



edgefund

BRIDGESMART LOAN GUIDELINES

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I. Introduction

The Edge Fund was established by King Park Development Corporation to provide financing for affordable housing projects in Indianapolis.

The BridgeSmart Loan Program was developed specifically to support integrated supportive housing projects financed using the Indiana Housing and Community Development Authority (IHCDA) Rental Housing Tax Credit and the Multifamily Bond Programs. Depending on the availability of funds, the Edge Fund will provide priority consideration to affordable housing projects financed using IHCDA's multi-family housing products.

The Edge Fund Loan Guidelines provide an overview of current policies, actions, and procedures for the BridgeSmart Loan Program. Guidelines may be subject to change and Edge Fund reserves the right to amend these guidelines at any time. These guidelines supplement the criteria and requirements in the approved IHCDA Qualified Allocation Plan (QAP), details of which may be found at www.in.gov/myihcda/rhtc.htm.

All funding requests are subject to approval by the Edge Fund Loan Review Committee and subject to the availability of funds.

A. Overview

The Edge Fund offers financing for the development of affordable housing for low- and moderate-income households. The BridgeSmart Loan products specifically support the creation of integrated supportive housing for individuals experiencing homelessness and those in danger of experiencing homelessness. The BridgeSmart Loan is a flexible tool that can be used to supplement traditional financing products for projects using Rental Housing Tax Credits (RHTCs) and the Multifamily Bond Program. Therefore, The Edge Fund will underwrite all projects for compliance with the permanent financing source identified by the Applicant, such as FHA 221(d)(4) and 223(f) programs.

Underwriting criteria and requirements related to occupancy, affordability, and government notification are consistent with the approved IHCD Qualified Allocation Plan (QAP) and the Multifamily Underwriting Guidelines.

B. Eligible Uses

BridgeSmart Loans must be used in conjunction with Rental Housing Tax Credits, the Multifamily Bond Program, or permanent financing products designed to support affordable housing (primarily benefitting residents earning 80% of the Area Median Income or lower). Projects that fail to satisfy the eligible use requirement may be subject to penalties.

C. Loan Products

The Edge Fund offers the following loan products:

1. **BridgeSmart Equity** bridges up to eighty percent (80%) of the equity pay-ins from the syndication of RHTCs for a multifamily development. Developers must contribute at least twenty percent (20%) of its investment at closing. The remaining contributions may be scheduled over a four (4) year period.
2. **BridgeSmart Acquisition** allows for the conversion of housing developments from market-rate to affordable. BridgeSmart Acquisition may be used for a period of up to twenty-four (24) months as projects satisfy the requirements of the permanent financing source identified by the Applicant, such as FHA 221(d)(4) and 223(f) programs, or another mortgage lender.

D. Eligible Applicants

Eligible applicants include sponsors and private developers of integrated supportive and affordable multifamily housing projects.

E. Placed-In-Service Requirement

1. Projects using the BridgeSmart Acquisition Loan in conjunction with private activity bond financing must either be exempt from or meet the requirements of IRC Section 42(d)(2)(B)(ii) as to the 10-year placed-in-service rule.
2. **Required Documentation:** The Applicant must submit at a least one (1) of the following items:
 - a) Chain of title report from a title company; or,
 - b) A tax professional's opinion from an unrelated party stating that the acquisition is either exempt from or meets the requirements of IRC Section 42(d)(2)(B)(ii) as to the 10- year placed-in-service rule; or,
 - c) A letter from the appropriate Federal official that states that the proposed project qualifies for a waiver under IRC Section 42(d)(6).

F. Loan Amount

1. **BridgeSmart Equity** – maximum of eighty (80) percent of the total RHTC equity or \$3 million, whichever is lower.
2. **BridgeSmart Acquisition** –subject to Loan to Value (LTV) limitations which may not exceed 100% LTV at any time during the term of the loan.

G. Interest Rate and Terms of Loan

1. **BridgeSmart Equity** – Interest rates will be between 2-4% per annum with a maximum term of five (5) years.
2. **BridgeSmart Acquisition** – Interest rates will be between 3-5% depending on lien position with a maximum term of up to twenty-four

(24) months.

H. Loan Repayment

1. **BridgeSmart Equity** – annual payments of principal plus interest fully amortized over the term of the loan.
2. **BridgeSmart Acquisition** – monthly payments of interest only for up to twenty-four (24) months.

I. Review Process

Complete financing application packages will be submitted to the Edge Fund Loan Review Committee for review. Incomplete application packages will be held by staff until all requested documents have been submitted. The Committee can approve, decline or request Applicant to submit additional information or documentation.

Upon approval by Committee, Applicant will receive a Term Sheet with all the relevant loan terms. Applicant will have thirty (30) calendar days to accept. Applicant will have thirty (30) calendar days from acceptance to provide any additional pre-closing documentation. Applicants whose application for financing is declined will be notified in writing.

J. Funding Availability

Funds will be available to the borrower upon closing of financing. Requests to begin the closing process should be made at least sixty (60) days in advance of desired closing date.

K. Collateral

Collateral must be in a form and value adequate to secure the amount of the principal and interest accrued during the life of the loan. Collateral may include, but is not limited to, first lien mortgage, subordinated lien mortgage, guarantee from the borrower, letter of credit, collateral assignment of rents and leases, and UCC filing on furniture, fixtures, and equipment. Other collateral may be considered, subject to review and approval by the Loan Review Committee and The Edge Fund’s legal counsel.

L. Fees

Application Fee	\$0.
Servicing Fee	\$1000/year with full amount due at closing. Edge Fund will not reimburse if the loan repaid prior to maturity.
Origination Fee	1% of total loan amount due at closing

Loan Loss Reserve Fee	1% of total loan amount due at closing
Post-Approval Amendment Request	After Committee approval but before closing: \$1,500
	After submitting a closing request: \$2,000
	Seven (7) days prior to scheduled closing or post-closing: \$2,500
Legal Fees for Change Requests	Billed at an hourly rate of \$350 plus costs.

II. Application Review Process

Once formal underwriting has begun, the Applicant may be sent a list of questions and requested documents, along with an invoice for the appropriate application fee(s). The project will not move through the approval process until all the information requested by The Edge Fund has been received and reviewed.

A. Loan Review Schedule

The Edge Fund staff underwrites new loans and processes requested modifications to existing loan commitments. Loan underwriting and processing is accomplished prior to a formal review process by the Edge Fund Loan Review Committee. Applicants should allow at least 45 days for The Edge Fund to review and approve any application.

Initial Staff Review

Within 30 days of submission of completed application. Staff may request additional information or documentation from Applicant.

Staff Recommendation

Within 14 days from the completion of Initial Staff Review, the application, written project summary, and staff recommendation will be submitted to the Loan Review Committee for its consideration.

Loan Review Committee

The Committee shall convene within 14 days of receipt of the Staff Recommendation to consider the application. The Committee will either approve or decline the request or request further information.

Written Notice of Decision

Within 7 days of the Loan Review Committee meeting, The Edge

Fund Staff shall provide a written notice of decision to the Applicant. If approved, Applicant will receive a Term Sheet with all the relevant loan terms. Applicant will have 30 calendar days to accept.

B. Term Sheet

After Committee approval, The Edge Fund Staff will provide the applicant with a written Term Sheet for the loan along with the tentative amortization schedule, executive summary, and loan closing checklist. A final amortization schedule cannot be provided until a closing date has been established. This commitment must be accepted in writing by the applicant within 30 days from the date of the Term Sheet.

III. Post Approval

The applicant must notify The Edge Fund in writing of any changes in address for the applicant, change in key personnel, and/or any change of ownership of the Borrower during the term of the loan.

Unless otherwise stated, correspondence should be directed to:

Edge Fund
1704 Bellefontaine Street
Indianapolis, IN 46202

A. Subsequent Changes to a Project

The project ownership is required to contact The Edge Fund in writing immediately in the event any changes occur to a project after it has been approved by the Loan Review Committee including, but not limited to, changes in the development team (ownership structure, developer, general contractor, limited partner, and/or management company), the unit mix or affordability, nature of the project, requests for commitment extension or other substantive changes. Changes made to a project without approval from The Edge Fund's Loan Review Committee will trigger an immediate default.

The project owner must submit a formal written request to The Edge Fund to approve any subsequent changes, explaining the proposed change and why it is being made. Borrowers must submit payment of a modification fee pursuant to section L to The Edge Fund before the requested change will be considered. The request will be reviewed by

The Edge Fund staff, which may determine the change is substantive and requires Loan Review Committee authorization. The Edge Fund will review the request, along with any supporting documentation and issue a decision. A modification fee will be charged regardless if the changes are approved by the Loan Review Committee.

B. Extensions and Expired Commitments

To request a commitment extension, or if a commitment expires, the Applicant must submit a formal written request to have the commitment reinstated, which must include:

- a) The Project Name;
- b) The Reason the additional time is necessary;
- c) How much additional time will be necessary; and
- d) What measures will be implemented to ensure the reinstated commitment will not be allowed to expire.

Extension / Reinstatement Fee: If approved the Applicant must pay a late fee of \$500 before the commitment will be extended or reinstated.

C. Default Penalties

Penalties are charged when a borrower commits an act of default according to its agreement with the Edge Fund. If default occurs, the interest charged on the outstanding principal of the loan amount will be increased by 3% beginning as of the date of default.

Once default occurs, The Edge Fund will evaluate the development team and determine which members will be ineligible for future Edge Fund programs.

Staff will also determine if the ineligible party is involved in any other application(s) that have not yet closed to determine how The Edge Fund will proceed. The Edge Fund may elect to:

- a) Revoke Funding commitment(s);
- b) Suspend any project(s) of affiliated entities until the project in default is cured with respect to all The Edge Fund rules, regulations and agreement(s);
or
- c) Pursue other remedies as The Edge Fund deems appropriate.

Future participation in The Edge Fund programs after an event of default has been cured will be made subject to such terms and conditions as The Edge Fund deems necessary.

D. Notifications of Request to Schedule a Loan Closing

Applicant must submit a written request for closing date to, The Edge Fund. The Edge Fund will send the Applicant a closing checklist, which will detail the standard supporting documentation required for the loan closing along with any required additional closing conditions unique to the

project. Once all checklist items have been received, The Edge Fund's legal counsel will begin drafting closing documents. All fees must be paid at or before closing.

IV. Compliance

This section contains requirements that The Edge Fund borrowers must comply with and will be incorporated into all loan agreements. Borrowers are responsible for ensuring that all applicable requirements are fulfilled. The Edge Fund staff will provide assistance in fulfilling these requirements and will monitor progress towards satisfactory completion. Fines and penalties may be incurred by borrower for failure to meet compliance matters.

A. Environmental Review Record & Section 106 Historical Review

Environmental review evaluates a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. The environmental review process is required for all HUD-assisted projects to ensure that the proposed project does not negatively impact the surrounding environment and that the property site itself will not have an adverse environmental or health effect on end users. Not every project is subject to a full environmental review (i.e., every project's environmental impact must be examined, but the extent of this examination varies), but every project must be in compliance with the National Environmental Policy Act (NEPA), and other related Federal and state environmental laws. Edge Fund financing cannot be used to rehabilitate or acquire a property located within the boundaries of a one hundred (100)-year floodplain. Edge Fund borrowers are required to complete forms and provide documentation to comply with the Environmental Review (ERR) and Section 106 Historic Review requirements as a condition of financing. Edge Fund staff will provide assistance and forms necessary for compliance. Compliance forms can be obtained at <http://in.gov/myihcda/2650.htm>.

B. Section 3

Edge Fund borrowers must comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing within the area. Edge Fund staff will provide assistance on Section 3 compliance. Compliance forms can be found at <http://in.gov/myihcda/2490.htm>.

C. MBE/WBE

Edge Fund borrowers will exercise best efforts to ensure that Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) are given the opportunity to participate in CDBG-DR funded contracts, including contracts for services, supplies and construction activities. Indiana has adopted a goal of ten percent (10%) aggregate participation for MBE/WBE in CDBG funded projects. Borrowers must maintain documentation supporting best efforts for federal, state, and Edge Fund monitoring. The borrower must document solicitation of MBE/WBE firms. For email notification, borrowers should use a 'delivery receipt' and/or 'read receipt' function on the email and maintain a copy of both the email and the verification that it was delivered and/or opened.

Edge Fund staff will provide assistance on MBE/WBE compliance.

D. Davis-Bacon Act or Labor Standards

The Davis-Bacon Act requires that workers on certain federally assisted housing activities receive no less than the prevailing wages being paid for similar work. Prevailing wages are computed by the U.S. Department of Labor and are issued in the form of a federal wage determination for each classification of work. If CDBG-DR funds finance only a portion of the construction work, labor standards are applicable to the entire project.

Edge Fund borrowers must certify that it will comply with the Davis-Bacon Act requirements. All procurement documents for Edge Fund financed projects must include the Davis-Bacon Provisions contained in HUD Form 4010 as an exhibit. All contract agreements with any contractor working on the project must include provisions contained in HUD Form 4010 as an exhibit.

Any contractor working on the project shall: pay approved Davis-Bacon wages weekly to employees and/or subcontractors; monitor the compliance of contractors and subcontractors working on the project; ensure that WH347 forms and/or certified payrolls are submitted to any designee of Edge fund and IHCD for labor standards monitoring; ensure that contract and bid specifications contain the applicable wage decision; verify that contractors are not listed on federal Excluded Parties List System (EPLS) for debarred or suspended contractors; and comply with the posting and notification requirements set forth in 29 CFR 5.5(a) and 29 CFR 5.6.

The borrower is responsible for contacting Edge Fund staff to ascertain whether Davis-Bacon wages are required. If Davis-Bacon is applicable, the

borrower will contact Edge Fund staff and IHCD to set up a pre-construction conference.

Edge Fund staff will provide assistance on Davis-Bacon Act and Labor Standards compliance. Compliance forms can be obtained at <http://in.gov/myihcda/2490.htm>.

E. Procurement

All contractor trades will have to be publicly bid through a sealed bid process in compliance with state procurement procedures.

F. Uniform Relocation Act

Edge Fund financing committed to projects that include housing activities for any acquisition, rehabilitation, demolition, purchase assistance, and/or relocation activities is conditioned upon Edge Fund's verification of compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, and the implementing regulations at 49 CFR Part 24.

Edge Fund staff will provide assistance on URA compliance. Compliance forms can be obtained at <http://in.gov/myihcda/2490.htm>.

G. Lead-Based Paint

Project sites with buildings built before 1978 must comply with Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, and R.

Edge Fund staff will provide assistance on Lead-Based Paint compliance. Compliance forms can be obtained at <http://in.gov/myihcda/2490.htm>.

H. Construction Signage

Construction signage must include the names and logos of Edge Fund, IHCD and HUD. Borrowers may contact Edge Fund staff to provide logo files.

I. Low-to-Moderate-Income Housing Standard

Borrower will certify that at least fifty one percent (51%) of the total units included in any multifamily housing project must be occupied by low- or moderate-income ("LMI") households at affordable rents, as described in 24 CFR § 570.483. (See Income Verification & Documentation section)

J. Income Verification & Documentation

Borrower must document and verify income of multifamily housing tenants in accordance with CDBG-DR and RHTC requirements.

Edge Fund staff will provide assistance on Income Verification and documentation compliance. Compliance forms can be obtained at <http://in.gov/myihcda/2490.htm>.

K. Substantial Reconstruction/ Replacement Housing

Proposed reconstruction or demolition and replacement of supportive and affordable housing units must be approved by Edge Fund staff prior to the commitment of funds.

L. Federal Programs Ongoing Rental Compliance

Borrower will comply with the requirements set forth in the Federal Programs Ongoing Rental Compliance Manual, linked below, and amended from time to time throughout the affordability period of any multi-family housing projected funded by Edge Fund.

[http://in.gov/myihcda/files/Federal Programs Ongoing Rental Compliance Manual 3rd Edition- FINAL\(1\).pdf](http://in.gov/myihcda/files/Federal_Programs_Ongoing_Rental_Compliance_Manual_3rd_Edition-FINAL(1).pdf)

Edge Fund staff will provide assistance on Federal Programs Ongoing Rental Compliance. Additional, Compliance guidance and forms can be obtained at <http://in.gov/myihcda/2490.htm>.

M. Affirmative Fair Housing Market Regulations

In accordance with 24 CFR 200.620, the borrower must adopt an Affirmative Fair Housing Marketing Plan for rental and homebuyer projects containing five (5) or more CDBG-DR-assisted housing units. The Affirmative Fair Housing Marketing Plan must consist of actions that the Borrower will take to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, religion, sex, handicap or familial status or national origin, and describe the procedures that will be used by owners to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach (e.g., use of community organizations, places of worship, employment centers, fair housing groups, or housing counseling agencies). The Borrower must use form HUD-935.2A to create its Affirmative Fair Housing Marketing Plan.

N. Procedures

The Borrower must comply with the following:

- a) Maintain a nondiscriminatory hiring policy in recruiting from both minority and majority groups, including both sexes and the handicapped, for staff engaged in the sale or rental of properties;
- b) Instruct all employees and agents in writing and orally in the policy of nondiscrimination and fair housing;
- c) Specifically solicit eligible buyers or tenants reported to the Borrower;
- d) Prominently display in all offices in which rental activity pertaining to the project takes place, the HUD- approved Fair Housing Poster and include in any printed material used in connection rentals, HUD- approved Equal Housing Opportunity logo or slogan or statement; and,
- e) Post in a conspicuous position on all project sites a sign displaying prominently either the HUD-approved Equal Housing Opportunity logo or slogan or statement.

Edge Fund staff will provide assistance on Affirmative Fair Housing Marketing Compliance. Compliance forms can be obtained at <http://in.gov/myihcda/2490.htm>.

O. Fair Housing

The Borrower must take steps to affirmatively further fair housing. When gathering public input, planning, and implementing housing related activities, Borrower will include participation by neighborhood organizations, community development organizations, social service organizations, community housing development organizations, community development organizations, and members of each affected community or neighborhood which might fall into the assistance category of low- and moderate-income communities.

Edge Fund staff will provide assistance on Fair Housing compliance. Compliance forms can be obtained at <http://in.gov/myihcda/2490.htm>.

P. One-for-One Replacement

The Borrower may not use CDBG funds to reduce the number of low/moderate dwelling units served. If any unit is lost, the Borrower must replace the unit if all the following conditions apply:

- a) It meets the definition of a low/moderate dwelling unit;
- b) It is an occupied or vacant occupiable dwelling unit; and,
- c) It is to be demolished or converted to a unit with market rents above the Fair Market Rent or its use is determined as other than permanent housing.

Q. Violence Against Women Reauthorization Act of 2013

The Violence Against Women Act (“VAWA”) protects applicants, tenants, and program participants in certain HUD programs from being evicted, denied housing assistance, or terminated from housing assistance based on acts of domestic violence, dating violence, sexual assault, or stalking against them. Despite the name of this law, VAWA protection is available to victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation.

Edge Fund staff will provide assistance on VAWA compliance. Compliance forms can be obtained at <http://in.gov/myihcda/2490.htm>.

R. Notification of Occupancy Rights under VAWA and Certification Form

The Borrower must ensure that notice of occupancy rights which is set forth in Form HUD 5380 is provided to each of its applicants and to each of its tenants. The Borrower must provide the certification form set forth in Form HUD 5382 to the applicant for a CDBG assisted unit at the time the applicant is admitted to an CDBG assisted unit or denied admission to a CDBG assisted unit based on the Project’s tenant selection policies and criteria. The Borrower must also provide the notice of occupancy rights and the certification form with any notification of eviction.

S. Lease Addendum

The Borrower must ensure that each tenant has the CDBG lease addendum that incorporates all requirements that apply to the lease of CDBG assisted rental housing under 24 CFR part 5, subpart L, and 24 CFR 92.359(e), including the prohibited bases for eviction and restrictions on construing lease terms under 24 CFR 5.2005(b) and (c). This VAWA lease term/addendum must also provide that the tenant may terminate the lease without penalty if IHEDA determines that the tenant has met the conditions for an emergency transfer under 24 CFR 5.2005(e).

T. Emergency Transfers

The Borrower must use and implement the emergency transfer plan set forth in Form HUD-5381 and must make the determination of whether a tenant qualifies for an emergency transfer under the plan. The Borrower may provide Form HUD -5383 to a tenant that is requesting an emergency transfer. With respect to tenants who qualify for an emergency transfer and who wish to make an external emergency transfer when a safe unit is not immediately available, the Developer must provide a list of properties in the jurisdiction that include CDBG-DR assisted units. The list must include the following information for each property: The property's

address, contact information, the unit sizes (number of bedrooms) for the HOME-assisted units, and, to the extent known, any tenant preferences or eligibility restrictions for the CDBG-DR assisted units. In addition, the Borrower may:

- a) Establish a preference under the grantee's CDBG-DR program for tenants who qualify for emergency transfers under 24 CFR 5.2005(e); and
- b) Coordinate with victim service providers and advocates to develop the emergency transfer plan, make referrals, and facilitate emergency transfers to safe and available units.

U. Prohibited Denial/ Termination

The Borrower shall ensure that any applicant for or tenant of CDBG assisted housing may not be denied admission to, denied assistance under, terminated from participation in, or evicted from the housing on the basis that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant or tenant otherwise qualifies for admission, assistance, participation, or occupancy.

V. Construction of Lease Terms

The Borrower shall ensure that an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking shall not be construed as:

- a) A serious or repeated violation of a lease for CDBG assisted multifamily housing by the victim or threatened victim of such incident; or
- b) Good cause for terminating the assistance, tenancy or occupancy rights to CDBG assisted multifamily housing of the victim of such incident.

W. Termination on the Basis of Criminal Activity

No person may deny assistance, tenancy, or occupancy rights to CDBG assisted housing to a tenant solely on the basis of criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking that is engaged in by a member of the household of the tenant or any guest or other person under the control of the tenant, if the tenant or an affiliated individual of the tenant is the victim or threatened victim of such domestic violence, dating violence, sexual assault, or stalking.

Notwithstanding the foregoing, the Borrower and/or manager of CDBG assisted housing may bifurcate a lease for the housing in order to evict, remove, or terminate assistance to any individual who is a tenant or lawful occupant of the housing and who engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against an affiliated individual or other individual, without evicting, removing, terminating assistance to, or otherwise penalizing a victim of

such criminal activity who is also a tenant or lawful occupant of the housing. The Borrower and or manger or CDBG assisted housing must provide any remaining tenants with an opportunity to establish eligibility and a reasonable time to find new housing or to establish eligibility.

X. Confidential Treatment of Tenant Information Related to Domestic Violence

The Borrower shall ensure that any information submitted to the Developer and or staff of CDBG assisted multifamily housing, including the fact that an individual is a victim of domestic violence, dating violence, sexual assault, or stalking, shall be maintained in confidence and may not be entered into any shared database or disclosed to any other entity or individual, except to the extent that the disclosure is:

- a) Requested or consented to by the individual in writing;
- b) Required for use in an eviction proceeding against any individual who is a tenant or lawful occupant of the housing and who engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking; or
- c) Otherwise required by applicable law.

Y. Remedies available to victims of domestic violence, dating violence, sexual assault

The Borrower may bifurcate a lease, or remove a household member from a lease to evict, remove, terminate occupancy rights, or terminate assistance to such member who engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against an affiliated individual or other individual:

- a) Without regard to whether the household member is a signatory to the lease; and
- b) Without evicting, removing, terminating assistance to, or otherwise penalizing a victim of such criminal activity who is also a tenant or lawful occupant.
- c) A lease bifurcation shall be carried out in accordance with any requirements or procedures as may be prescribed by Federal, State, or local law for termination of assistance or leases. If a family who lives in a CDBG assisted rental unit separates under 24 CFR 5.2009(a), the remaining tenant(s) may remain in the CDBG-DR assisted unit.

Z. Limitations of VAWA Protections

VAWA as applied in this product guideline does not limit the authority of the developer, when notified of a court order, to comply with a court order with respect to:

- a) The rights of access or control of property, including civil protection orders issued to protect a victim of domestic violence, dating violence, sexual assault, or stalking; or
- b) The distribution or possession of property among members of a household.

VAWA as applied in this product guideline does not limit any available authority of the Borrower to evict a tenant for any violation not premised on an act of domestic violence dating violence, sexual assault; or stalking that is in question against the tenant or an affiliated individual of the tenant.

However, the Borrower must not subject the tenant, who is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, or is affiliated with an individual who is or has been a victim of domestic violence, dating violence, sexual assault or stalking, to a more demanding standard than other tenants in determining whether to evict or terminate assistance.

VAWA as applied in this product guideline does not limit any available authority of the Borrower to terminate assistance to or evict a tenant under a covered housing program if the Borrower can demonstrate an actual and imminent threat to other tenants or those employed at or providing service to the Project would be present if that tenant or lawful occupant is not evicted or terminated from assistance. In this context, words, gestures, actions, or other indicators will be considered an "actual and imminent threat" if they meet the standards provided in the definition of "actual and imminent threat" in 24 CFR 5.2003.

Any eviction or termination of assistance, should be utilized by the Borrower only when there are no other actions that could be taken to reduce or eliminate the threat, including, but not limited to, transferring the victim to a different unit, barring the perpetrator from the property, contacting law enforcement to increase police presence or develop other plans to keep the property safe, or seeking other legal remedies to prevent the perpetrator from acting on a threat. Restrictions predicated on public safety cannot be based on stereotypes but must be tailored to particularized concerns about individual residents.

AA. Funds Management

Borrower must provide back-up documentation, and report expenditures. Borrower must use the Set-up and Completion Form for each development project financed through Edge Fund.

Contact Edge Fund staff for appropriate Set-Up and Completion Form for integrated supportive and affordable multifamily housing projects.

BB. Duplication of Benefits

The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act), prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster as to which they have received financial assistance under any other program or from insurance or any other source. A Duplication of Benefits situation would occur if a beneficiary received funds from FEMA, Insurance, SBA, or another source to fix damage to its business and then also received funding CDBG-DR funding for the same purpose, to make repairs to the damaged business. Contact Edge Fund staff for appropriate Duplication of Benefits Affidavit for integrated supportive and affordable multifamily housing projects.

CC. Change of Use

The Borrower may not change the use of project site from integrated supportive and affordable multifamily housing, unless the borrower provides affected citizens with reasonable notice of and opportunity to comment on any proposed change, and the new use of the property qualifies as meeting one of the national objectives and is not a building for the general conduct of government. Borrower must provide written notice to Edge Fund for permission to undertake a Change of Use.

DD. Confidentiality

The Borrower must ensure that all client information is handled and maintained in a confidential manner and in compliance with the requirements of all applicable state or federal laws, rules, and regulations, including, but not limited to, those relating to the release of Social Security.

Confidential information means any individually identifiable information, whether oral or written, about the participants who receive services and/or assistance. Employees, agents, contractors or others who require access to confidential client information must sign a confidentiality agreement commensurate with the conditions set forth in this Agreement.

EE. Bonding Requirements

1. For any Borrower's construction contracts or subcontracts exceeding \$100,000, the following is required:
 - a) A bid guarantee from each bidder equivalent to five percent (5%) of the bid price. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
 - b) A performance bond on the part of the contractor for one hundred percent (100%) of the contract price. A "performance bond" is a bond executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
 - c) A payment bond on the part of the contractor for one hundred percent (100%) of the contract price. A "payment bond" is a bond executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.
2. Where bonds are required, either:
 - a) The bonds shall be obtained from companies holding certificates of authority as acceptable sureties pursuant to 31 CFR part 223, "Surety Companies Doing Business with the United States;" OR
 - b) In lieu of acquiring the payment and performance bonds, Edge Fund will accept an irrevocable letter of credit listing Edge Fund as the sole beneficiary and equal to (a) the greater of the financing or (b) twenty five percent (25%) of the total construction contract. The letter of credit must be issued for the entire construction period plus one (1) year following construction completion.
 - c) Personal guarantee of persons with sufficient net worth; or
 - d) An alternative acceptable to the Loan Review Committee.

FF. Lien Waivers

Borrower must ensure that each contractor executes a lien waiver for all services, construction work performed, materials furnished, and equipment and fixtures furnished. Edge Fund must receive copies of any and all affidavits, indemnity agreements, lien waivers, certificates, and other documents upon request.

GG. Meaningful Access for Limited English Proficient Persons

Persons who, as a result of national origin, do not speak English as their primary language and who have limited ability to speak, read, write, or understand English ("limited English proficient persons" or "LEP") may be entitled to language assistance under Title VI in order to receive a particular service, benefit, or encounter. In accordance with Title VI of the Civil Rights Act of 1964 (Title VI) and its implementing regulations, the

borrower agrees to take reasonable steps to ensure meaningful access to activities funded with CDBG funds by LEP persons. Any of the following actions could constitute “reasonable steps”, depending on the circumstances:

1. acquiring translators to translate vital documents, advertisements, or notices,
2. acquiring interpreters for face to face interviews with LEP persons,
3. placing advertisements and notices in newspapers that serve LEP persons,
4. partnering with other organizations that serve LEP populations to provide interpretation, translation, or dissemination of information regarding the project,
5. hiring bilingual employees or volunteers for outreach and intake activities, contracting with a telephone line interpreter service, etc.

HH. Religious Organizations

Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to participate in the CDBG program. Organizations that are funded under the CDBG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytizing, as part of the assistance funded under CDBG. If an organization conducts such activities, the activities must be offered separately, in time or location, from the assistance funded under CDBG, and participation must be voluntary for the beneficiaries of the assistance provided.

II. Conflict of Interest

No employee, officer, or agent of the Borrower may participate in the selection, award, or administration of a contract if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The Borrower must disclose in writing any potential conflict of interest to Edge Fund.

JJ. Monitoring & Reporting

The Borrower will make all paper and electronic records and other documents available at all reasonable times during the term of Edge Fund Financing and for the greater of four (4) years after the repayment of financing.

The Borrower will keep and submit records and reports as may be required from the Edge Fund or the U.S. Department of Housing and Urban Development (HUD).

Applicants proposing an Acquisition/Rehabilitation development must submit an Attorney's Opinion showing all buildings satisfy the 10-year general look-back rule of IRC Section 42(d)(2)(B) or that the buildings qualify for the acquisition credit based on an exception to this general rule [e.g. Section 42(d)(2)(D)(ii) or Section 42(d)(6)].