

**HOUSING AND COMMUNITY DEVELOPMENT (HCD)
APPLICATION AND CERTIFICATION STATEMENT**

Application and Certification Statement to request a reduction in the interest rate charged by HCD on applicant's rental housing development loan pursuant to Assembly Bill (AB) 2562, Health and Safety Code (HSC) section 50406.7(a)

Borrower: _____

Applicant Representative: _____

Name of Rental Project: _____

HCD Loan Contract #: _____ Rate Requested: _____ %

HCD Loan Contract #: _____ Rate Requested: _____ %

HCD Loan Contract #: _____ Rate Requested: _____ %

The undersigned Applicant hereby makes an application to HCD for a reduction in the interest rate charged by HCD on the loan contract number(s) identified above pursuant to AB 2562, as codified by HSC section 50406.7(a). The undersigned limited partner investor and undersigned Tax Professional join the Applicant/Borrower in certifying the truthfulness of items 1 through 8 below. On behalf of the Applicant/Borrower identified in the signature block below, I hereby certify that:

- 1) The information, statements, financial analysis and investor projections dated _____ are, to the best of my knowledge and belief, true and correct.
- 2) I possess the legal authority to submit this Application and Certification Statement on behalf of the entity identified in the signature block below.
- 3) The interest rate requested is the minimum amount necessary, to the nearest .125%, to either meet the true debt test or enable syndication by limiting or eliminating a negative capital account during the 15-year compliance period.
- 4) I understand that commencing year 30 of the loan term, the interest rate requested is subject to periodic increases as necessary to cover the costs of project monitoring pursuant to Health and Safety Code section 50675.6, subdivision (c).
- 5) Similar rate reductions requests have been submitted to all other public lenders, if any, and have either been rejected or incorporated into the projections.
- 6) I understand that HCD may verify information provided and analyze materials submitted, as well as conduct its own investigation to evaluate the request.
- 7) I agree to indemnify, defend, and hold HCD, and its members, officials, agents, and employees, harmless from any matters arising out of or related to the interest rate reduction process, and agree that HCD shall have absolutely no

liability of any kind or nature arising from Applicant/Borrower's decision to apply for, and if approved obtain, an interest rate reduction on its HCD loan.

Applicant/Borrower acknowledges that in proceeding with an interest rate reduction, they are relying solely on the advice of their tax, legal, and financial professionals and not in any way on HCD.

- 8) I acknowledge that all information in this Application, and materials submitted to the Department in connection herewith, is public and may be subject to the Public Records Act or other disclosure. I understand that HCD may make such information public and consent to the same.
- 9) I declare under penalty of perjury that the information contained in the Application, financial analysis, projections and any further or supplemental documentation is true and correct to the best of my knowledge and belief.

Note that pursuant to Health & Safety Code section 50406.7(a)(3), any rate reduction granted by the Department has been deemed necessary to materially increase the feasibility of the project and ensure the long-term affordability for the residents. Therefore, any Borrower with the capacity to subsequently pay off the HCD loan prior to the scheduled loan maturity date or request any permitted or approved cash out, if any, shall be deemed to have not required an interest rate reduction ("IRR") on their loan(s). In such cases, concurrently with said pay off or permitted or approved cash out, Borrower shall re-pay HCD an amount equal to the cumulative amount of all interest that would have accrued up to and as of the date of said pay off or permitted or approved cash out had the Borrower not received the IRR.

Borrower Signature: _____ Date: _____

Printed Name: _____ Title: _____

Borrower Entity: _____

Limited Partner Signature: _____ Date: _____

Printed Name: _____ Title: _____

Name of Limited Partner Entity: _____

Tax Professional Signature: _____ Date: _____

Printed Name: _____ Title: _____

Professional Capacity: () Legal Practitioner () Accounting Practitioner

Professional License No.: _____ Expiration Date: _____

Name of Tax Professional's Firm: _____