

EXHIBIT 9-H

SCENARIOS THAT GENERATE CHDO PROCEEDS

Rental Projects:

- Grantee is a CHDO and used HOME funds to develop a newly constructed multi-family rental project. Another entity owns the building. The owner makes loan repayments to the CHDO. The loan payments received by the CHDO are CHDO proceeds and must be reported as such to MDOC. The CHDO proceeds must be reported as such to MDOC and used for HOME-eligible or other housing activities to benefit low-income households.

Note: This scenario is typical for low income tax credit projects.

- ⊗ **SCENARIO THAT DOES NOT GENERATE CHDO PROCEEDS:** Grantee is a Community Housing Development Organization (CHDO) and used HOME funds to rehabilitate a multi-family rental project. The CHDO owns the building. Rental income is considered operating income and not CHDO proceeds. The funds should be reinvested in the project, but there are no HOME requirements for the funds.

Homeownership Projects:

- Grantee is a CHDO, which will develop 10 single family homes. The CHDO must use the resale option and has chosen to enter an equity sharing arrangement with the homeowner. After purchasing a home, the homeowner moves within the period of affordability. The equity share that the CHDO receives is CHDO proceeds. The CHDO proceeds must be reported as such to MDOC and used for HOME-eligible or other housing activities to benefit low-income households.
- Grantee is a CHDO, which purchases 10 single family homes to rehabilitate and then sell to low-income households. The funds the CHDO receives from a low-income household through the sale of the home are considered CHDO proceeds because the CHDO owned the homes before sale to the new homeowners. The CHDO proceeds must be reported as such to MDOC and used for HOME-eligible or other housing activities to benefit low-income households.
- ⊗ **SCENARIO THAT DOES NOT GENERATE CHDO PROCEEDS:** Grantee is a CHDO and will provide down payment assistance and/or rehabilitate 25 owner-occupied homes. The CHDO lends funds to the homebuyer/owner. Any funds recouped through principal, interest, or equity share received by the CHDO within the period of affordability are recaptured funds, **not** CHDO proceeds.

All Projects:

- CHDO proceeds must be reported to the HOME Program quarterly with **Exhibit 9-G: HOME CHDO Proceeds Quarterly Reporting Form**, including how the funds were generated, and for which activity funds were used.
- CHDO proceeds must be used for HOME-eligible activities in accordance with the CHDO Proceeds Plan approved by the HOME program.