

**Attachment N 12**

**2026 Exhibit A to MHSA COSR Agreement (Request Form and Instructions)**  
**OC Community Resources**

OC Housing & Community Development  
1501 E. St. Andrew Place, 1<sup>st</sup> Floor  
Santa Ana, CA 92705



**EXHIBIT A –  
CAPITALIZED OPERATING SUBSIDY RESERVE (COSR) FUNDS  
INSTRUCTIONS FOR REQUESTING PAYMENTS**

To request a payment of Capitalized Operating Subsidy Reserve (COSR) Funds from OC Housing and Community Development (OCHCD), please follow these instructions:

1. Developer/management agent shall complete, sign and date a **COSR Request Form**. The request shall be submitted to the OCHCD approximately 60 days before the MHSA permanent loan closes or no later than 180 days after the end of the property’s fiscal year. Payment will be made in advance payment for the upcoming operating year; this advance payment is at the County’s sole and absolute discretion.

Disbursement Schedule:

Action	Requirement	Timeframe
<b>Initial Disbursement Request for Operating FY 1 at permanent loan close</b>	Developer/management agent submits the FY 1 Operating Budget and FY 1 COSR Disbursement Request Form	Submittal date – approximately 60 days before the MHSA permanent loan closes
<b>Disbursement Request for Operating FY 2 and beyond</b>	Developer/management agent submits the FY 2 Operating Budget, FY 2 COSR Disbursement Request Form, and FY 1 bifurcated annual independent audit	No later than 180 days after the end of the FY 1

2. Developer/management agency shall complete and submit (with the payment request form) a **regulatory agreement self-certification compliance checklist**. Please note that this is a self-certification of compliance from the payment requestors.
3. A current **annual audit** of the development’s actual income and expenses (submitted no later than 180 days after the end of each of the development’s fiscal years) shall be on file with the OCHCD at the time of payment request. The annual audit shall reflect the actual distribution of the operating subsidy funds for that previous fiscal year and any unspent operating subsidy funds for that fiscal year, if applicable.
4. Developer/management agent shall attach a **rent report** (template provided by OCHCD) and **rent rolls** to the payment request as evidence of the amount of the subsidy funds required for the MHSA units. The subsidy payment request shall be based on the difference between the actual paid MHSA portion of rent (by the tenant households) and the calculation of the current year’s 30% AMI rent in Orange County.



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5. A current **annual operating budget** of the development's projected Operating Expenses and Anticipated Income shall be submitted to the OCHCD no later than 180 days prior to the beginning of the development's fiscal year and shall be on file at the time of the payment request. The annual operating budget shall reflect the distributions of the operating subsidy funds anticipated to be requested by developer/management agent for that year.
6. The completed application and required documents shall be submitted to the OCHCD for review and approval a minimum of twenty (20) business days prior to the desired distribution date. The OCHCD will review each payment request and compliance with the Rent Subsidy Agreement and Regulatory Agreement within ten (10) business days of submission and either approve or deny. If denied, the OCHCD shall provide a written correspondence indicating the reasons for denial and instructions for resubmitting the request with any additional required information or corrective action. If approved, the OCHCD will process the payment request for distribution to developer/management agent for the identified MHSAs development

**Disclaimer:**

The development may not be eligible for a payment if any of the following conditions apply:

- MHSAs Assisted Units are not rented to MHSAs households
- MHSAs household occupying the MHSAs Assisted Unit has other tenant-based operating subsidies
- MHSAs Assisted Unit receives other project-based operating or rental subsidies that were not anticipated in the original underwriting excluding the rent subsidy reserve held and administered by the OC Housing and Community Development.
- Developer is in default under the regulatory agreement or other loan documents and all applicable cure periods have expired.

Please note that submission of the self-certification compliance checklist form (#1 above) set forth within these instructions for requesting a Capitalized Operating Subsidy Reserve Payment (by the payment requestor) and its acceptance by OCHCD to allow for approval of the requested payment does not preclude OCHCD or other County Department or Agency from completing its own comprehensive compliance review at a later date and determining that the developer/owner/requestor may or may not be in full compliance with all applicable regulatory agreements.



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**Regulatory Agreement Compliance Certification Form and Checklist**

**Name of Project:** \_\_\_\_\_  
**Name of Developer/Owner:** \_\_\_\_\_  
**Number of Restricted Units:** \_\_\_\_\_  
**Population Served:** \_\_\_\_\_  
**Income Limit Range:** \_\_\_\_\_

<b>General Conditions of the Project's Regulatory Agreement with the OC Housing &amp; Community Development</b>	<b>Initial to acknowledge compliance with the noted general conditions</b>
Use, occupancy and rental of the restricted units have been limited to qualified tenants as set forth within the project's regulatory agreement	
Owner/Management agent has adopted written tenant selection policies that are consistent with the requirements set forth within the project's regulatory agreement.	
The owner/management agent is in compliance with the nondiscrimination covenant set forth within the project's regulatory agreement.	
The owner/management agent has submitted to County, no later than 180 days after the end of the property's fiscal year, a report showing the information necessary to allow the County to determine the Owner's compliance with the project's regulatory agreement.	
The owner/management agent is managing the restricted units in accordance with an approved management plan.	
The owner is not in default or failed to make payments on any of the project loans and is in good standing with all lenders on the noted project (as of the date of certification).	
There has been no unauthorized sale or transfer of the project.	
<b>Certification:</b>  To the best of my knowledge, information and belief, the undersigned hereby certifies that the above acknowledgements are true and correct, and the noted project is in compliance with the regulatory agreement for said project.	
<b>Owner/Management Agent:</b>	<b>Signature of Authorized Owner/Agent Official:</b>
	<b>Date of Signature:</b>

Disclaimer: Acceptance of this self-certification by the OC Housing & Community Development does not preclude the County or a partner agency from completing a comprehensive compliance review of the development at any time and determining that the development is or is not in compliance with applicable regulations and/or agreements.



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**REQUEST FOR DISBURSEMENT OF CAPITALIZED OPERATING SUBSIDY RESERVE (COSR) FUNDS**

Project Name:		Period Covered:	
Property Address (include city, state and zip code):			
Name of Developer/Project Owner:		Contact Name & Telephone No.	
		Advance Payment <input type="checkbox"/>	
Total # of MHSA Assisted Units for which Subsidy Payment is available:			
Total # of Units in the Development:			
Original Years Projected for Subsidy:			
Projected Years Remaining for Subsidy:			
Year Requested:			
<b>Amount Requested (current request): \$</b>			
Projected Balance: \$			
Purpose:			
<p>The undersigned owner/management agent hereby requests that OC Housing &amp; Community Development disburse funds as provided by the COSR Agreement and MHSA Regulatory Agreement.</p> <p>To the best of our knowledge, information and belief, the sum requested is required as COSR assistance. The undersigned hereby certifies that the fund will be used to cover the shortfall in Operating Expenses for the subsidized MHSA Housing Units within the above noted project.</p>			
<b>Owner/Management Agent:</b>	<b>Signature of Authorized Owner/Agent Official:</b>	<b>Date of Request/Signature:</b>	
<b>For OC Housing &amp; Community Development Staff Only:</b>			
Request reviewed by:		Title:	
Name/Title of Payment Authorization Official:			
<b>Signature of Authorized Official to approve payment:</b>			