Capital Bank has agreed to provide funds to replenish certain amounts currently committed or to be committed to provide financing for loans through a loan in an amount not to exceed \$25,000,000, with the Agency retaining loan servicing; and

WHEREAS, the total commitment shall not exceed \$25,000,000, shall be on terms negotiated in accordance with the provisions set forth herein and shall provide additional liquidity and flexibility to the Agency in continuing its financing programs.

NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY ON THE 12TH DAY OF SEPTEMBER, 2019 AS FOLLOWS:

Section 1. The Agency hereby approves and authorizes a loan in an aggregate principal amount not to exceed \$25,000,000 from TriState Capital Bank at an interest rate not to exceed 2.75% for a term not to exceed 15 years, with amortization of 30 years.

Section 2. Staff is hereby authorized and directed to take all actions necessary to effectuate the above authorized borrowing and to prepare, negotiate and execute all documentation related thereto.

Section 3. This resolution shall take effect immediately.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 131

WHEREAS, pursuant to the Housing Finance Agency Law, 35 P.S. Section 1680.101 et seq., "the Agency has the power...as authorized from time to time by resolution of the members and subject to the written approval of the Governor to issue its negotiable bonds...and notes in such principal amount as... shall be necessary to provide sufficient funds for achieving its corporate purposes...at such price or prices as the Agency shall determine..."; and

WHEREAS, the Agency has determined to issue its Single Family Mortgage Revenue Bonds, Series 131 in accordance with a resolution to be attached hereto and made a part hereof ("Series Resolution"); and

WHEREAS, pursuant to a resolution of the Agency adopted June 13, 1991 and entitled "RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY DELEGATING TO THE FINANCE COMMITTEE CERTAIN SPECIFIC AUTHORITY RELATING TO AGENCY BOND ISSUES," the Agency has determined to delegate to the Finance Committee of the Board of the Agency, within the perimeters established herein, the authorization to negotiate the final terms of such series of bonds.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 12th day of September, 2019 as follows:

Section 1. Adoption of the Series 131 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 131 (the "Bonds") is hereby incorporated herein by reference and is adopted by the Agency.

Section 2. Delegation of Authorization to Negotiate Final Terms. (a) Subject to the provisions of this Section 2, the Finance Committee is hereby authorized and directed to negotiate, prepare or accept, execute, deliver and distribute, for and on behalf of the Agency and in the name thereof, a contract of purchase and/or agreement and memorandum of understanding, which outlines terms of final pricing, interest rates, tender and redemption provisions, bond maturities, payment of associated costs of issuance appropriate for the financing (including reasonable compensation for applicable structuring and fees related thereto), and such documents as may be necessary for the transaction, including offering and disclosure documents, an indenture and all other documents relating to the issuance of and investment mechanisms relating to the Bonds and related securities, which may include taxable, variable rate or fixed rate notes. At the time such final terms have been negotiated on behalf of the Agency, such final terms shall be incorporated into the Series Resolution, which, with such final terms so incorporated, shall constitute the Series Resolution of the Agency authorizing the issuance of the Bonds.

(b) The final terms of the Series 131 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 131 Bonds shall not exceed \$350,000,000, (ii) the final maturity of the Series 131 Bonds shall be no later than 2060, and (iii) the initial interest rate or rates on the Series 131 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

Section 3. Additional Authorization. The Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance is authorized to enter into one or more guaranteed investment contracts, escrow deposit agreements or other investment instruments relating to the Bonds, to take all necessary actions and to make any necessary and appropriate amendments or adjustments to all or a relevant portion of any bonds issued under the Indenture and to secure substitute facilities and remarketing agreements for any of the Agency's outstanding variable rate demand obligations.

Section 4. Effective Date and Official Intent. This Resolution shall take effect immediately and shall serve to declare the official intent of the Agency to allow reimbursement of qualified capital expenditures from proceeds of the Bonds in accordance with Treasury Regulations.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 132

WHEREAS, pursuant to the Housing Finance Agency Law, 35 P.S. Section 1680.101 et seq., "the Agency has the power...as authorized from time to time by resolution of the members and subject to the written approval of the Governor to issue its negotiable bonds...and notes in such principal amount as... shall be necessary to provide sufficient funds for achieving its corporate purposes...at such price or prices as the Agency shall determine..."; and

WHEREAS, the Agency has determined to issue its Single Family Mortgage Revenue Bonds, Series 132 in accordance with a resolution to be attached hereto and made a part hereof ("Series Resolution"); and

WHEREAS, pursuant to a resolution of the Agency adopted June 13, 1991 and entitled "RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY DELEGATING TO THE FINANCE COMMITTEE CERTAIN SPECIFIC AUTHORITY RELATING TO AGENCY BOND ISSUES," the Agency has determined to delegate to the Finance Committee of the Board of the Agency, within the perimeters established herein, the authorization to negotiate the final terms of such series of bonds.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 12th day of September, 2019 as follows:

Section 1. Adoption of the Series 132 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 132 (the "Bonds") is hereby incorporated herein by reference and is adopted by the Agency.

Section 2. Delegation of Authorization to Negotiate Final Terms. (a) Subject to the provisions of this Section 2, the Finance Committee is hereby authorized and directed to negotiate, prepare or accept, execute, deliver and distribute, for and on behalf of the Agency and in the name thereof, a contract of purchase and/or agreement and memorandum of understanding, which outlines terms of final pricing, interest rates, tender and redemption provisions, bond maturities, payment of associated costs of issuance appropriate for the financing (including reasonable compensation for applicable structuring and fees related thereto), and such documents as may be necessary for the transaction, including offering and disclosure documents, an indenture and all other documents relating to the issuance of and investment mechanisms relating to the Bonds and related securities, which may include taxable, variable rate or fixed rate notes. At the time such final terms have been negotiated on behalf of the Agency, such final terms shall be incorporated into the Series Resolution, which, with such final terms so incorporated, shall constitute the Series Resolution of the Agency authorizing the issuance of the Bonds.

(b) The final terms of the Series 132 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 132 Bonds shall not exceed \$350,000,000, (ii) the final maturity of the Series 132 Bonds shall be no later than 2060, and (iii) the initial interest rate or rates on the Series 132 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

Section 3. Additional Authorization. The Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance is authorized to enter into one or more guaranteed investment contracts, escrow deposit agreements or other investment instruments relating to the Bonds, to take all necessary actions and to make any necessary and appropriate amendments or adjustments to all or a relevant portion of any bonds issued under the Indenture and to secure substitute facilities and remarketing agreements for any of the Agency's outstanding variable rate demand obligations.

Section 4. Effective Date and Official Intent. This Resolution shall take effect immediately and shall serve to declare the official intent of the Agency to allow reimbursement of qualified capital expenditures from proceeds of the Bonds in accordance with Treasury Regulations.