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## **TAXABLE AND 501(C)(3) TAX EXEMPT BOND FINANCING**

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The Agency provides financing to developers building or rehabilitating rental units designed for lower income occupancy. Competitive financing rates are made possible through the sale of Agency tax exempt and taxable bonds as well as other funding sources. Mortgages provided through Agency financing must be secured by a priority lien position. Agency financing may be coupled with PennHOMES funds to help make the development financially feasible. All developments must remain rental housing meeting the low and moderate income tenancy requirement for the longer of the term of the mortgage or 30 years.

Distribution to owners from excess revenue of a development will be limited to an annual return of 15% of the owner's equity in the development. The right to receive the return on equity is cumulative. The equity in the development shall be determined at final closing based on the cost certification. The stated owner's equity in the development may be adjusted annually to reflect increases in the Consumer Price Index.

Please see the below link for more information regarding the Agency's loan programs:

[www.phfa.org/mhp/developers/loans.aspx](http://www.phfa.org/mhp/developers/loans.aspx)

### **Outside Funding Sources**

Applicants should seek other sources of public and private support, including donation of publicly held land, to enhance the financial viability of the development.

### **Credit Enhancement/Mortgage Insurance**

Credit enhancement/mortgage insurance may be required for developments requesting Agency taxable or tax exempt bond financing.