PROGRAM BULLETIN

Developer Fee Policy:

The maximum Developer's Fee including overhead is calculated either (i) per unit or (ii) as a percentage of total development cost minus the value of any capitalized reserves and the Developer's Fee (the "Fee Based Development Cost"). Development consultant fees must be paid out of the approved Developer Fee. Developers should note that the percentages below represent the maximum fee that may be earned. Lower fees or deferred fees may be required depending on the amount and/or source of subordinate financing used by a Developer in a transaction.

I. New Production with tax-exempt financing and 4% LIHTC only (no subordinate debt)

- Up to 15% of the Fee Based Development Costs

II **New Production with** tax-exempt financing, 4% LIHTC and subordinate debt

- Scattered Sites: 0 to 2-bedroom units – $23,650 per unit
  3 bedroom or greater – $25,300 per unit

- Single Site: 0 to 2-bedroom units – $20,790 per unit
  3 bedroom or greater – $23,100 per unit

- Developers may increase the developer fee to 15% of the allowable base fee (as defined above) as long as any amount above the base fee is deferred.

III. New Production with Additional Subsidy (9% LIHTC and/or state or federal subsidies (other than 4% LIHTC as outlined above))

- Scattered Sites: 0 to 2-bedroom units – $23,650 per unit
  3 bedroom or greater – $25,300 per unit

- Single Site: 0 to 2-bedroom units – $20,790 per unit
  3 bedroom or greater – $23,100 per unit

Additional Developer Fee: Developers of New Production projects using 9% LIHTC are eligible for Additional Developer Fee of up to 50% of any cost savings realized for projects that (i) are completed under budget, or (ii) are eligible for upward adjusters. The balance of the cost savings will be recaptured by RIHousing.

IV. Preservation with tax-exempt financing and 4% LIHTC only.

- 5% of acquisition and 10% of construction and soft costs not including new reserves and Developer's Fee (the "Base Fee"). Developers may increase the developer fee to 15% of the Fee Based Development Cost (as defined above) as long as any amount above the Base Fee is deferred.

V. Preservation without LIHTC and including Rollover RIHousing Debt

- For non-LIHTC transactions with existing RIHousing debt that will be "rolled over" rather than be repaid, the maximum developer fee will be equal to 10% of the construction cost.
- A minimum fee of $500 per unit will be provided to a sponsor of a preservation transaction if substantial rehabilitation of units is involved.

VI. New Construction without LIHTC

- Up to 10% of the total development cost, not including new reserves and developer's fee.

Developer Fees for development of commercial space as part of a RIHousing financed residential project will be negotiated on a case-by-case basis.

Developer's Fee Disbursement: Twenty five percent (25%) of the non-deferred portion of the Developer's Fee shall be paid on the Closing Date and the remaining deferred and non-deferred Developer's Fee shall be assigned to Lender as collateral for the obligations under the Loan Documents. At fifty percent (50%) completion, assuming: i) there are no cost overruns in excess of those covered by the contingency funds, ii) the construction completion date remains on schedule, and iii) there are no defaults under the Loan Documents, an additional twenty five percent (25%) of the non-deferred portion of the Developer Fee may be paid. The remaining deferred and non-deferred portion of the fee shall be disbursed upon Lender's acceptance of the Development's cost certification, and all requirements of the Loan Agreement are met.

Application Fee
All LIHTC proposals will be assessed a $1,500 non-refundable application fee, payable upon application submission.

RIHousing Legal Fees
All RIHousing legal fees shall be paid for by the borrower and may be incorporated in the proforma as an eligible expense.

Overall Total Development Cost Limits by Building Type	
RIHousing has determined a maximum total development cost (the "Overall TDC") for the building types listed below. The building types and Overall TDC are as follows:	
Building Type	**Maximum per unit Overall TDC**
Urban (includes scattered site and urban in-fill)	$440,000
Historic Mill Conversion	$469,000
Suburban/Rural Cluster Subdivision (buildings contain less than 8 units per building)	$448,000

Garden style apartment up to 3 stories (no elevator)	$442,000
Up to 4 Story building with elevator	$470,000
4 or 5 Story Stick built on Podium Parking	$466,500
Preservation units utilizing LIHTC	$266,000

Management Fee Guidelines			
Project Size	**Base Fee**	**Bookkeeping**	**Total**
1 – 40 Units	6.5%	.5%	7.0%
41 – 60 Units	5.5%	.5%	6.0%
61+ Units	5.0%	.5%	5.5%

Financing Fees		
1st Mortgage		
2% of the first $5,000,000; 1% thereafter		Upon closing
A minimum combined origination/underwriting fee of $20,000 will be paid if the first mortgage amount is less than $1,000,000 or there is no first mortgage		
Tax Credit Allocation		
4% Tax Credits:	1.0% of 10-yr allocation	Upon closing
9% Tax Credits:	0.5% of 10-yr allocation	Upon closing

Underwriting Fees	
RIHousing will charge an underwriting fee for the review of all 4% and 9% LIHTC proposals as follows:	
Combined Loan Amount	**Fee**
Up To $1,000,000	$20,000
Up To $3,000,000	$25,000
Greater than $3,000,000	$35,000
RIHousing requests the opportunity to provide the permanent debt for all transactions. If RIHousing provides the first mortgage financing, these underwriting fees will be applied toward RIHousing's origination fees. However, an underwriting fee will be charged if RIHousing is not the permanent senior lender**.**	

Construction Fees			
General Contractor Fees			
Construction Value	**General Requirements (%)**	**Builder's Overhead (%)**	**Builder's Profit (%)**
up to $1 mil	8	2	9
$1 to $2 mil	7	2	8
$2 to $3 mil	7	2	8
$3 to $4 mil	6	2	6
$4 to $5 mil	6	2	5 1/2
Over $5 mil	6	2	5

Identity of Interest: For those developers where there is an identity of interest between the owner and general contractor, the maximum amount of builder's profit allowed is 50% of the amounts referenced above. Note that for projects subject to Section 911 Subsidy Layering reviews, alternative general contractor fee limits may apply.	
Estimated Bond Premiums (a factor of construction cost)	
Buildings, Minimum bond cost	.60%
Buildings, Maximum bond cost	2.5%
There is typically a 1% surcharge on the total bond premium for each month exceeding one year.	

Architect	
Architectural Fees (including engineering fees)*	
High Rise	7 ½% of the total allowable construction cost including fees: 80% design and 20% construction administration
Low Rise Repetitive Design	6% of the total allowable construction cost including fees: 80% design and 20% construction administration
Rehab	7 ½% of the total allowable construction cost including fees: 80% design and 20% construction administration

*Architectural and engineering fees may not be increased due to construction labor and material cost increases. Increases in fees may only be requested due to additional work incurred by the firm(s) as a result of design and/or engineering changes/modifications. Fee increases are subject to approval by the Owner/Developer and RIHousing. Firms should provide detailed information on work hours for both Principals and Associates billing for additional fees.

Clerk of the Works Fees	
(Clerk of the Works fee shall be based on total construction cost less contingency)	
2.5%	$500,000 - $2,000,000.
2.0 %	$2,000,0001 - $5,000,000.
1.5%	$5000,001-$10,000,000.
1.25%	$10,000,001 or Greater

Underwriting Rates	
Rates	
Call lender for current Taxable and Tax-Exempt rates. For the 2025 LIHTC RFP, the permanent loan rate (inclusive of 12.5bps for HUD Risk Share) will be based on a spread of approximately 325 basis points above the 30-year Treasury. The spread is subject to change. Applicants should add a 50bps hedge for taxable permanent senior debt underwriting.	
Operating Expense Ranges	
Industry Standards for 2024-2025	$7,200 - $8,300 Per Unit Per Annum **(Net of Utilities and Real Estate Taxes)**
Developers will be required to justify higher or lower costs by identifying and quantifying specific cost factors.	

Square Foot Construction Calculations
Square foot costs are to be based on building gross square footage calculated to the outside face of exterior wall surfaces for all finished spaces. The following percentage of partial areas will be used: Garage = 2/3 of area; Unenclosed Porch = ½ of area; Enclosed Porch = 2/3 of area; Unfinished Basement = ½ of area; Canopies = ¼ of area; and Two-story room = 1 ½ of area

Real Estate Tax Set-up Assessment	
Real Estate Tax Assessment per Development	**$95.00**
Additional Set-up Fees	
• An additional fee of $10.00 will be added for each $100,000, or portion thereof, of loan balance in excess of $500,000.	
• For Commercial/Multifamily loans, the fee includes up to five (5) contiguous parcels. There will be an additional fee of $10.00 per parcel above five (5) contiguous parcels OR, $10 per parcel for non-contiguous parcels.	

Compliance Monitoring Updates

TAX CREDIT COMPLIANCE MANUAL:

Available on our website at https://www.rihousing.com/Compliance Manual.

LEAD SAFE HOUSING RULE:

U.S. Department of Housing and Urban Development
Office of Health Homes and Lead Hazard Control
Washington DC 20410
(https://www.hud.gov/program_offices/healthy_homes/healthyhomes/lead). The Lead Safe Housing Rule applies to the Low-Income Housing Credit Program, when the HUD Uniform Physical Conditions Standards (UPCS) are used by the state housing agency for monitoring purposes.

MANAGEMENT COMPLIANCE CERTIFICATION:

Owners of tax credit developments must certify that at least one member of the on-site management staff attends training for compliance in managing a tax credit project at least once annually. Proof of training and/or Certifications of training must be submitted to RIHousing by January 31st of each year along with the Annual Owner's Certification of Continuing Program Compliance. **WAIVER 8877:**
Revenue Procedure 2004 – 38: Effective July 6, 2004, new form and procedures for Waiver 8877 have been issued by the IRS.

GUIDE FOR COMPLETING FORM 8823:

The IRS has issued the Guide for Completing Form 8823 Low-Income Housing Credit Agencies Report of Non-compliance or Building Disposition. Revised as of January 2011. The scope of this guide is limited to guidelines for preparing Form 8823 for submission to the IRS. Taxpayers are responsible for evaluating the tax consequences of noncompliance with IRC Section 42. The Guide is available on the IRS website. Please contact Kathy Millerick at (401) 457-1241 if you have any questions.