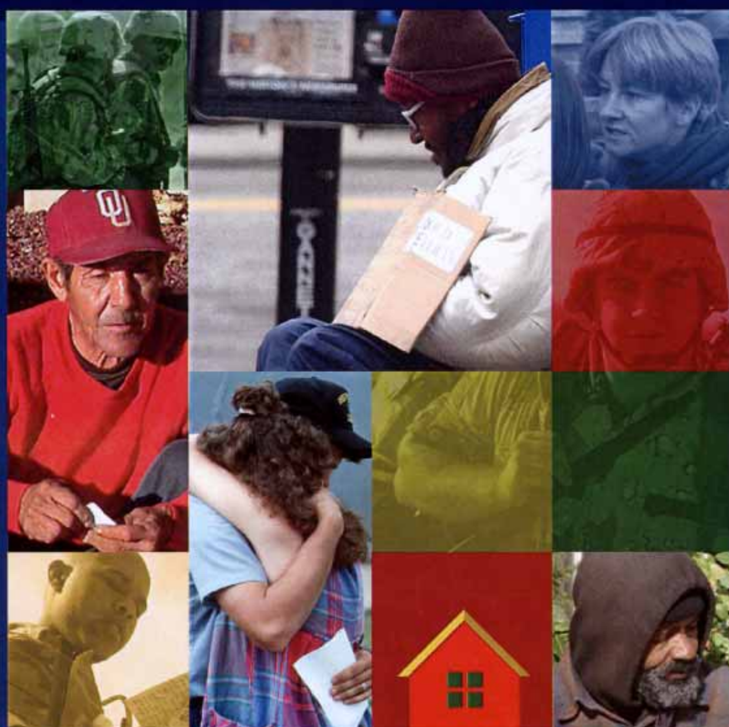
U.S. DEPARTMENT OF VETERANS AFFAIRS

Pilot Loan Guarantee Program for

**Multifamily Transitional Housing for Homeless Veterans**

# Informational Packet



**Industry Sessions**

**San Diego, CA ▪ Chicago, IL ▪ Washington, DC**

Department of Veterans Affairs

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# PROGRAM DESCRIPTION AND OBJECTIVES

To complement VA's existing homeless programs, Congress authorized the Loan Guarantee Program for Transitional Multifamily Housing (section 601 of Public Law 105-368). This Program authorizes VA to guarantee up to 15 secured loans with an aggregate dollar amount of $100 million to develop multifamily transitional housing with supportive services for homeless veterans. Loans are to be made in those communities that have the greatest need for such housing. The program provides low-interest loans originated by the Federal Financing Bank ("FFB"), an arm of the U.S. Department of the treasury, with a 100 percent guarantee by VA. In certain cases, a program-guaranteed loan may cover up to 80 percent of total project costs. State or local governments or non-government entities must provide additional funding or substantial services. Due to the economics of the program, it is anticipated that in most cases, VA-guaranteed loan amounts will fund considerably less than 80 percent of total project costs. VA will deliver program funds as either combination construction and permanent guaranteed loans or permanent guaranteed loans. Funds may be used for acquisition or acquisition and development of real estate or rehabilitation of existing improved real estate, or to refinance an existing loan. If the purpose of the loan is not to refinance an existing loan, it may include reasonable amounts for financing the acquisition of furniture, equipment, supplies, or materials for the facility; or for supplying the sponsor (applicant of the program) with working capital relative to the facility. The facility may include commercial space, such as space for neighborhood retail services or job training programs. A summary of the legislation authorizing this program can be found on the VA program website at: www.va.gov/homeless/page.cfm?pg=8. **This program does not fund single-family housing.**

The program has multiple objectives:

1. To increase the number of community beds for homeless veterans nationally by at least 5,000.
2. To help homeless veterans transition to permanent housing through supportive services, counseling, and requiring that residents take personal responsibility to remain sober, employed, and to pay monthly rent.
3. To determine whether a federal loan guarantee program is an effective tool for facilitating the development of transitional supportive housing for homeless veterans.

The VA expects that the projects in the program will be self-sustaining. To maximize the likelihood of a project's long-term success, VA requires that project sponsors demonstrate the financial wherewithal to repay a program loan as well as a high capacity to develop and operate transitional housing for homeless veterans. Sponsors and their development teams must show a strong track record. Applications must demonstrate that the supportive services strategy is needs-based and financially feasible, that it will be monitored and adapted as necessary to attain its goals, and that it will help participants make the transition to permanent housing. The supportive services strategy must be integrated with existing community services. Sponsors must demonstrate community support by, at a minimum, securing for their projects state, local, or non-governmental funding, property, and/or services.

# PROGRAM TERMS

*Program Loan*
Financing under the program is a direct loan from the Federal Financing Bank ("FFB"), an arm of the US Treasury.

*Federal Guarantee Amount*
VA will guarantee 100 percent of the unpaid principal balance and accrued interest due but unpaid, of the program loan up to 80 percent of total project costs. The approved guaranteed loan amount will depend upon a project's ability to sustain operations and debt. VA anticipates that in most cases, the guaranteed loan amount will not exceed 40 percent of the total project cost.

*Combination Construction and Permanent Financing*
The program will provide construction and permanent financing and may include reasonable amounts for the acquisition of furniture, equipment, supplies, or materials for the facility or for supplying the sponsor with working capital relative to the facility. This is intended to encourage the development of new transitional, multifamily housing in the areas of greatest need. It is assumed that potential sponsors will apply for either permanent financing or a combination of construction and permanent financing. VA does not anticipate any applications solely for construction financing.

*Permanent Loan Term*
Due to the intent and purpose of the program, VA under certain circumstances is willing to extend the loan beyond a standard 30-year loan term. If the intended term is greater than 30 years, the project must have a 25 percent useful life remaining upon the expiration of the loan term. A loan term may not exceed 40 years and shall be based on VA's credit underwriting assessment.

For example: If the proposed loan term is 40 years, the building must be determined to have a useful life of 53.5 years.

Determination of the term will be at VA's sole discretion and documented as part of the loan underwriting process.

*Construction Loan Term*
A construction loan may be guaranteed if it is part of a combination construction and permanent loan. The construction period can be no longer than 24 months.

*Maximum Permanent Loan Interest Rate (base + spread)*
The interest rate to the sponsor will be the applicable treasury rate plus a spread that captures the liquidity premium between treasury securities and the private sector lending rate. The rate will fully reflect the risk inherent in a sponsor or transaction when such a rate will accomplish a broader policy goal. In no case will the interest rate be less than a comparable treasury rate. The applicable treasury rate will be consistent with the term of the loan. For terms not readily discernable from the treasury curve, FFB will establish a rate with a comparable term.

*Construction Interest Rate*
VA will guarantee construction advances only as part of a combination construction and permanent loan. During the construction period, the interest rate will be set at the time of each disbursement of funds. The disbursement of funds (amount and timing) will be governed by the draw schedule established between the sponsor and VA. If the draw

schedule identifies multiple disbursements, the interest rate on each disbursement will be determined by the interest rate environment at the time of that disbursement.

VA will convert the guarantee on a construction loan to a guarantee on a permanent loan once the underwriting and lease-up assumptions indicated in the application have been met but in no event longer than 24 months from the date of loan closing.

*Interest Rate Cap*

The sponsor will have the ability to purchase an interest rate cap from FFB to help mitigate the variability of market interest rates. Pricing and terms for interest rate caps are established by FFB and documented in the Note Purchase Agreement.

*Debt Service Coverage Ratio*

The minimum debt service coverage ratio shall be 1.10. VA in its sole discretion may require a higher debt service coverage ratio and ratios above 1.15 are preferred.

*Prepayment Options*

Recipients of loan guarantee commitments will have two prepayment options, one of which must be selected by the sponsor at the time the funds are drawn. The prepayment option chosen for the first draw must be the same option chosen for all subsequent draws. Prepayment may not result in a substantial change in the use of the facility, unless VA determines that the facility is no longer needed. Borrowers may consider the fixed-price prepayment option to avoid the interest rate risk associated with the market-value prepayment option.

| **Prepayment Options** | |
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| *Market Value Prepayment Privilege* | The standard prepayment privilege will allow the borrower to prepay at a price equal to the ***difference*** between (a) the price for such advance that would produce a yield for the period from the date of the purchase to such maturity date substantially equal to the interest rate that would be set on a loan from the Secretary of the treasury to FFB to purchase an obligation having a payment schedule identical to the payment schedule of such advance for the period from the date of prepayment to such maturity date and (b) the sum of (1) the outstanding principal amount of such advance on the date of prepayment; and (2) all unpaid interest accrued on such advance through the date of prepayment. |
| *Fixed-Price Prepayment Privilege* | A second prepayment privilege will allow the sponsor to prepay its loan either at any time or after an agreed-upon no-call period, and either at a fixed price or at par, in each case as selected by the sponsor at the time the funds are drawn on its VA-guaranteed loan. This prepayment privilege will be offered to sponsors at an additional cost equal to the interest rate spread that FFB determines would be charged on an obligation issued by the Secretary of the treasury having prepayment provisions identical to the particular prepayment provisions selected by the sponsor. At the sponsor's option, the additional cost for a fixed-price prepayment privilege may be paid in a single payment equal to the present value of the interest rate spread over the term of the loan. |

*Refinancing a Program Loan*
Sponsors who receive a program loan may be offered refinancing privileges at costs and on terms that are consistent with the prepayment privileges offered by FFB, provided that the facility continues to meet VA program requirements.

*Deed Restrictions*
The sponsor/borrower is required to operate the facility and provide services in accordance with the requirements under the program for the duration of the loan term but no less than 20 years or until such time as VA determines that the need for such housing is no longer necessary.

# PROGRAM FEES

**VA reserves the right, in its sole discretion, to modify, eliminate, add or waive any of these fees for the program as a whole or with respect to individual applicants/sponsors.**

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| Late Fees | If any monthly installment payment is not received by the Secretary prior to the 11th calendar day after the same is due (without regard to any applicable cure and/or notice period), borrower shall pay to the Secretary upon demand an amount equal to the lesser of (a) four percent (4%) of such unpaid sum or (b) the maximum amount permitted by applicable law to defray the expenses incurred by the Secretary in handling and processing such delinquent payment, and such late fee shall be secured by the loan documents. |
| Assumption Fee | A non-refundable review fee in the amount of $3,000 and a transfer fee equal to 1 percent of the outstanding indebtedness immediately prior to the transfer. |
| FFB Administration Fee | The interest rate to the sponsor will be the applicable treasury rate plus a spread that captures the liquidity premium between treasury securities and the private sector lending rate. The rate will fully reflect the risk inherent in a sponsor or transaction when such a rate will accomplish a broader policy goal. In no case will the interest rate be less than a comparable treasury rate. The applicable treasury rate will be consistent with the term of the loan. For terms not readily discernable from the treasury curve, FFB will establish a rate with a comparable term. |

# APPLICATION PROCESS

The Program has a two-staged application process. Stage 1 of the application is designed to allow assessment of a project's eligibility and feasibility. VA will invite Applicants whose Stage 1 applications are deemed eligible and feasible to submit Stage 2 applications. Stage 2 applications must include credit reports and updated financial information on the project Sponsor, Developer, Social Service Provider and Contractor in addition to third-party reports such as appraisals, engineering reports and environmental assessments. The information collected in the Stage 2 application is intended to enable VA to make a final determination about which applications to approve and guarantee. Application submission and review timelines can be found in the NOFA. The steps involved in the application process, from the issuance of the application to the issuance of the loan guarantee, are shown below:

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| **STEP 1:** | *VA Issues NOFA* |
| **STEP 2:** | *Stage 1 Applications Due* |
| **STEP 3:** | *VA Approves and Issues Conditional Commitment to eligible projects* |
| **STEP 4:** | *VA Requests Stage 2 Applications for Eligible Proposals* |
| **STEP 5:** | *Stage 2 Applications Due* |
| **STEP 6:** | *VA Approves Eligible Applications and Issues Firm Commitment* |
| **STEP 7:** | *Loan Closing/VA Issues Loan Guarantee* |

# PROJECT ELIGIBILITY

In order to be eligible to obtain a guarantee under the program, a project must satisfy certain requirements. The requirements are as follows:

1. Be for an allowable program use.
   - Funds may be used for acquisition of land for, or construction or rehabilitation of, a multifamily transitional housing project for homeless veterans; or for the refinancing of an existing loan for such a project. Provided that the loan is not used to refinance an existing loan, it may include reasonable amounts for financing the acquisition of furniture, equipment, supplies, or materials for the project; or for supplying the sponsor with working capital relative to the project.
   - The project may include space for neighborhood retail services or job training programs.
2. Be run as multifamily transitional housing for eligible homeless veterans until such time as a change in demand dictates a new target population, as determined by VA.
3. Provide on-site supportive services and counseling services (including job counseling) with the goal of making residents self-sufficient.
4. Require that each resident veteran seek to obtain and maintain employment.
5. Charge a reasonable residential rent.
6. Maintain strict guidelines regarding sobriety as a condition of residency.
7. Include funding or the substantial provision of property or services by a state or local government or a nongovernmental entity.

# APPLICANT ELIGIBILITY

All sponsors/borrowers intending to make application under the program must demonstrate an ability to meet the program eligibility requirements described below in order to receive further review.

*Eligible Applicants*

- The sponsor/borrower must be creditworthy. Creditworthiness refers to the concept of ability, willingness and capacity to repay a loan. In assessing creditworthiness, lenders use criteria, such as debt service coverage ratio, credit history and financial strength in assessing the sponsor's ability to support the transaction.

- If the sponsor/borrower is not already established as a single-purpose entity, it must establish such an entity to serve as the borrower for the VA-guaranteed loan prior to loan closing. The sponsor/borrower must be a U.S.-owned corporation, a limited liability corporation, or a partnership in which the principals are U.S. citizens or permanent legal residents.
- The sponsor must be composed of officers, members, managers and or shareholders who are citizens of the United States or permanent legal residents whose sole purpose is the owning and operating of the multifamily transitional housing facility subject to the loan guaranteed by this loan program. Such evidence includes but is not limited to articles of incorporation, by-laws, certificates of good standing, evidence of 501(c)(3) or 501(c)(4) status, partnership agreements, joint venture agreements, audited financial statements, and credit references.
- Applicants are eligible to receive funds under this program provided that the ownership entity or one or more of its principals, architects, property managers, supportive services coordinators, general contractors or subcontractors are:
    - Currently not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency,
    - Have not within the three-year period preceding the submission of a loan guarantee application, been convicted of or had a civil judgment rendered against them for commission of fraud or an offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; for violation of federal or state antitrust statutes; or for commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property,
    - Are not currently indicted for, or otherwise criminally or civilly charged by, a governmental entity (federal, state, or local) with commission of any of the offenses enumerated above.

    - Have not, within the three-year period preceding the submission of a loan guarantee application, had one or more public transactions (federal, state, or local) terminated for cause or default.

- The sponsor/borrower must demonstrate an ability and intention to maintain and operate the transitional housing facility in accordance with program objectives and requirements identified in this manual. The sponsor/borrower demonstrates an ability to maintain and operate the facility through past performance on other properties and through relevant experience operating housing with a supportive services component. In addition, the sponsor/borrower outlines its plan to operate the property securing the VA loan guarantee in the application.
- An Applicant must secure VA consent prior to making any changes to its structure that could impact the viability of the project.
- The applicant must have completed or placed in service at least one currently operating supportive, affordable and/or other housing community of a size comparable to or larger than the proposed project. If the applicant seeks VA construction financing, the applicant or its development consultant must have experience managing construction projects similar to the one proposed.
- The applicant must have a demonstrated track record of working constructively with local and/or state governments to develop housing. Evidence may include securing government housing-related funding (including tax credits), property donation, reduction or dismissal of liens on property to be developed as affordable housing, and tax relief. Other compelling evidence will be considered as well.
- The applicant must demonstrate the financial capacity to undertake development and operation of the facility.
- The applicant must demonstrate stability in the composition of its board (if applicable) and staff.
- The sponsor/borrower must be in compliance with all legal and regulatory requirements with respect to any VA program and any Federal debt.

*Ineligible Applicants*

Applicants may not receive a VA loan guarantee if they, their principals, their architect, property manager, supportive services coordinator, general contractor and subcontractors, or their principals:

- Are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;

- Have within a three-year period preceding their VA loan guarantee application been convicted of or had a civil judgment rendered against them for commission of fraud or an offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

- Are presently indicted for, or otherwise criminally or civilly charged by, a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in the immediately preceding paragraph;
- Have within a five-year period preceding submission of their application had one or more public transactions (federal, state, or local) terminated for cause or default;
- Have within the past five years filed for bankruptcy; or
- Are delinquent or in default on another Government-subsidized direct or guaranteed loan, per the Debt Collection Improvement Act of 1996.

In addition, applicants will be considered ineligible if they or any of their principals have any outstanding VA audit findings. No organization may receive assistance that has an outstanding obligation to VA that is in arrears or for which a payment schedule has not been agreed to, or whose response to an audit is overdue or unsatisfactory.

If an applicant is found to be ineligible due to its principal, architect, property manager, supportive services coordinator, general contractor or subcontractor, VA can require a change.

*Identity of Interest*

With respect to a proposed project, applicants must identify any and all financial interests of any type, or appearance of same, that exist or will exist between or among the sponsor, management agent, suppliers of materials or services, or vendors, in any combination of relationships. At its sole discretion, VA may disqualify a project from further consideration should an inappropriate identity of interest relationship exist.

# SUPPORTIVE SERVICES

A comprehensive, well-targeted supportive services program must be an integral part of any facility financed by the program. Sponsors will be required to agree to provide such services at the time of origination and over the life of loan, but no less than twenty years.

The services program must be based on a needs assessment that identifies the needs of homeless veterans in the community and estimates the demand for services. Applicants are encouraged to consult the most recent VA Community Homelessness Assessment, Local Education and Networking Initiatives ("CHALENG") report when developing the needs assessment. The CHALENG report is published each year and includes survey data from local governments, service providers, and formerly and currently homeless veterans about current perceptions of homeless veterans' needs, the degree of VA/community cooperation and collaboration in serving homeless veterans, and progress on local homeless veterans program initiatives. VA will use the CHALENG findings to evaluate the needs assessment. This report is available electronically at www.va.gov/homeless.

*Services Program Requirements*

The supportive services plan must address needs identified in the needs assessment and include a comprehensive, realistic strategy to foster self-sufficiency in the resident veterans. The plan must:

- Include an employment program designed to help the resident veterans attain long-term employment at living wages or more once they leave the facility. Residents must seek to obtain and maintain employment while living in the facility. Residents enrolled in remedial education or apprenticeship programs may meet this requirement by performing regular chores at the facility that contribute to a reduction in operating expenses.
- Clearly identify how resident veterans will attain and transition to permanent housing.
- Identify which services will be provided on-site and off-site, as well as who will provide them.
- Include a realistic budget and a strategy for obtaining funding.
- Include a realistic staffing plan that identifies staff qualification requirements.
- Include an ongoing assessment in the form of a report to be delivered to VA on no less than an annual basis addressing the supportive services needed by the residents of the facility, the availability of the needed services and the sponsor's ability to meet the goals, objectives, measures, and special needs of the residents.
- The sponsor, during the period of the loan, must have an active and aggressive outreach effort intended to ensure that homeless veterans are aware of the opportunity to obtain residency at the multifamily transitional housing facility and must make efforts to

ensure that to the maximum extent feasible all beds are filled with eligible homeless veterans. These efforts must include active liaison with the VA medical centers servicing the area and with State, local and private agencies and organizations providing services to homeless veterans.

The supportive services program may include the following services:

- Conducting outreach activities;
- Providing food, nutritional counseling, counseling, health care, mental health treatment, alcohol and other substance abuse services, and case management services;
- Establishing and operating child care services for dependents of homeless veterans;
- Providing supervision and security arrangements for the protection of residents of supportive housing and for homeless veterans using the housing or services;
- Providing assistance in obtaining permanent housing;
- Providing education, employment counseling, and job training;
- Establishing and operating an employment assistance program;
- Providing assistance in obtaining other federal, state and local assistance available for facility residents including mental health benefits, employment counseling, veterans' benefits, medical assistance, and income support assistance such as supplemental security income benefits, temporary assistance to needy families, general assistance, food stamps, etc.; and,
- Providing housing assistance, legal assistance, advocacy, transportation, and other services essential for achieving and maintaining independent living.

Inpatient acute hospital care does not qualify as a supportive service.

*Services Delivery and Coordination*

The sponsor may act as the supportive services coordinator if it has the experience and capacity to do so. Otherwise, the sponsor must develop a partnership with a capable coordinator to carry out the supportive services program. The supportive services coordinator may provide the services directly or through agreements with other qualified service providers. The services coordinator should coordinate efforts with federal, state, local, private and other entities serving homeless persons in the planning and operation of supportive services. Such entities may include shelter transitional housing, health care, or social service providers; providers funded through Federal initiatives; local planning coalitions or provider associations; or other programs relevant to the local community.

VA will evaluate the financial feasibility of proposed projects based in part on the financial criteria described in this section.

*Potential Funding Sources*

Homeless veteran housing facilities to be financed through the program must include other funding sources. Many states have developed their own development and operating subsidy programs that may be used as well. In addition, one of the most effective ways a local or state government can help reduce development and long-term operating costs is to waive fees and taxes.

# PROJECT SITE DESIGN

Project site and design characteristics such as location, size, amenities, proximity to transportation and services, and environmental conditions are important to the success of a facility. They affect a property's marketability, financial success and effectiveness in reaching homeless veterans. VA will review project site and design characteristics based on the following standards.

*Site Control*

The applicant must have site control. The applicant must provide evidence that it has and will maintain control of the facility for which the VA guarantee is requested through the anticipated closing date. Acceptable forms of site control may be any one of the following:

- Deed or other proof of ownership
- Executed contract of sale
- Executed capital lease agreement
- Executed option to purchase or lease

*Site Standards*

VA will review site plans for compliance with the following standards:

- Applicable Codes: All multifamily housing projects must observe applicable federal, state, and local laws, local ordinances, zoning requirements, and regulations on health and safety standards.
- Grading and Drainage: Soil and geological conditions must be suitable for the type of construction proposed. VA reserves the right to obtain an engineering report with supporting data to identify all pertinent subsurface conditions that could adversely affect the structure and show proposed solutions.
- Utilities and Infrastructure: The site must have utilities and infrastructure that are adequate for the needs of the facility and that meet all local requirements.
- Environmental Issues: The site must be free of hazardous environmental contaminants, such as asbestos. When such contaminants exist on the site, the Applicant must provide a remediation plan and budget to address them.
- Size and Shape: The site must be adequate for the proposed units as well as parking requirements and other proposed improvements.
- Undesirable Conditions: Sites should be located in areas with minimal exposure to:
  - Noise from nearby roads, airports, or factories
  - Pollution from nearby sources that create hazardous health conditions
  - Undesirable commercial enterprises, such as liquor stores

VA will review the facility design to determine that it:

- Adequately addresses environmental issues.
- Is appropriate given community standards, surrounding neighborhood, and site characteristics.
- Features on-grade landscaping, which addresses functional and aesthetic issues.
- Features secure, well-designed unit interiors.
- Features security and crime prevention measures, which may include but are not limited to strategically placed fencing, keyless entry systems, and security cameras.
- Accommodates resident privacy needs to the maximum extent feasible given the development program.
- Provides adequate space for the services program. The design must consider space needs for case management of residents, meeting and/or classroom space for service and program provision, and integrated community living space.
- Is consistent with building code.
- Is appropriate to the program.
- Can be constructed for the construction budget identified in the application.

*Access to Public Transportation and Other Services*

The project must provide ready access to transportation. The Applicant must demonstrate fulfillment of at least one of the following three criteria:

1. Facility is located within reasonable distance of public transportation such as a bus or subway stop.
2. Facility provides regular shuttle service to and from public transportation, either directly or through a partnership with a service provider.
3. In areas without adequate public transportation, the sponsor must provide a plan for how residents will be able to meet their transportation needs and have ready access to services provided in the local community.

In addition, VA encourages the location of facilities near full-service grocery stores, recreation facilities, health services providers, religious institutions, and other institutions that will promote the resident veterans’ transition to self-sufficiency.

# COMMERCIAL SPACE

Facilities may include space for neighborhood retail services or job training programs. VA does not place a square footage limit on non-residential space. VA will review proposals that include such space for their overall viability, taking into account such factors as the market for the proposed space, the contribution of the space to project revenues, and the impact of the space on the facility's services program. The sponsor will need to provide copies of all leases or proposed leases as well as financial information on the tenant.

# FINANCING SOURCES

The VA Loan Guarantee Program provides for a guarantee on monies lent under the program for up to 80 percent of project costs. VA anticipates that program loans will not exceed 40 percent of the total project cost. The sponsor must supplement the program guarantee with funding and/or the substantial provision of property or services by a State or local government or a nongovernmental entity. Eligible support by a state or local government or a nongovernmental entity includes but is not limited to:

- Commitment of development funds including but not limited to low-income housing tax credits, Community Development Block Grants (“CDBG”), HOME Investment Partnership Program (“HOME”), and the Federal Home Loan Bank’s Affordable Housing Program funds.
- Commitment of rent or operating subsidies.
- Commitment of supportive services funding.
- Donations that reduce total development costs, including land, leasehold interests, labor, buildings, infrastructure or site improvements, services, furnishings, and other items included in the development budget, or the provision of these at below-market cost.
- Donation of operating services or the provision of these at below-market cost.
- Donation of supportive services or the provision of these at below-market cost.
- Significant local or state government fee or tax waivers.

Where a proposed project intends to utilize tax credits, the underwriter must obtain a copy of the letter of commitment from the tax credit investor or syndicator. The letter must outline the amount paid by the investor/syndicator, the pay in schedule and any other information the underwriter deems necessary to document sufficient equity in the transaction.

These requirements not withstanding, the sponsor is required to have a minimum equity stake of five percent (5%) of the total development costs in the project.

# VA DISCLAIMER

VA will have sole discretion to make guarantees under the program.  VA will use an evaluation process that is guided by the underwriting eligibility and feasibility parameters identified in the NOFA.  At VA's discretion, additional source selection criteria may be imposed.   During the pilot phase of the program, the criteria may be different than what is noted on the Website and in the Notice of Funding Availability ("NOFA").