

24 NCAC 01M .0305 AGENCY BOARD APPROVAL

(a) In its evaluation of applications the agency will also analyze the capacity of project owners using the following criteria:

- (1) Project owners (organizations and individuals) must provide evidence of sufficient financial capacity to successfully complete and operate the proposed project.
- (2) Project owners, who have defaulted on a Federal Housing Administration (FHA) insured, Farmers Home Administration (FmHA) funded, tax-exempt bond funded or federally subsidized project mortgage in the past five years, will be specifically identified in any presentation to the agency board.
- (3) Project proposals will be reviewed by staff under alternative operating conditions including, but not limited to, extended lease-up of up to three years, rent concessions of up to 20 percent and higher operating costs per unit based on averages for other projects in service.
- (4) Project owners may be requested to provide financial assurances including letters of credit or cash escrows that offset any operating losses that will be sustained by the project owner under alternative operating conditions. Financial assurances will be required of project owners who have defaulted on projects identified in Subparagraph (a)(2) of this Rule.

(b) The Agency will use the criteria established in Rules .0303, .0304 of this Section and Paragraph (a) of this Rule to identify those applications to be further analyzed before the final financing decision is made by the agency's board of directors. Selection for financing will be based on the agency's underwriting of each remaining project. The underwriting will include an analysis of:

- (1) The need and market demand for the project;
- (2) The financial feasibility of the project;
- (3) The reasonableness of project costs;
- (4) The project's site plan and building design; and
- (5) The need of each project for program funds.

History Note: Authority G.S. 122A-5; 122A-5.1; 122E-4; 122E-5; 122E-8; Eff. November 2, 1992; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. September 23, 2017.