

**CONNECTICUT HOUSING FINANCE AUTHORITY**  
**PARTICIPATING MIDDLE INCOME HOUSING LENDER AGREEMENT**

THIS AGREEMENT (the “**Agreement**”) is made as of this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”), by and between the **CONNECTICUT HOUSING FINANCE AUTHORITY**, a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut, having its office and principal place of business at 999 West Street, Rocky Hill, Connecticut 06067 (“**CHFA**”) and [\_\_\_\_\_, a [\_\_\_\_\_] having an address of [\_\_\_\_\_] (“**Participating Middle Income Housing Lender**”).

**W I T N E S S E T H :**

**WHEREAS**, in order to support certain housing goals in the State of Connecticut (the “**State**”), the “*Housing Trust Fund*” program (“**HTF**”) was established for administration in accordance with Chapter 137e of the Connecticut General Statutes (“**CGS**”);

**WHEREAS**, in accordance with Public Act 23-205 (the “**Budget Implementer Act**”), not more than \$200,000,000 authorized to capitalize the HTF by the State of Connecticut Bond Commission (the “**SBC**”) shall be provided by the State of Connecticut Department of Housing (the “**Department**”) to CHFA to administer a revolving loan fund to finance housing projects for middle income families;

**WHEREAS**, in accordance with the HTF and the Budget Implementer Act, the Department has requested that the Authority administer a certain Workforce Housing Projects Fund (Housing for Middle Income Families) for the purpose of providing subordinate or other financing to multifamily properties to create housing units affordable to middle income households and persons (the “**Program**”) in accordance with anticipated future authorizations of funding by the SBC (collectively, the “**SBC Authorization**”);

**WHEREAS**, CHFA is administering the Program in accordance with the HTF, the Budget Implementer Act, the SBC Authorization, Chapter 134 of the CGS (the “**Act**”), the procedures adopted by CHFA (the “**Procedures**”) and authorizing resolutions of the Board of Directors of CHFA (the “**CHFA Authorization**”);

**WHEREAS**, CHFA issued a notice of funding (“**NOF**”) seeking lending institutions for participation in the Program; and

**WHEREAS**, CHFA has accepted Participating Middle Income Housing Lender, to participate with CHFA to provide Program financing to certain multifamily developments in the State.

NOW THEREFORE, in consideration of the above, the parties hereto agree as follows:

1. This Agreement shall be subject to the provisions of the HTF, the Budget Implementer Act, the SBC Authorization, the Act, the Procedures, the CHFA Authorization and the requirements and guidelines established by CHFA herein. CHFA’s obligation to fund under this Agreement is conditioned upon the SBC Authorization and CHFA’s receipt of Program funding in accordance therewith.

2. CHFA agrees to offer Program subordinate mortgage financing (each, a “**Loan**”) to eligible multifamily developments in the State (each, a “**Development**”) financed by Participating Middle Income Housing Lender in conjunction with Participating Middle Income Housing Lender’s mortgage loan programs for said Developments. Each Loan shall comply with, be subject to, and be underwritten, closed and serviced by CHFA in accordance with the “*Program Criteria*” set forth on **Exhibit A**, attached hereto and made a part hereof, as the same may be modified by CHFA from time to time.

3. Application materials with respect to Participating Middle Income Housing Lender’s own mortgage financing for a proposed Development shall be submitted by Participating Middle Income Housing Lender and/or the Development owner to CHFA requesting a Loan reservation by CHFA in accordance with all applicable Program Criteria and requirements (each, a “**Loan Reservation**”), as more particularly set forth on **Exhibit B**, attached hereto and made a part hereof. Each Loan Reservation shall expire on the termination date recited therein and shall be subject to the terms and conditions of this Agreement. Upon Participating Middle Income Housing Lender’s credit approval and loan commitment, as such shall be deemed acceptable to CHFA in its sole discretion, CHFA shall issue a commitment (each, a “**Commitment**”) with respect to a Loan Reservation. Each Commitment shall expire on the termination date recited therein and shall be subject to the terms and conditions of this Agreement and shall be conditioned upon closing of Participating Middle Income Housing Lender’s mortgage financing for the Development and, in the event that the Loan fails to close on or before the termination of the Commitment, CHFA thereafter shall have no obligation whatsoever to close and fund the Loan.

4. In exchange for its eligibility to make Program Mortgage Loans, Participating Middle Income Housing Lender shall have the following duties and obligations with respect to its ongoing participation in the Program, as determined by CHFA in its sole discretion: (a) Participating Middle Income Housing Lender shall use reasonable efforts to market and incorporate the Program into Participating Middle Income Housing Lender’s mortgage loan programs for multifamily developments in the State, including cooperation with CHFA efforts to advertise the availability of Program Loans; and (b) Participating Middle Income Housing Lender shall keep all Program-related information confidential as directed by CHFA.

5. Participating Middle Income Housing Lender hereby represents, warrants and certifies to CHFA that: (a) Participating Middle Income Housing Lender is authorized to do business in the State of Connecticut and maintains all licenses, permits and approvals required for the operation of its business and performance under this Agreement; (b) Participating Middle Income Housing Lender’s signatory below is duly authorized with full power and authority to enter into this Agreement in the name and on behalf of Participating Middle Income Housing Lender; and (c) that Participating Middle Income Housing Lender is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any governmental entity.

6. Participating Middle Income Housing Lender shall indemnify and hold CHFA harmless against any and all expenses, fees, losses, actual damages, penalties, fines forfeitures, awards, liabilities, obligations, debts, diminution in value, amounts paid in settlement, reasonable consultants fees, reasonable legal fees and related costs that CHFA may incur as a result of any gross negligence on the part of Participating Middle Income Housing Lender in its compliance with this Agreement. Participating Middle Income Housing Lender expressly recognizes that representations and warranties made by Participating Middle Income Housing Lender that are not true shall constitute a breach of this Agreement.

7. The Participating Middle Income Housing Lender agrees and warrants that in the performance of this Agreement it shall not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, gender identity or expression, intellectual disability, mental disability or physical disability, or in any

manner prohibited by the laws of the United States or the State of Connecticut, and shall comply with all State and Federal requirements with respect to nondiscrimination in lending.

8. Except as a result of merger, Participating Middle Income Housing Lender shall not assign, transfer, pledge or encumber any of its rights, or delegate any of its duties under this Agreement, without the prior written consent of CHFA. No consent by CHFA to any assignment, pledge, transfer or encumbrance shall be deemed to release the Participating Middle Income Housing Lender from any of its obligations under this Agreement. Any assignment or attempted assignment by Participating Middle Income Housing Lender shall be void and deemed to be cause for termination of this Agreement or other remedial action by CHFA.

9. All notices from Participating Middle Income Housing Lender to CHFA hereunder shall be in writing and shall be deemed given or received when mailed, by certified or registered mail, postage prepaid, addressed to: Managing Director, Multifamily, Connecticut Housing Finance Authority, 999 West Street, Rocky Hill, Connecticut 06067, and all notices from CHFA to Participating Middle Income Housing Lender hereunder at the address specified herein unless another address is designated in writing by Participating Middle Income Housing Lender in accordance with the provisions hereof. Notwithstanding the foregoing, notices delivered in the regular course of Program operation shall be delivered in accordance with the Program requirements.

10. *Ethics.* Participating Middle Income Housing Lender hereby acknowledges receipt of the CHFA Ethics Statement and hereby represents, warrants and certifies to CHFA that throughout the term of this Agreement, Participating Middle Income Housing Lender will comply with the applicable requirements of Chapter 10 of the Connecticut General Statutes, as amended.

11. *Whistleblowing; Connecticut General Statutes §4-61dd.* Participating Middle Income Housing Lender hereby represents, warrants and certifies to CHFA that throughout the term of this Agreement, Participating Middle Income Housing Lender will comply with the requirements of Connecticut General Statutes §4-61dd, as amended, which requirements are more particularly set forth on Schedule 2, attached hereto and made a part hereof.

12. *Gift and Campaign Contributions; Connecticut General Statutes §4-252.* Participating Middle Income Housing Lender hereby represents, warrants and certifies to CHFA:

(a) that no gifts were made by (A) Participating Middle Income Housing Lender, (B) any principals and key personnel of Participating Middle Income Housing Lender, who participate substantially in preparing bids, proposals or negotiating state contracts, or (C) any agent of Participating Middle Income Housing Lender or principals and key personnel, who participate substantially in preparing bids, proposals or negotiating state contracts to (i) any public official or employee of CHFA soliciting bids or proposals for the Agreement, who participates substantially in preparation of bid solicitations or requests for proposals for this Agreement or the negotiation or award of the Agreement, or (ii) any public official or state employee of any other state agency who has supervisory or appointing authority over CHFA;

(b) that no such principals and key personnel of Participating Middle Income Housing Lender or agent of Participating Middle Income Housing Lender or principals and key personnel, knows of any action by Participating Middle Income Housing Lender to circumvent such prohibition on gifts by providing for any other principals and key personnel, official, employee or agent of Participating Middle Income Housing Lender to provide a gift to any such public official or state employee; and

(c) that Participating Middle Income Housing Lender submitted bids or proposals without fraud or collusion with any person.

13. Entities Making Investments in Iran; Connecticut General Statutes §4-252a. Participating Middle Income Housing Lender hereby represents, warrants and certifies to CHFA that Participating Middle Income Housing Lender has not made a direct investment of twenty million dollars or more in the energy sector of Iran on or after October 1, 2013, as described in Section 202 of the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 and Participating Middle Income Housing Lender has not increased or renewed such investment on or after said date.

14. Nondiscrimination; Connecticut General Statutes §4a-60 & Connecticut General Statutes §4a-60a. Participating Middle Income Housing Lender hereby represents, warrants and certifies to CHFA that Participating Middle Income Housing Lender has a policy in place that complies with, and will remain in compliance with throughout the term of this Agreement, the nondiscrimination requirements and warranties of Connecticut General Statutes §§ 4a-60(a) and 4a-60a(a), as amended, which requirements and warranties are more particularly set forth on **Schedule 2**, attached hereto and made a part hereof.

The authorized signatory of Participating Middle Income Housing Lender confirms, acknowledges and demonstrates their understanding of the obligations set forth in this subsection by initialing here:

Print Name: \_\_\_\_\_ Initials: \_\_\_\_\_

15. Consulting Agreements; Connecticut General Statutes §4a-81. Participating Middle Income Housing Lender hereby represents, warrants and certifies to CHFA that, to the extent this Agreement has a total value of fifty thousand dollars or more in any calendar or fiscal year, no consulting agreement (as such term is defined in Connecticut General Statutes §4a-81(b)\*) has been entered into in connection with this Agreement, except as follows:

**(PLEASE CHECK APPROPRIATE BOX)**

No Consulting Agreements

**OR**

Itemized Consulting Agreements, as follows:

***(For each consultant, please list the name of the consultant, the consultant's firm, the basic terms of the consulting agreement, a brief description of the services provided, and an indication as to whether the consultant is a former state employee or public official. If the consultant is a former state employee or public official, indicate their former agency and the date such employment terminated)***

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

\*“consulting agreement” means any written or oral agreement to retain the services, for a fee, of a consultant for the purposes of (A) providing counsel to a contractor, vendor, consultant or other entity seeking to conduct, or conducting, business with the state, (B) contacting, whether in writing or orally, any executive, judicial, or administrative office of the state, including any department, institution, bureau, board, commission, authority, official or employee for the purpose of

*solicitation, dispute resolution, introduction, requests for information, or (C) any other similar activity related to such contracts and “consulting agreement” does not include any agreements entered into with a consultant who is registered under the provisions of chapter 10 of the Connecticut General Statutes as of the date such contract is executed in accordance with the provisions of §4a-81 of the Connecticut General Statutes.*

16. Campaign Financing Contributions; Connecticut General Statutes §9-612(f) & (g). Participating Middle Income Housing Lender hereby represents, warrants and certifies to CHFA:

(a) Participating Middle Income Housing Lender’s chief executive officer or authorized signatory of this Agreement has received the SEEC Form 10 Notice required in accordance with Connecticut General Statutes §9-612(g)(1) and Participating Middle Income Housing Lender has completed, executed and delivered said form to CHFA, a copy of which is attached hereto on **Schedule 1**, and made a part hereof;

(b) Participating Middle Income Housing Lender has received a copy of the written notice informing state contractors and prospective state contractors of the contribution and solicitation prohibitions set forth in Connecticut General Statutes §9-612(f)(2)(A) & (B);

(c) that Participating Middle Income Housing Lender has not made any contributions to, or solicited any contributions on behalf of, any party committee or exploratory committee established by a candidate for state-wide office or for the General Assembly, or a political committee authorized to make contributions to, or expenditures to or for the benefit of such candidates, in the previous four years, that were determined by the State Elections Enforcement Commission to be in violation of Connecticut General Statutes §9-612(f)(2)(A) & (B), as set forth on **Schedule 2**, attached hereto and made a part hereof, without mitigating circumstances having been found to exist concerning such violation; and

(d) Participating Middle Income Housing Lender’s chief executive officer or authorized signatory of this Agreement has completed and delivered to CHFA the State of Connecticut Campaign Contribution Certification in accordance with Connecticut General Statutes §9-612, set forth on **Schedule 1**, attached hereto and made a part hereof.

17. Occupational Safety & Health; Connecticut General Statutes §31-57b. Participating Middle Income Housing Lender hereby represents, warrants and certifies to CHFA that Participating Middle Income Housing Lender is not in violation of, is in compliance with, and will remain in compliance with the requirements set forth in Connecticut General Statutes §31-57b, as more particularly set forth on **Schedule 2**, attached hereto and made a part hereof, throughout the term of this Agreement.

18. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings, written or oral, in respect thereof and shall not be amended or modified in any fashion except by writing signed by the parties hereto. The Exhibits annexed hereto are incorporated in and made a part of this Agreement.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original.

20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

21. False Statements. False statements made herein are punishable under the penalty for false statement set out in C.G.S. Section 53a-157b.

22. Distribution of Program Materials and Program Publicity. Participating Middle Income Housing Lender hereby acknowledges, consents and grants to CHFA the right to distribute, publicize and/or advertise any and all materials regarding any Program project or financing in relation to promotion or publicity of the Program, including, without limitation, the use and dissemination of marketing materials, educational materials, photographs, records, prints, text, presentations and/or commentary.

*The undersigned officer of CHFA hereby represents as true to his/her best knowledge and belief subject to the penalties of false statement that he/she is authorized to execute this agreement and that the selection of the most qualified or highest ranked person, firm or corporation was not the result of collusion, the giving of a gift or the promise of a gift, compensation, fraud or inappropriate influence from any person.*

**CONNECTICUT HOUSING FINANCE  
AUTHORITY**

By: \_\_\_\_\_

Its  
Duly Authorized

Signed under notice of penalty for false statement, Connecticut General Statutes Section 53a-157b.

**PARTICIPATING MIDDLE INCOME HOUSING  
LENDER:**

[ \_\_\_\_\_ ]

By: \_\_\_\_\_

Name:  
Title:  
Duly Authorized

**Exhibit A**

*Program Criteria*

Program Description:	To provide subordinate financing that will offer favorable terms and more flexible underwriting to incentivize developers of market rate multifamily properties to create units that are affordable to middle income households.
Loan types:	Construction-to-permanent and permanent only
Lender Participation:	Funding provided in participation with designated participating middle-income housing lenders
Targeted AMI:	At least 20% of the total units between 60-120% AMI. Maximum allowed rents affordable to middle income households must reflect a discount to market rents.
Development Activities:	To be built or completed, market rate multifamily unrestricted developments including adaptive reuse and substantial rehabilitation of existing market rate multifamily developments that do not currently have any affordability restrictions in targeted areas.
Loan Terms:	Construction-Permanent Construction term: Up to 36 months Permanent term: Up to 20 years Interest rate: 1-3% fixed (as determined by CHFA in its discretion)
Repayment:	Construction: Interest-only payments Permanent: Up to 40-year amortization CLTV: Up to 80% maximum Loan amount: Up to \$125,000 per middle income unit (as determined by CHFA in its discretion) Prepayment: At any time with a minimum yield of 1% Lien position: Subordinate to participating middle income lender Debt Coverage: As determined by participating middle income housing lender and in no event less than 1.15x Fees: As required by CHFA in its discretion

	Rate lock:	Subject to participating lender requirements
Affordability Compliance:		Affordability restrictive covenant encumbering Development so long as the Loan is outstanding, but not less than 6 years from issuance of initial certificate of occupancy, and annual certifications
Escrows:		Real estate taxes and insurance to be collected by primary lender
Recourse:		As required by CHFA in its discretion
Additional requirements:		All underwriting requirements of the participating middle income housing lender will need to be met and accepted by CHFA. In addition, items identified on <u>Exhibit B</u> will be required in form and content that is acceptable to CHFA.

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**Exhibit B**

**Required Application Materials**

Participating Middle Income Housing Lender's completed underwriting model (including operating pro forma and unit mix)

Development borrower information: name, ownership entity structure

Development team/structure

Appraisal

Market Study

Environmental Site Assessment and Hazardous Material Reports

Construction schedule

Construction budget

Proof of Payment and Performance Bond

Building Permit/Foundation Permit

Additional materials necessary for CHFA to determine the Development's compliance with Program Criteria

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