
Louisiana Housing Finance Agency



Multifamily Rental Housing Program

Louis Russell, Tax Credit Manager
Loretta Wallace, Special Programs Manager

March 21, 2007

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MEMORANDUM

To: Chairman Mark Madderra
Commissioner Philip Miller
Commissioner John Kennedy
Commissioner Kevin Brown
Commissioner Carolyn Burris

From: Louis Russell, Tax Credit Program Manager
Loretta Wallace, Special Programs Manager

Date: February 7, 2007

Re: Multifamily Rental Housing Program Committee

There will be a Multifamily Rental Housing Program Committee meeting, Wednesday, March 21, 2007 at 10:00 A.M. at the Louisiana Housing Finance Agency, V. Jean Butler Board Room, located at 2415 Quail Drive, Baton Rouge, LA.

Brenda Evans and Louis Russell will discuss the following issues with the Board:

- Permanent Supportive Housing Presentation.
- Discussion of state's 2007/2008 Per Capita Draft QAP.
- A resolution providing for approval of the State's 2007/2008 Per Capita Draft Qualified Allocation Plan and providing for other matters in connection therewith.
- Presentation by LRA/OCD/LHFA on Insurance Deficit Program.
- A resolution providing for the approval of the Operating Deficit Program and providing for other matter in connection therewith.

Loretta Wallace will present the following Resolutions to the Board.

- A resolution accepting the proposal of Banc of America Securities, Inc., for the purchase of not exceeding Twenty-two Million Dollars (\$22,000,000) of Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (Tanglewood Apartments Project) in one or more series; fixing the terms of said bonds and otherwise providing with respect to said bonds; approving the form and directing the

execution of the Bond Purchase Agreement for said Bonds; approving the form of the Official Statement with respect to said Bonds; and providing for other matters in connection with the foregoing.

- A resolution authorizing not exceeding \$8,500,000 Multifamily Housing Refunding Bonds (Legacy Heights) in one or more series; and providing for other matters in connection therewith.
- Other Business
- Adjournment

March 13, 2007

MULTIFAMILY RENTAL HOUSING COMMITTEE

A regular meeting of the Multifamily Rental Housing Program Committee will be held on Wednesday, March 21, 2007 at 10:00 A.M., Louisiana Housing Finance Agency, V. Jean Butler Board Room, located at 2415 Quail Drive, Baton Rouge, LA by order of the Chairman.

Preliminary Agenda

1. Call to order, roll call and introduction of guests.
2. Approval of the minutes from the February 14, 2007 Multifamily Committee Meeting.
3. Permanent Supportive Housing Presentation.
4. Discussion of state's 2007/2008 Per Capita Draft QAP.
 - A resolution providing for approval of the State's 2007/2008 Per Capita Draft Qualified Allocation Plan and providing for other matters in connection therewith.
5. Presentation by LRA/OCD/LHFA on Insurance Deficit Program.
6. Multifamily Bond Finance Update
 - A resolution accepting the proposal of Banc of America Securities, Inc., for the purchase of not exceeding Twenty-two Million Dollars (\$22,000,000) of Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (Tanglewood Apartments Project) in one or more series; fixing the terms of said bonds and otherwise providing with respect to said bonds; approving the form and directing the execution of the Bond Purchase Agreement for said Bonds; approving the form of the Official Statement with respect to said Bonds; and providing for other matters in connection with the foregoing.

- A resolution authorizing not exceeding \$8,500,000 Multifamily Housing Refunding Bonds (Legacy Heights) in one or more series; and providing for other matters in connection therewith.
- 7. Other Business
- 8. Adjournment

Milton J. Bailey, President

If you require special services, please call Lourie Brown at (225) 763-8700 by Monday, March 19, 2007.

**Louisiana Housing Finance Agency
Multifamily/Tax Credit Meeting Minutes
Wednesday, February 14, 2007
2415 Quail Drive
Baton Rouge, LA 70808
10:00 A.M.**

Commissioners Present

Chairman Mark Madderra
Commissioner John N. Kennedy
Commissioner Phil Miller
Commissioner Kevin J. Brown
Commissioner Carolyn B. Burris

Staff Present

Milton Bailey
Mary Brooks
Lourie Brown
James Gilmore
Brenda Evans
Louis Russell
LaTosha Overton
Nicole Carter
Urshala Hamilton
Loretta Wallace
Danny Veals
Desiree Armstead
Makeisha Johnson-August
Annie Robinson
Morris Duffin
Latesha Mumphrey
Shaun Mena
Anne Fulton
Keith Cunningham
Christine Bratkowski
Melanie Brocato

Counsel Present

Wayne Neveu, Foley & Judell

Guests Present

Joe Monsour, Jr., Trade Mark/Audubon
Tony Brunini, Alliant Capital
Michelle Diaz, Master's Housing
Joseph Stebbins, Classic Construction of New Orleans
Calvin Parker, Office of Community Development
Mark Turrentine, Standard Enterprises, Inc.
Bridget Vinson, Humanitas
Marilyn Moore, US Bank Home Mtg.
Russ Greer, Progressive Capital
Kevin Owens, Housing Systems, Inc.
Guy Barcelona, CCNO/Falcon
Ralph Coppersmith, Credit Capital
William McDonald, H.A. Bossier City
Will Belton, Aamagin
Charles Wilkins, Road Home
Yava Scott, Siebert, Brandford, Shank
Gale Potts Roque, MAC-RE
Carliss Knesel, Hancock Bank
Josh Collen, HRI Properties
Brian LeFleur, James & LaFleur Group
Yvonne Emerson, USDA-RD
Jerri Dausat, USDA-RD
David Emery, AmSouth/Regions
Robert Jackson, Reliance
Michelle Whetten, Enterprise
Hunter Botts, SunAmerica
Judith Moran, HANO
Gary Gibbs, AHS
Tim Smith, HOKE Development Services, LLC
Neal Morris, Redmellon
Will Jacobs, L.R.A.
Tim Rittenhouse, CSG Advisors
Vernon Martin, Martin & Rowan Associates
George Mueller, McGlinchey Stafford
Calvin Mills, C & V Technologies
Pam Hammond, Elkins Law Firm, PLC

Valerie Brown, IMS-Falcon
Mattye Jones, Coats Rose
Barry Palm, Sr., Coats Rose
Curtis Cheney, The NRP Group
Stephen Stuart, Bureau of Governmental Research
Trey Langus, HRI Properties
Kelly Longwell, Coats Rose
Larry Englande, CAPMARK
Tammy LeBlanc, Arc of Iberia
Jonah Dowling, First NBC CDC
Lisa M. Williams, Capital Park CDC
John Kimble, LANO
Arthur McLin, SHA
Gregory Lewis, SHA
Ashley Herad, LANO
Nguyet Nguyen, Mary Queen of Viet Nam CDC
Mai Dang, Mary Queen of Viet Nam CDC
Mary Tran, Mary Queen of Viet Nam CDC
Rev. Vien Nguyen, Mary Queen of Viet Nam CDC
James Bui, Mary Queen of Viet Nam CDC
Sy Tran, Mary Queen of Viet Nam CDC
Kim Dung Nguyen, Mary Queen of Viet Nam CDC
Hoang Nguyen, Mary Queen of Viet Nam CDC
Thap Dinh, Mary Queen of Viet Nam CDC
Cuc Tran, Mary Queen of Viet Nam CDC
Bang Tran, Mary Queen of Viet Nam CDC
Tot Tran, Mary Queen of Viet Nam CDC

Chairman Madderra called the meeting to order at 10:03 A.M. He then asked that the roll be called and an introduction of guests. Chairman Madderra requested that the minutes of the January 10th meeting be approved by his fellow Commissioners. The minutes were motioned by Commissioner Miller and seconded by Commissioner K. Brown and unanimously approved.

Loretta Wallace presented the following resolutions to the Board:

- A supplemental resolution accepting the proposal of Piper Jaffray & Co., or such other purchaser as may be designated by the Owner for the purchase of not exceeding Seventeen Million One Hundred Thousand Dollars (\$17,100,000) of Louisiana Housing Finance Agency Variable Rate Demand Gulf Opportunity Zone Bonds (Canterbury House Apartments - Sherwood) Series 2007 in one or more series; fixing the terms of said bonds and otherwise providing with respect

to said bonds; approving the form and directing the execution of the Bond Purchase Agreement for said Bonds; approving the form of the Official Statement with respect to said Bonds; and providing for other matters in connection with the foregoing.

Chairman Madderra wanted further clarification on this deal. Mr. Wayne Neveu answered that the bonds are variable rate demand bonds, which means that they do not have a fixed interest rate. Fannie Mae requires that the issuers to approve terms in these variable rate demand bonds that would permit the interest rates in extraordinary periods to go above the cap rate that is generally anticipated which is 12%. The high rate would only trigger if the interest rate cycle reverts back to the way it was in the early '80s. Chairman Madderra asked for a motion and a second for recommendation to Full Board. Commissioner K. Brown made the motion and Commissioner Burriss made the second. The resolution was unanimously approved.

- A resolution accepting the proposal of Merchant Capital, L.L.C., for the purchase of not exceeding \$6,000,000 aggregate principal amount of (i) Multifamily Housing Revenue Bonds (Plantation Apartments Project) Series 2007A (Non-AMT) and (ii) Multifamily Housing Revenue Bonds (Plantation Apartments Project) Series 2007B (Taxable) in one or more series; fixing the terms of said bonds and otherwise providing with respect to said bonds; approving the form and directing the execution of the Bond Purchase Agreement for said Bonds; approving the form of the Official Statement with respect to said Bonds; and providing for other matters in connection with the foregoing.

Chairman Madderra asked for a motion and a second for recommendation to Full Board. Commissioner Burriss made the motion and Commissioner Miller made the second. The resolution was unanimously approved.

- Discussion and resolution authorizing a change in units, unit mix and property description for Orchard Creek Apartments.

Chairman Madderra wanted to know the specific objections this project encountered that caused a change in the unit mix. Louis Russell responded that the original site had issues regarding the justification of the property as the property in its original state was commercial. The developer had a commitment that rezoning the property would not be a problem, however when it came up for rezoning there was an issue with two other individuals who also wanted to acquire that particular portion of property and offered some objection to the rezoning. So a very small portion of the property the developer was not able to get rezoning on that portion so the site was reduced and therefore the project size was reduced. Mr. Madderra wanted to know if the project which has been reduced in size

would still require the original requested credit amount. Mr. Russell replied yes and that the analysis and F&V can be utilized on the same project. Commissioner A. Jones wanted to know how this was possible because the project was losing 10 units. The F&V analysis showed that the project received a reduction in their hard debt which is how they are able to retain the requested credits. Chairman Madderra wants staff to review and determine if the credits would be able to be returned to the agency to invest in other deals as opposed to debt reduction. Chairman Madderra asked for a motion and a second for recommendation to Full Board. Commissioner Miller made the motion and Commissioner K. Brown made the second. The resolution was unanimously approved.

➤ Resolution for 2007/2008 FA Carryover Extension.

Chairman Madderra spoke about the numerous emails and written letters that staff had received from the developers of the 2007/2008 funding round requesting an extension because they could not meet the environmental requirements associated with the CDBG grant funds. Mr. Madderra asked that Calvin Parker from the Office of Community Development come forward and discuss the environmental issues surrounding Community Block Grant Funds. Calvin Parker said that as a basic requirement, all projects requiring CDBG funds go through Part 58 review which is designed to make sure there is no adverse environmental impact. That process is relatively lengthy and other problems may also be delaying the developers and as a result they are not as far along as originally projected. Furthermore, Mr. Parker stated that the Office of Community development feels that a number of the deals will need additional time if they are going to complete the Part 58 review. Commissioner John Kennedy commented that in recent newspaper articles the Governor had changed her position on low income housing and now supports refurbishing and repairing of damaged apartments. Mr. Kennedy asked Mr. Parker how that would affect the credits that have been awarded for mixed income housing. Mr. Parker replied that he could not speculate what process would be involved regarding the four public housing projects that were awarded credits. Mr. Kennedy requested that Mr. Parker get clarification from the Governor regarding her position and the effect it will have on the four awarded projects.

Commissioner Wayne Woods mentioned the lawsuit that is currently preventing HANO from demolishing units in the four housing developments, he appreciated that the mayor's office in New Orleans is working on something, and asked Mr. Parker if OCD or LRA was involved in the suit. Chairman Madderra commented that one of the requests for an extension of the 10% Carryover requirement did come from HANO/HUD in connection with their various projects. One of the projects asked for a 180 day extension and he believes that there is a fundamental problem with that request. If the extension was granted and the project did not meet the Carryover requirements and gave back the credits at the end of 180 days, there would be no opportunity to re-invest the credits in the areas that had the most substantial damage. He further explained that this is why staff opted for a 90-day extension resolution provided the developer submits in writing the reason for their request

for an extension, in the case of the environmental issues, the developer submit all required documentation to LRA and OCD within 15 days of the request and the developer is placed on notice that should they be unable to meet the revised carryover date, credits will be recaptured no later than thirty days from June 1, 2007. As of the date of this Board meeting only two developers presented their environmental information to OCD. Commissioner Gachassin wanted to make sure that the projects with CDBG funds, the mixed income projects, were given a chance because based on current calculations it takes up to 120 days to receive environmental clearance/review. He felt as though even with the 90-day extension, some deals may not be complete. He also wanted a specific minimum threshold for developers when making a request. Commissioner Woods questioned the probability of a project being completed if the carryover date is extended and whether it would that be enough time or would it be better to have developers turn in the credits now so that they could be reissued. Commissioner Kennedy wanted to know how many projects staff is speaking in regard to. Mrs. Evans answered that there were eleven written requests for extension, three of which came from HANO asking until September 1, 2007. Commissioner Woods offered that this issue had to come before Full Board. Commissioner Gachassin suggested that the issue be deferred until Full Board so that the language could be clarified and the intent could be agreed upon. The Committee decided to defer action to the Full Board for decision.

- Commissioner Madderra requested that the Board amend the agenda to add Orleans Towers to the Agenda. Commissioner Miller made the motion and Commissioner Woods made the second. The resolution was approved for addition to the agenda.

Loretta Wallace discussed the following resolutions:

- A resolution accepting the proposal of a technical amendment or a supplemental indenture to the current indenture with the concept of 100% of the bond holders to permit VOA the affiliate to prepay the mortgage notes that a pledged to the 1992 bonds (Orleans Towers) in order to optionally redeem the 1992 on a date earlier than the date specified in the notice of redemption for a period less than what is already outlined in the current indenture.

Chairman Madderra surmised that this resolution is allowing the prepayment of an issue as it relates to a project that has already been allocated tax credits and bonds. He then requested a motion be brought before the Board. Commissioner Burris made the motion and Commissioner Miller made the second. The resolution was approved.

- Other Business

Chairman Madderra opened the floor for guest comments. Mr. Vien Nguyen, Pastor of Mary Queen of Vietnam Church in New Orleans East stated that he was concerned his parish is being excluded in the next funding round because of a proposal to fund only

projects outside the last funded rounds. He would like the Board to reconsider this position and to also fund more elderly projects in New Orleans as the 07/08 funding round was mainly mixed income. Commissioner Kennedy asked Pastor Nguyen how much money his project needed to build the housing he would like to build. Pastor Nguyen replied that he is seeking \$12 million for the 84-unit complex. Commissioner Kennedy requested that Mr. Nguyen contact his office to set up a meeting with and to include his state representative to see if he could help. Commissioner Woods also offered assistance and wanted to know about vacant parcels of land that could be secured for housing. Pastor Nguyen replied that they have already leveraged with FEMA to do the underground infrastructure and FEMA has already invested \$8 million in the land with the trailers on top, so when the infrastructure is code compliant, and the trailers are removed, building could immediately commence. Commissioner Woods wanted to know how approximately many lots and Mr. Nguyen replied that it was 16 acres. Chairman Madderra wanted to know given the time frame it takes to put a deal together, in his opinion what would be the latest date this year the project could be awarded credits and still have them placed in service before the end of 2008. Mr. James Bui of Mary Queen of Vietnam CDC came forward and stated that they would plan to be in the ground in July to start construction and that by 2008 the project would be complete. Mr. Bailey wanted to know what additional funds would be needed to bring the project to fruition. The first phase would be based on tax credits dollars and not block grant infusion. Commissioner Kennedy wanted to know they were able to get insurance. Mr. Bui replied that they have been able to attain insurance because the area of land that has been purchased has been elevated and is in zone B, which is outside the flood area. Commissioner Kennedy also wanted to know how many people were in need of this type of housing and the response was 300 of who are now living with friends or in trailers.

Commissioner Gachassin asked that Dean Hart with Dean Hart Construction and Major Eugene Smith with the town of Arcadia come forward. Commissioner Gachassin requested that staff take a look at environmental clearance and the delays it presents. Dean Hart stated that he has environmental clearance but that there is a complaint to HUD that the project would impact the economy of Arcadia. He is requesting that the Board contact HUD to explain that low income housing does not affect a city's economy in a negative way so that they are able obtain clearance to proceed with the project. Mayor Eugene Smith stated that EPA was when the land was being cleared by a contractor who was not able to purchase the land and now there are complaints that the project is an economic disaster. As an illustration of how dire the housing situation is in his parish, he states that Arcadia has 128 low income housing units all of which are occupied and that there are 78 families on the waiting list. He further states that all the city council and townspeople of Arcadia want this development; it's only a disgruntled person who is stirring up this controversy. Commissioner Woods wanted to know how the agency could help the town of Arcadia and Commissioner Gachassin stated that he had spoken with the mayor and Mr. Hart and he asked staff for a copy of the complaint submitted to HUD. The agency

responded on January 18, 2007 to HUD with support of the project. Commissioner Gachassin further stated he didn't know how long it would take HUD to give environmental clearances to this project. Commissioner Kennedy asked if OCD was able to help with the HUD issue. Calvin Parker acknowledged the fact and pledged to see if there was anything his office could do. Commissioner Madderra remarked that he was pleased to see a public official in support of affordable housing as most opposition the agency receives is from public officials. Mr. Bailey responded that staff had given HUD a call that morning and would follow up after the meeting.

Neal Morris with Red Mellon Development came forward to discuss Opportunity Homes. He stated that his project is the first in Orleans Parish to close a deal and the first tenant will move in on March 1, 2007. Red Mellon is also working on 3501 St. Claude and Mr. Morris is asking the Board for an additional \$130,000.00 in credits that are returned to the agency and \$585,000.00 in soft financing at the agencies discretion. He would ask that it would be conditioned on the return of the credits when it happens and conditioned upon a further F&V analysis by Foley & Judell. In addition, he states that the project that has neighborhood support, is 36 units of elderly housing that is 100% rezoned and subdivided. He would like the additional funding until the net operating income from the project is sufficient to cover the debt from the project, he knows that on June 1, 2007 Citizen's Insurance is raising its cap from \$2.5 to \$5 and this project will be one of the few that fall within in the guidelines. He additionally stated that when Citizen's publishes the rates, his project will have new insurance numbers but they want their tax credit investor to move forward. Commissioner Gachassin asked Mr. Morris if the project would be able to move forward with the potential of credits not being returned. He states that the project would not be able to make completion and questioned whether it was the Board's intention to build affordable housing quickly or not. Chairman Madderra punctuated that it has been the Board's policy not to establish formal waiting list and the reason is that the Board is unsure how they want to reinvest the credits and what types of projects need to be targeted has not yet been established. Furthermore, he feels it would be irresponsible to state that the first returned credits would be given to Red Mellon because that would establish a criteria for a waiting list and at this time the Board is not ready to do that. He feels that the Board may be ready within the next 30-60 days as they get a feel for the placed in services requirements and other issues that are affecting the deals that are out there. He feels that this issue is something that can be placed on the agenda for the next meeting, but it is not something the Board could entertain at this point. Commissioner Kennedy wants to know what is preventing the agency from setting a policy now regarding reallocation of returned credits and what type of process the Board wants to use when establishing the guidelines. Chairman Madderra would like to wait until the Board knows definitely how many credits will be returned and then a clear policy would be set. Commissioner Jones stated that it was already established that any returned credits would be recycled into the three categories of the funding round. Commissioner Gachassin stated that on existing deals there are capital needs shortfalls, and clearly the Board knows that some credits will be

returned, he feels that as those credits come back in, they go to existing deals; not to any other deals that were unfunded to sure up capital costs and that reallocation would happen on a first come, first serve basis. Moreover, the developments that do need the additional funds need to prove why they need the money, the Board needs to see their budgets, bids, and policies and the request for additional funding should not include soft costs or increase in developers fees. Mr. Bailey concurs with Commissioner Gachassin and he feels the reallocation should be based on financial viability but he also feels that the additional funding should go to the project next in line as to not have any subjectivity in the process. Chairman Madderra interposes that his recommendation at this time would be for staff to make a formal recommendation at the March meeting for the reinvestment of returned tax credits. He wants this point to be in the memo that is sent out well in advance of the meeting and within that memo he would like to see the alternatives considered in the process. Commissioner Kennedy wanted to make sure that staff understood the process had to be fair and not subjective although some subjectivity would be involved in the process. He wants it designed to be a fast process, not having the Board to meet on every one of the projects requesting additional funding. He wants a system agreed upon and one person or staff to have the discretion to award credits in a way that if credits are received on a Tuesday, they are back out Wednesday.

Russ Grier feels that the delay in which the Board is speaking of could possibly kill a project. He feels that most developers know what amount they need for suring up and are willing to close now as long as they have a commitment that the suring up will come down the road. Chairman Madderra interjected that there would be no possibility today that the Board would adopt a complete policy for the reinvestment of what could be as much as forty or fifty million dollars in tax credits. Mr. Grier feels that the longer the Board waits, the higher the possibility of deals falling apart.

Since there were no other issues to be heard, Chairman Madderra adjourned the meeting at 11:43 A.M.

LOUISIANA HOUSING FINANCE AGENCY

The following resolution was offered by _____ and approved by _____:

RESOLUTION

A resolution providing for approval of the State's 2007/2008 Per Capita Draft Qualified Allocation Plan; and providing for other matters in connection therewith.

WHEREAS, Section 42 of the Internal Revenue Code of 1986, as amended (the "Code") provides for a low-income housing credit (the "Housing Credit") that may be claimed as part of the general business credit under Section 38 of the Code; and

WHEREAS, the Housing Credit determined under Section 42 of the Code is allowable only to the extent that the owner of a qualified low-income building receives a housing credit allocation from a housing credit agency such as the Louisiana Housing Finance Agency (the "Agency") unless the building is exempt from the allocation requirements by reason of Section 42(h)(4) of the Code; and

WHEREAS, Section 42(m)(1)(D) provides that Subsection (h)(4) shall not apply to any project unless the project satisfies the requirements for allocation of a housing credit under the Allocation Plan applicable to the area in which the project is located; and

WHEREAS, under Section 42(m)(1)(A) of the Code, the Housing Credit for any building is zero unless (i) such amount was allocated pursuant to a qualified allocation plan (the "Allocation Plan") of the Agency, (ii) the Housing Credit Agency notifies the chief executive officer of the local jurisdiction within which the building located of such project and provides such individual a reasonable opportunity to comment on the project, (iii) a comprehensive market study of the housing needs of low-income individuals is conducted before the credit allocation is made by a disinterested party who is approved by the Housing Credit Agency and (iv) a written explanation is made available to the general public for any allocation of housing credit dollar amount which is not made in accordance with established priorities and selection criteria; and

WHEREAS, pursuant to Section 42(m)(1)(B) of the Code, the Allocation Plan must:

- (i) set forth selection criteria to be used to determine housing priorities of the Agency which are appropriate to local conditions;
- (ii) also give preference in allocation housing credit dollar amounts among selected projects to---
 - (I) projects serving the lowest income tenants,
 - (II) projects obligated to serve qualified tenants for the longest periods, and

(III) projects which are located in qualified census tracts and the development of which contributes to a concerted community revitalization plan, and

(iii) provide a procedure that the Agency will follow in monitoring for non-compliance with the provisions of Section 42 of the Code and in notifying the Internal Revenue Service (the "IRS") of such non-compliance which such agency becomes aware of and in monitoring for non compliance with habitability standards through regular site visits.

WHEREAS, pursuant to Section 42(m)(1)(C) of the Code, the selection criteria set forth in a qualified allocation plan must include:

- (i) project location,
- (ii) housing needs characteristics including whether the project includes the use of existing housing as part of a community revitalization plan,
- (iii) project characteristics,
- (iv) sponsor characteristics,
- (v) tenant populations with special housing needs,
- (vi) public housing waiting lists,
- (vii) tenant populations with children, and
- (viii) projects intended for eventual tenant ownership.

WHEREAS, Section 42(m)(2)(A) requires the Agency to allocate Housing Credits to a project in an amount which the Agency determines is necessary for the financial feasibility of a project and its viability as a qualified low income housing project throughout the credit period; and

WHEREAS, the Agency is required to take into account in making its determinations under Section 42(m)(2)(A) the following:

- (i) the sources and uses of funds and the total financing planned for the project;
- (ii) any proceeds or receipts expected to be generated by reason of tax benefits;
- (iii) the percentage of housing credit dollar amount used for project costs other than the cost of project intermediaries, and
- (iv) the reasonableness of the developmental and operational costs of the project.

WHEREAS, Section 42(m)(1)(A)(i) of the Code requires that the Allocation Plan be approved by the governmental unit in accordance with the rules similar to the rules of Section 147(f)(2) of the Code (other than subparagraph (B)(ii) thereof) of which the Agency is a part; and

WHEREAS, the Agency's Program Rule attached hereto as **Exhibit I** and the Selection Criteria attached hereto as **Exhibit II** utilized in connection with the Agency's Low Income Housing Tax Credit Application Package has been determined to satisfy the requirements of Section 42(m)(1)(B)(i) and (ii) and Section 42(m)(1)(C) of the Code and to satisfy the Agency's responsibilities under Section 42(m)(2); and

WHEREAS, under Section 42(m)(1)(D) of the Code, the Housing Credit for any project qualifying under Section 42(h)(4) of the Code is zero unless the project satisfies the requirements for allocation of a Housing Credit under the Allocation Plan of the Agency; and

WHEREAS, under Section 42(m)(1)(B)(iii) of the Code, an Allocation Plan is not qualified unless it contains a procedure that the Agency will follow in monitoring compliance with the provisions of Section 42 of the Code and notifying the IRS of any non-compliance of which the Agency becomes aware; and

WHEREAS, Section 42(m)(1)(B)(iii) is effective on January 1, 1992, and applies to all buildings placed in service for which a Housing Credit is, or has been, allowable at any time; and

WHEREAS, final regulations relating to (i) the requirement that State allocation plans provide a procedure for the Agency to monitor for compliance with the requirements of Section 42 of the Code, (ii) how the Agency is to report any non-compliance to the IRS, and (iii) the affect of such regulations on the Agency, owners of buildings or projects for which a Housing Credit is claimed, and taxpayers claiming the Housing Credits are contained at 26 CFR Part 1 (the "Compliance Regulations"); and

WHEREAS, Section 1.42-5 of the Compliance Regulations provides that a procedure for monitoring for non-compliance under Section 42(m)(1)(B)(iii) must include the following:

- (i) Recordkeeping and Record Retention Provisions of Section 1.42-5(b) of the Compliance Regulations;
- (ii) Certification and Review Provisions of Section 1.42-5(c) of the Compliance Regulations;
- (iii) Inspection Provisions of Section 1.42(d)-5 of the Compliance Regulations; and
- (iv) Notification of Non-Compliance Provisions of Section 1.42(5)(e) of the Compliance Regulations; and

WHEREAS, the form of the Compliance Monitoring Agreement attached hereto as **Exhibit III**, to be entered into by and between the Agency and owners of low-income housing projects, is sufficient to satisfy the Compliance Regulations relating to the requirements that an owner of a low-income housing project (i) keep and retain records for each qualified low-income building in the project, (ii) certify under penalty of perjury certain matters relating go the operation of the project for prescribed periods, and (iii) make available the project and records in connection with the project for on-site inspection; and

WHEREAS, pursuant to Section 1.42-5(c)(2) of the Compliance Regulations relating to reviews of each low-income housing project by the Agency, the Agency must

- (i) review owner certifications under Section 1.45-5(c)(1) for compliance with the requirements of Section 42,
- (ii) conduct on-site inspections of all buildings in the project by the end of the second calendar year following the year the last building in the project is placed in service and, for a least 20 percent of the project's low-income units, inspect the

units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and

- (iii) at least once every 3 years, conduct on-site inspections of all buildings in the project and, for at least 20 percent of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and
- (iv) require that the Agency randomly select which low-income units and tenant records are to be inspected and reviewed by the Agency. *[The review of tenant records may be undertaken wherever the owner maintains or stores the records (either on-site or off-site). The units and tenant records to be inspected and reviewed must be chosen in a manner that will not give owners of low-income housing projects advance notice that a unit and tenant records for a particular year will or will not be inspected and reviewed. However, the Agency may give an owner reasonable notice that an inspection of the building and low-income units or tenant record review will occur so that the owner may notify tenants of the inspection or assemble tenant records for review (for example, 30 days' notice of inspection or review).]*

WHEREAS, Section 1.42-5(h) of the Compliance Regulations provides that (i) the requirement of Section 42(m)(1)(B)(iii) that allocation plans contain a procedure for monitoring for non-compliance becomes effective as of June 1, 1992 and applies to buildings for which a low-income housing credit is, or has been, allowable at any time and (ii) Section 42(m)(1)(B)(iii) of the Code and the Compliance Regulations do not require monitoring for whether a building or project is in compliance with the requirements of Section 42 of the Code prior to January 1, 1992; provided, however, if the Agency becomes aware of non-compliance that occurred prior to January 1, 1992, the Agency must notify the IRS of that non-compliance.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Louisiana Housing Finance Agency:

SECTION 1. PROGRAM RULE. The Program Rule attached hereto as **Exhibit I** is hereby approved.

SECTION 2. SELECTION CRITERIA. The Selection Criteria attached hereto as **Exhibit II** is confirmed and ratified.

SECTION 3. COMPLIANCE MONITORING AGREEMENT. The Compliance Monitoring Agreement, substantially in the form attached here to as **Exhibit III**, is hereby approved. The staff and Tax Credit Counsel to the Agency are hereby authorized and directed to distribute the Compliance Monitoring Agreement for execution by owners of qualified low-

income buildings which have been placed in service and for which a low-income housing credit is, or has, allowable at any time.

SECTION 4. REVIEW BY AGENCY. The Compliance staff is hereby authorized and directed to:

- (i) review owner certifications under Section 1.45-5(c)(1) of the Compliance Regulation for compliance with the requirements of Section 42 of the Code; and
- (ii) conduct compliance reviews with respect to low-income housing projects each year in accordance with the requirements of Section 1.42-5(c)(2) of the Compliance Regulations including, but not limited to:
 - (a) The review of certifications submitted under paragraph 1.45-5(c)(i) of the Compliance Regulations;
 - (b) On-site inspections of all buildings in the project by the end of the second calendar year following the year the last building in the project is placed in service and, for at least 20% of the project's low-income units, inspect the units and review the low-income certifications;
 - (c) At least once every three years, conduct on-site inspections of all buildings in the Project and, for at least 20% of the Project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and
 - (d) randomly select which low-income units and tenant records are to be inspected and reviewed by the Agency.

SECTION 5. NOTIFICATION OF NON-COMPLIANCE. The Compliance staff is hereby authorized and directed to give the notice described in subparagraph (A) to the owner of a low-income housing project and the notice described in subparagraph (B) to the Internal Revenue Service ("IRS"):

- A. Notice to Owner: If the Agency does not receive the certification described in Section 1.42-5(c)(1) of the Compliance Regulations, or does not receive or is not permitted to inspect the tenant income certifications, supporting documentation, and the rent records described in Section 1.42-5(c)(2)(ii) of the Compliance Regulations, or discovers by inspection, review, or in some other manner, that the project is not in compliance with the provisions of Section 42, the staff shall give prompt written notice to the Owner within 5 business days of the nature and extent of the circumstances constituting non-compliance (including but

not limited to the failure to receive the certifications described in paragraph (c)(i) of the Compliance Regulations, or the tenant income certifications, supporting documentation and rent records) and shall further advise the owner as to whether such circumstances may be corrected and the period of time within which such correction must occur (the "Correction Period.")

B. Notice to IRS. The staff is authorized and directed to file Form 8823, "Low-Income Housing Credit Agencies Report of Non-Compliance," with the IRS not later than 45 days after the end of the Correction Period, which Correction Period shall not exceed 90 days from the date of the notice being mailed to the Owner.

SECTION 6. RETENTION OF RECORDS BY THE AGENCY. The staff of the Agency is hereby authorized and directed to provide for the Recordkeeping and Rent Provisions of Section 1.42-5(b) of the Compliance Regulations as follows:

A. Records of Non-Compliance of Failure to Certify: Records of non-compliance or failure to certify shall be retained for at least six (6) full calendar years following the calendar year within which Form 8823 was filed.

B. All Other Cases: Except for records referred to in subparagraph (A), all other records and certifications described in Section 1.42-5(c) of the Compliance Regulations shall be maintained for three full calendar years from the end of the calendar year within which such certifications and records are received by the Agency.

SECTION 7. RURAL HOUSING SERVICE (RHS) EXCEPTION. Compliance Staff is hereby authorized and directed to negotiate an agreement with RHS, pursuant to which the RHS agrees to provide information concerning the income and rent of tenants in low-income buildings to the Agency in accordance with the requirements of Section 1.42-5(c)(4)(ii).

SECTION 8. PUBLIC HEARING. The minutes Notice of the Public Hearing as reflected in staff=s memorandum to the Board will be attached here to as **Exhibit IV** are hereby approved.

SECTION 9. OTHER ACTIONS AND APPROVALS. The officers of this Board of Commissioners and the President or Vice President of the Agency are authorized and empowered to take any and all further action and to sign any and all documents, instruments and

writings as may be necessary to carry out the purposes of this resolution and to file, on behalf of the Agency, with any governmental board or entity having jurisdiction over the Agency, such applications or requests for approval as may be required by law, in accordance with the requirements of Section 147(f) of the Code.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS:

NAYS:

ABSENT:

And the resolution was declared adopted on this, the 21st day of March, 2007.

Chairman

Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency (the "Agency"), do hereby certify that the foregoing six (6) pages constitute a true and correct copy of a resolution adopted by said Board of Commissioners on March 21, 2007, providing for approval of the State's Qualified Allocation Plan; and providing for other matters in connection therewith.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 21st day of March, 2007.

Secretary

SEAL

DECISION BRIEF:

Sale Resolution for Tanglewood Apartments located in Westwego, Louisiana, Jefferson Parish

Issue

On December 13, 2006, the Louisiana Housing Finance Agency's Board of Commissioners approved a resolution authorizing the issuance of not exceeding Twenty Two Million Dollars (\$22,000,000.00) of Multifamily Housing Finance Bonds.

This resolution requests the Boards approval in considering the proposal of Banc America Securities, Inc. or its designated affiliate, as purchaser (the "Purchaser") and taking action with respect to the parameter sale of not exceeding Twenty Two Million (\$22,000,000.00) of the Bonds pursuant thereto.

Tanglewood Apartments is a 384 unit multi-family residential complex located at 1300 Tanglewood Drive, Westwego, Jefferson Parish, Louisiana. All 384 rental units will be set-aside for households whose incomes are at or below 60% of the area median income.

In addition to the Bond Proceeds, other sources of funding to be utilized in the construction of this development will be \$6,500,000 from Syndication Proceeds, private sector contributions and rental subsidies. The NHP Foundation intends to apply to the Louisiana Housing Finance Agency for the issuance of 4% Tax Credits which will be used in conjunction with the bond proceeds for the rehabilitation of the property as it sustained damage due to Hurricane Katrina.

Phase I of the property was built in 1969, while Phase II was constructed in 1977. Both are wood frame construction with 100% brick exterior and pitched roofs. The project consists of seventy-two (72) one-bedroom units; two hundred thirty two (232) two-bedroom units; and eighty (80) three-

bedroom units. As of this date the roofs have been replaced, and 100% of the units requiring "gutting" have been completed. Currently, approximately half of the 384 units are vacant. The entire development consists of twenty-two 2 story buildings, totaling 384 units.

Also, through its Resident Services Program, residents will be provided tutoring, day care services, high speed internet, and recreational facilities at no cost.

Pros:

- LHFA will continue its mission of providing safe, descent and affordable housing for low to moderate-income families by utilizing its resources.
- Given the critical housing shortage in the Gulf Coast Region, namely Louisiana, the rehabilitation of this development will add to the limited affordable housing stock.

Cons: None

Recommendation:

Staff recommends approval of this request to issue Multifamily Housing Revenue Bonds to further the mission of providing housing to the citizens of this state.

LOUISIANA HOUSING FINANCE AGENCY

The following resolution was offered by _____ and seconded by _____:

RESOLUTION

A resolution accepting the proposal of Banc of America Securities, Inc., for the purchase of not exceeding Twenty-two Million Dollars (\$22,000,000) of Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (Tanglewood Apartments Project) in one or more series; fixing the terms of said bonds and otherwise providing with respect to said bonds; approving the form and directing the execution of the Bond Purchase Agreement for said Bonds; approving the form of the Official Statement with respect to said Bonds; and providing for other matters in connection with the foregoing.

WHEREAS, the Board of Commissioners (the "Board") of the Louisiana Housing Finance Agency (the "Agency") on December 13, 2006, adopted a resolution approving and authorizing the issuance of not exceeding Twenty-two Million Dollars (\$22,000,000) of Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (Tanglewood Apartments Project) in one or more series and authorized the publication of a Notice of Intention to Sell at Private Sale (the "Notice") in connection therewith; and

WHEREAS, said bonds are being designated as "Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (Tanglewood Apartments Project) Series 2006" in the aggregate principal amount of not exceeding \$22,000,000 (the "Bonds"); and

WHEREAS, as set forth in said resolution, the Notice of Sale was published on March 5, 2007, in "The Advocate" and in "The Daily Journal of Commerce" on March 2, 2007, for an amount not to exceed \$22,000,000; and

WHEREAS, in accordance with the aforesaid resolution adopted by the Agency on December 13, 2006, the sale of the Bonds was scheduled March 21, 2007; and

WHEREAS, the Agency did meet on March 21, 2007, at 10:00 a.m., Louisiana time, for the purpose of receiving and considering the proposal of Banc America Securities, Inc. or its designated affiliate, as purchaser (the "Purchaser") and taking action with respect to the parameter sale of not exceeding Twenty-two Million (\$22,000,000) of the Bonds pursuant thereto;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Louisiana Housing Finance Agency, acting as the governing authority of said Agency, that:

SECTION 1. The parameter written terms submitted this day by Banc of America Securities, Inc. or its designated affiliate, for the purchase of bonds designated "Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (Tanglewood Apartments Project) Series 2007" in the aggregate principal amount of not exceeding \$22,000,000, at an interest rate not exceeding 12% per annum, and for a maturity not exceeding 42 years, authorized under and pursuant to the provisions of a Bond Trust

Indenture (the "Indenture"), by and between a trustee to be determined (the "Trustee"), and the Agency be, and the same are hereby awarded to the Purchaser in accordance with the terms of the Bond Purchase Agreement referred to in Section 3 hereof, provided, however, that the sale and delivery of the Bonds are conditioned upon approval by the State Bond Commission and compliance with any and all approvals and/or certifications required by the Louisiana Attorney General. The sale of the Bonds in accordance with said Bond Purchase Agreement is hereby authorized and approved. The Chairman, Vice Chairman, President, Vice President and/or Secretary of this Board are hereby authorized and directed for, on behalf of and in the name of the Agency, to execute, deliver and approve such instruments, documents and certificates as may be required or necessary, convenient or appropriate to the financing described herein, including, but not limited to, the following described documents for the Bonds on file with the Agency:

- (i) Bond Trust Indenture,
- (ii) Financing Agreement, and
- (iii) Tax Regulatory Agreement.

The aforesaid officers are additionally authorized to approve any changes in the aforementioned documents provided such changes are in accordance with the Act and with the approval of Counsel to the Agency or Bond Counsel.

SECTION 2. A commercial bank with trust powers shall be designated as Trustee and Paying Agent with respect to the Bonds in accordance with the provisions of the Bond Purchase Agreement.

SECTION 3. In order to accomplish the sale of the Bonds in accordance with the terms of this resolution, either the Chairman or Vice Chairman of this Agency or the President or Vice President, acting on his behalf, be and they are hereby authorized and directed to execute and deliver, for and on behalf of the Agency, the Bond Purchase Agreement in substantially the form thereof which is now before this Agency and filed with the Secretary of this Board of Commissioners.

SECTION 4. The Bonds will be dated, will be in the denominations and will have all the terms set forth in the Indenture and the Bond Purchase Agreement.

SECTION 5. The Bonds shall be subject to redemption in accordance with the Indenture.

SECTION 6. The contents of the Official Statement with respect to the Bonds, copies of the form of which have been placed on file with the Agency, are hereby approved substantially in such form.

SECTION 7. The Chairman, Vice Chairman, President, Vice President and/or Secretary, be and they are hereby approved, authorized and directed to execute and deliver or cause to be executed and delivered all documents required to be executed on behalf of the Agency and delivered to effect delivery of the Bonds to the Purchaser or deemed by any of them necessary or advisable to implement this resolution, the Indenture or the Bond Purchase Agreement, or to facilitate the sale of the Bonds.

SECTION 8. The Chairman, Vice Chairman, President, Vice President and/or Secretary of the Agency shall cause to be executed for and on behalf of the Agency the aforementioned Bonds in accordance with the Indenture, and shall effect the delivery thereof to the Purchaser in accordance with the Bond Purchase Agreement. The Secretary of the Agency shall receive from the Purchaser for the account of the Agency the purchase price of the Bonds and shall deposit the same with the Trustee under the Indenture in accordance with the provisions thereof.

SECTION 9. This resolution shall take effect immediately.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS:

NAYS:

ABSENT:

And the resolution was declared adopted on this, the 21st day of March, 2007.

Chairman

Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency (the "Agency"), do hereby certify that the foregoing three (3) pages constitute a true and correct copy of a resolution adopted by said Board of Commissioners on March 21, 2007, entitled: "A resolution accepting the proposal of Banc of America Securities, Inc., for the purchase of not exceeding Twenty-two Million Dollars (\$22,000,000) of Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (Tanglewood Apartments Project) in one or more series; fixing the terms of said bonds and otherwise providing with respect to said bonds; approving the form and directing the execution of the Bond Purchase Agreement for said Bonds; approving the form of the Official Statement with respect to said Bonds; and providing for other matters in connection with the foregoing."

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 21st day of March, 2007.

Secretary

(SEAL)

LOUISIANA HOUSING FINANCE AGENCY

The following resolution was offered by _____ and seconded by _____:

RESOLUTION

A resolution authorizing not exceeding \$8,500,000 Multifamily Housing Refunding Bonds (Legacy Heights) in one or more series; and providing for other matters in connection therewith.

WHEREAS, the Louisiana Housing Finance Agency (the "Agency" or "Issuer") is authorized by Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and other constitutional and statutory authority supplemental thereto, to issue revenue bonds to provide financing for multifamily rental housing in the State of Louisiana (the "State"); and

WHEREAS, the Agency has previously issued its \$50,349,300 Multifamily Housing Revenue Bonds (HOME Funded Tax Credit Projects) Series 2006 (the "Prior Bonds") and allocated \$8,500,000 of such Prior Bonds to Legacy Heights (the "Project")

WHEREAS, Legacy Heights I, LLC, (the "Developer") has met with officials of the Agency and has advised the Agency of the Developer's interest in the refinancing and/or redeeming the portion of the Prior Bonds allocated to the Project by the issuance of not exceeding \$8,500,000 Multifamily Housing Refunding Bonds (Legacy Heights) in one or more series (the "Bonds") pursuant to the Act and Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the "Refunding Act"); and

WHEREAS, the Developer has stated its willingness to arrange for the refinancing and construction of the Project and to enter into contracts therefor and for the Bonds:

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Louisiana Housing Finance Agency, that:

SECTION 1. Pursuant to the authority of the Act, the Refunding Act and other constitutional and statutory authority supplemental thereto, the issuance of refunding bonds of the Agency pursuant to the Act and Refunding Act is hereby authorized in one or more series to refund a portion of the Prior Bonds allocable to the Project.

SECTION 2. A portion of the costs of acquiring, constructing and equipping the Project will be paid out of transferred proceeds in connection with the refunding of a portion of the Prior Bonds by the Bonds. The Bonds shall be special, limited obligations of the Agency, payable solely out of the revenues derived by the Agency with respect to the Project for which financing is made available, and the

bonds and the interest thereon shall never constitute the debt or indebtedness of the Agency, the State, or any political subdivision thereof within the meaning of any provision or limitation of the Constitution or statutes of the State, nor shall the same give rise to a pecuniary liability of the Agency or the State or any political subdivision thereof or a charge against their general credit or taxing power, and such limitation shall be plainly stated on the face of the bonds.

SECTION 3. The issuance of not exceeding Eight Million Five Hundred Thousand Dollars (\$8,500,000) aggregate principal amount of Multifamily Housing Refunding Bonds (Legacy Heights) in one or more Series (the "Bonds") of the Agency, pursuant to the Act, Refunding Act and other constitutional and statutory authority supplemental thereto, be and the same is hereby authorized and approved. In authorizing the issuance of the Bonds, the Agency will make no warranty, either express or implied, that the transferred proceeds of the Prior Bonds will be sufficient to finance the acquisition, construction or equipping of the Project or that the Project will be suitable for the Developer's purposes or needs. The Bonds shall be sold by the Agency on such date as may be determined by the Chairman of the Board of Commissioners of the Agency, in accordance with the requirements of the Act and the Refunding Act, and pursuant to the provisions of the Notice of Intention to Sell at Private Sale attached hereto as Exhibit I.

By virtue of Issuer's application for, acceptance and utilization of the benefits of the Louisiana State Bond Commission's approval resolved and set forth herein, the Issuer resolves that it understands and agrees that such approval is expressly conditioned upon, and it further resolves that it understands, agrees and binds itself, its successors and assigns to, full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products Hedges, Etc.", adopted by the Commission on July 20, 2006, as to the borrowing and other matters subject to the approval, including subsequent application and approval under the policy of the implementation or use of any swap or other product or enhancement covered thereby.

SECTION 4. The operation of the Project, as well as the financing of the Project, will comply with all Federal, State and local laws and regulations and the Developer will obtain all necessary approvals and permits required thereunder.

SECTION 5. The officers of this Board of Commissioners and the President of the Agency are authorized and empowered to take any and all further action and to sign any and all documents, instruments and writings as may be necessary to carry out the purposes of this resolution and to file, on behalf of the Agency, with any governmental board of entity having jurisdiction over the Project, such applications or requests for approval thereof as may be required by law, including an application to the State Bond Commission for approval of the financing.

SECTION 6. All commitments by the Agency herein with respect to the Project are subject to the condition that on or before 36 months from the date of adoption hereof, the Agency and the Developer shall have agreed to mutually acceptable terms for the financing documents and the sale and delivery of the Bonds or other obligations.

SECTION 7. That it is recognized that a real necessity exists for the employment of bond counsel in connection with the issuance of the Bonds and accordingly Foley & Judell, L.L.P., Bond Counsel, New Orleans, Louisiana, be and they are hereby employed as bond counsel to the Agency to do and to perform comprehensive, legal and coordinate professional work with respect thereto. The fee to be paid Bond Counsel shall be an amount based on the Attorney General's then current Bond Counsel Fee Schedule and other guidelines for comprehensive, legal and coordinate professional work in the issuance of revenue bonds applied to the actual aggregate principal amount issued, sold, delivered and paid for at the time the Bonds are delivered, together with reimbursement of out-of-pocket expenses incurred and advanced in connection with the issuance of the Bonds, subject to the Attorney General's written approval of said employment and fee.

SECTION 8. The Developer will comply with all rules, regulations and reviews of the Agency in effect or undertaken from time to time.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS:

NAYS:

ABSENT:

And the resolution was declared adopted on this, 21st of March, 2007.

Chairman

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency, do hereby certify that the foregoing five (5) pages constitute a true and correct copy of the resolution adopted by said Board of Commissioners on March 21, 2007, entitled: "A resolution authorizing not exceeding \$8,500,000 Multifamily Housing Refunding Bonds (Legacy Heights) in one or more series; and providing for other matters in connection therewith."

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, 21st day of March, 2007.

Secretary

(SEAL)

EXHIBIT I

NOTICE OF INTENTION TO SELL AT PRIVATE SALE

LOUISIANA HOUSING FINANCE AGENCY MULTIFAMILY HOUSING REFUNDING BONDS (LEGACY HEIGHTS) SERIES 2007

NOTICE IS HEREBY GIVEN in compliance with the provisions of Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended (the "Act") and Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the "Refunding Act"), that the Louisiana Housing Finance Agency (the "Agency"), proposes to sell its Multifamily Housing Refunding Bonds (Legacy Heights) Series 2007, (the "Bonds") in aggregate principal amount of Eight Million Five Hundred Thousand Dollars (\$8,500,000) in one or more series at a rate or rates not exceeding twelve percentum (12%) per annum. The Bonds are to be sold to Bank of America to finance a portion of the costs of constructing Legacy Heights (the "Project") at a meeting of the Board of Commissioners of the Agency scheduled for Wednesday, April __, 2007, at ten (10:00) o'clock a.m., Louisiana time, at the offices of the Louisiana Housing Finance Agency 2415 Quail Drive, Baton Rouge, Louisiana 70808. The Agency reserves the right to postpone the date, hour and place set forth above for the sale of the Bonds (without any further publication of notice of the change in the sale date, time and/or location). In the event the sale is postponed as provided above, anyone desiring written notice of the subsequent date and time which said sale is to be accomplished must request such notice from the President of the Agency. The Bonds will be sold pursuant to the terms of a resolution to be adopted by the Agency and a Trust Indenture (the "Indenture") to be executed by and between the Agency and a trustee bank.

The Bonds are being issued pursuant to the Act, the Refunding Act and the Indenture for the purpose of refinancing and rehabilitating of a multifamily housing project and (ii) paying the costs of issuance associated with the Bonds. The Bonds are limited obligations of the Agency and will be payable solely out of the income, revenues and receipts derived from the funds and accounts held under and pursuant to the Indenture and pledged therefor. As provided in the Act and the Indenture, the Bonds do not constitute an obligation, either general or special, of the State of Louisiana, any municipality or any other political subdivision thereof.

The principal of and interest on the Bonds will be payable at the principal office of the paying agent or agents selected by the Agency in accordance with the provisions of the Indenture.

The Bonds will be dated as provided in the Indenture, will bear interest at such rate or rates established at the time of sale of the Bonds, payable on such dates as set forth in the Indenture, and will mature no later than forty-two (42) years from date of issuance.

The Bonds will be issued in fully registered form in the denominations as provided in the Indenture. Bonds will be transferable as provided in the Indenture.

This Notice of Sale of Bonds is being published in accordance with the requirements of the Louisiana Constitution and the Act. For a period of thirty (30) days from the date of publication hereof, any person or persons in interest shall have the right to contest the legality of this notice, the resolution any provision of the Bonds to be issued pursuant to it, the provisions securing the Bonds, and the validity of all other provisions and proceedings relating to the authorization and issuance of the Bonds. If no action or proceeding is instituted within the thirty (30) days, no person may contest the validity of the Bonds, the provisions of the resolution pursuant to which the Bonds were issued, the security of the

Bonds, or the validity of any other provisions or proceedings relating to their authorization and issuance, and the Bonds shall be presumed conclusively to be legal. Thereafter no court shall have authority to inquire into such matters.

For further information relative to the Bonds and not contained in this Notice, address Foley & Judell, L.L.P., Bond Counsel, One Canal Place, Suite 2600, 365 Canal Street, New Orleans, LA 70130-1138.

BY ORDER OF THE BOARD OF COMMISSIONERS, acting as the governing authority of the Agency.

LOUISIANA HOUSING FINANCE AGENCY

Chairman

Secretary

Term Sheet
Special Bond Offering Product (“SBO”)

The Bank of America SBO product in connection with the Legacy Heights project is summarized below. Please note that the specific terms of the Legacy Heights refunding bond issue are still being negotiated.

Purpose of Bond

Issue: The purpose of the Bond issue is to enable the Borrower to develop the proposed 118-unit property known as the first phase of Legacy Heights Apartments in Alexandria, Louisiana.

Issuer/Bondholder: Bank of America, N.A. is proposing to purchase Bonds in a principal amount not to exceed \$7,355,000 issued through the Louisiana Housing Finance Agency.

General Terms: The Bonds will be unrated and held by Bank of America, N.A. for its own account. The bondholder will sign an investor letter and transfer of the Bonds will be restricted to other accredited investors. Although the program provides the option of utilizing drawdown bonds, the Borrower has opted to have the Bonds be fully funded at issuance.

Interest Rates: Interest on the Bonds during construction is paid monthly in arrears from a Capitalized Interest Fund under the Indenture.

The Borrower has the option of a construction period bond rate of either: (a) a fixed rate for the entire two-year construction term at a rate that is equal to the 24-Month US Treasury Index, plus 105 basis points; currently estimated at 5.91%; or (b) a variable rate that is based upon the BMA Index plus 150 basis points; currently estimated at 5.15%.

We are advised that the construction period bond rate mechanism will be selected by the Borrower soon.

The permanent rate for the Bonds will be locked at the indicative rate of 105 bps over the 30-Year US Treasury Index, currently estimated at approximately 5.89%. This rate can be fixed up to at least three business days prior to issuance of the Bonds and is subject to change.

The interest rate on the Bonds converts to the fixed rate on the earlier of the first interest payment date after the Project reaches stabilization or a date two years from the date of issue, whether or not stabilization occurs. Amortization typically starts 30 months after the conversion date. The fixed interest rate is locked for 17 years from conversion (the Fixed Rate Period).

Note that the quoted interest rates do not include the Issuer or Trustee Fees.

There will be a mandatory redemption at or around the time stabilization is reached. After such mandatory redemption, the principal amount of the Bonds will not exceed the least of the following:

- i. An amount given by dividing the Bank's underwritten stabilized annual net operating income of the Property by a minimum debt service coverage ratio of 1.15 to 1 and dividing the result by the Bank's estimate of the annual payment constant of the Permanent Loan (currently estimated to be \$3,150,000); or
- ii. Ninety percent (90%) of the appraised value of the property and improvements on a stabilized, restricted rent basis.

Stabilization: The property must achieve an acceptable minimum debt coverage ratio for a period of 90 consecutive days. The minimum debt coverage ratio is 1.15X DCR for a 30-year amortizing facility

Basic Bond Documentation: Bond documentation will include a Trust Indenture between the LHFA and Bond Trustee, a Loan Agreement among the Issuer, the Borrower and Trustee (utilizing Bank of America forms) and Tax Regulatory Agreement or Land Use Restriction Agreement utilizing bond counsel's form.

Term of Bonds: The Bank's obligation ends after year 17 of the Fixed Rate Period. Following year 17, the Bank can "put" the Bonds for mandatory redemption or reset the rate for the remaining term of the bonds, and the Borrower may redeem the Bonds at its option, without a premium. The final bond maturity is 30 years after the amortization starts.

Extension: Stabilization can be extended for pre-approved 6-month extension provided no defaults under the Bond documents has occurred and Borrower pays an extension fee equal to 25 bps of the outstanding principal amount of the Bonds. In addition, the Forward commitment of interest rate may be extended for a 6-month period at a cost of 25 bp to be taken as interest rate increase or commensurate up front fee.

Pre-Payment: Borrower shall not prepay any principal of the Bonds prior to Year 16 after issuance. From Year 16 to Year 17 (the last year of the Fixed Rate Period) a voluntary prepayment option is allowed; subject to a penalty equal to the greater of Yield Maintenance (see Yield Maintenance Formula below) or 1.5% of the remaining loan amount. Should the Bank and the Borrower decide to pursue a refinance/remarketing option after Year 17, any refinancing/remarketing that the Bank will provide will include the provision that the Borrower shall have the right to prepay principal after Year 17 provided that Borrower shall indemnify Bank against any losses arising from such prepayment. Borrower shall also indemnify Bank against any losses arising from the taxability of the interest on the Bonds, as outlined in the loan documents.

The Yield Maintenance Formula is, the present value factor calculated using the following formula:

$$\frac{1-(1+r)^{-n}}{r}$$

where r = Yield Rate

n= the number of 365-day years (or 366 day years, if applicable), and any fraction thereof, remaining between the determination Date and the end of the selected Yield Maintenance period.

If no Yield Rate is published for the specified US Treasury Security, then lender in its discretion shall select the nearest equivalent US Treasury Security. If the publication of such Yield Rates in the *Wall Street Journal* is discontinued, lender shall determine the Yield rates from another source selected by lender.

Collateral & Security: The Bonds will be secured by a Mortgage in first priority position encumbering encumbered the Borrower's fee simple interest in the Property; all funds and accounts (including Borrower's Funds) relating to the financing and held by Bank; all furniture, fixtures other personal property owned by Borrower located on or used in connection with the Property and Improvements. A Completion Guaranty and Payment Guaranty, an Assignment of Project Documents, and a Security Agreement assigning the Borrower's partnership or company interests, all in favor of the Bond trustee, will also be required

Reserves: Borrower shall maintain at all times a replacement reserve in an amount acceptable to Bank. Such reserves shall be held in a replacement reserve fund under the Indenture. The Borrower will be required to deposit an amount deemed acceptable by the Bank's architect in equal monthly amounts into this reserve fund. Expenditures from the reserve fund shall be made only to fund replacement of worn out capital items in accordance with a capital budget to be approved by Bank. The Bank may also require an operating reserve. Any required operating reserves shall be held in an operating reserve fund under the Indenture

Escrows: Following the conversion date, Borrower will be required to make monthly deposits to an established escrow fund for taxes and insurance under the Indenture.

4% LIHTC: Borrower expects the Project to receive 4% credits.

The foregoing is a brief summary of the SBO Bond program and does not represent all of the applicable terms and conditions nor does this summary represent an offer or commitment by the Bank for the proposed financing,

Term Sheet
Legacy Heights – Alexandria Housing Authority
February 22, 2007
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