LOUISIANA HOUSING FINANCE AGENCY

LOW-INCOME HOUSING TAX CREDIT PROGRAM

2009 QUALIFIED ALLOCATION PLAN

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I. General Program Information

A. Introduction

The Low Income Housing Tax Credit Program (the "LIHTC Program") was enacted to stimulate the development of affordable and workforce housing. The 2009 Qualified Allocation Plan (the "2009 QAP") has been developed by the Louisiana Housing Finance Agency (the "Agency") in compliance with Section 42 of the Internal Revenue Code of 1986, as amended (the Code) and reflects a policy framework within which the Agency will allocate low-income housing credits ("LIHTCs" or "Credits") to taxpayers for the development of affordable housing that addresses the housing needs of Louisiana's citizens.

Mission and Allocation Goals - The Louisiana Housing Finance Agency shall administer the LIHTC Program to encourage the development and preservation of appropriate types of rental housing for households that have difficulty finding suitable, accessible, affordable rental housing in the private marketplace. The Agency's intent is to maximize the number of suitable, accessible, affordable residential rental units that are added to the state's housing supply and at the same time to prevent the loss of such housing by enabling the rehabilitation of affordable rental housing. The Agency encourages the participation of for-profit organizations and non-profit organizations in the acquisition, development and operation of accessible affordable housing developments in rural and urban communities.

It shall be the goal of this Agency and the Board, through the allocation process and provisions of this 2009 Per Capita Qualified Allocation Plan, to encourage diversity through broad geographic allocation of tax credits within the state, and in accordance with the goals and objectives stated above; to promote maximum utilization of the available tax credit amount; and to allocate credits to different entities as practicable without diminishing the quality of the housing that is being built.

Based on information contained within LHFA's current Housing Needs Assessment, and in accordance with the Agency's mission to provide safe, sanitary, and affordable housing, this QAP will target and give funding priority to the following:

1. The Louisiana Delta Region
2. Parishes with increased population due to Katrina/Rita related out-migration
3. Previously under-served Parishes
4. Rural Developments
5. Special Priority Projects

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B. Allocation Pools

1. General Allocation: LIHTCs will be awarded on a competitive statewide basis to projects satisfying the highest public purposes measured by the competitively scored selection criteria.

2. Non-profit Pool: Ten percent (10%) of the Per Capita Component of the State's 2009 credit ceiling will be allocated to a Qualified Non-Profit/CHDO Pool for reservations to qualifying Applications which evidence the material participation of a qualified non-profit organization.

   Qualified Non-profit Pool or Community Housing Development Organization (CHDO) Pool: Applicants for reservations from either the Qualified Non-Profit Pool or the CHDO Pool must submit the following:

   - IRS Determination Letter of 501(c)(3) or 501(c)(4) status
   - Articles and Bylaws
   - CHDO approval letter from participation jurisdiction if applying as a CHDO
   - Non-profit Participation Information as required by the Application
   - Development Services Agreement evidencing that Qualified Non-profit or CHDO will receive at least twenty percent (20%) of the Developer Fee.

3. Rural Development (RD) Pool: Ten Percent (10%) of the State's Per Capita component will be allocated to qualifying applications which submit a letter from RD that project is within a Rural Development Priority Area.

4. Elderly Housing Pool: Ten Percent (10%) of the State's Per Capita component will be allocated to qualifying applications evidencing that the project qualifies as an elderly project under the Fair Housing Act

5. Permanent Supportive Housing (PSH) Pool: Ten Percent (10%) of the State's Per Capita component will be allocated to qualifying applications which constitute PSH Projects as defined in the Glossary.

6. Public Housing Agency (PHA) Pool: Ten Percent (10%) of the State's Per Capita component will be allocated to qualifying applications from Public Housing Authrorities. To qualify for this pool, applicants must have a certification from Louisiana Housing Council and have at least 51% ownership in the project.

7. Hurricane Ike Credit Pool: $3,070,00 of LIHTCs will be reserved exclusively for projects located in Cameron or Calcasieu Parishes.

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Balances remaining in the sub-pools (with the exception of the IKE Pool) after an initial reservation of LIHTCs to feasible and viable projects therein will be transferred to the General Statewide Pool for reservations to qualifying applications in their statewide rank order.

Percentage of Credit Ceiling within each Designated Sub-pool. Sub-pool Percentages will be applied against the State's Per Capita Component.

General Statewide Pool (e)	$5,900,000
Qualified Non-Profit/CHDO Sub-pool (10%)	$1,800,000
Rural Development Sub-pool (10%)	$1,800,000
Elderly Housing Sub-pool (10%)	$1,800,000
PSH Sub-pool (10%)	$1,800,000
PHA Sub-pool (10%)	$1,800,000
Hurricane Ike Credit Sub-pool	$3,070,000
	$18,000,000 (rounded)

C. Maximum Tax Credits

1. Project and Developer Limits: No project will be reserved Credits in excess of $800,000.00. No Developer, related persons thereof or agents thereof or any person having an identity of interest with any Developer, related persons thereof or agents thereof or any combination of the foregoing shall be reserved tax credits in excess of ten percent (10%) of the State's Per Capita Authority.

2. Exceptions to Project and Developer Limits:

   a. CHDO Projects: The limitation of 10% of the State's Per Capita Authority per Developer shall not apply to Developers participating in a Project in which a Community Housing Development Organization ("CHDO") is the managing general partner of the Taxpayer and in which the CHDO executes an Agency-approved Purchase Option and Right of First Refusal Agreement. For-profit developers may partner with a CHDO as co-general partner provided that the total allocation to the for-profit partner does not exceed 15% of the State Credit Ceiling.

   b. Rural Development (RD) Projects: Applicants for a Rural Development Project must submit a letter from RD that project is within a Rural Development Priority Area. The office of Rural Development will only issue a letter stating that a project is within a rural Development Priority Area if it is an existing RD project.

   c. Bond Financed Projects: The limitation of tax credits per project shall not apply to the tax credits which are generated from a bond financing if the total number of low income units in the project is described in a notice of public hearing published in a newspaper of general circulation within the parish where the project is located and a public hearing is held in a local forum proximate to where the project is located. The public hearing must follow a Notice of Public Hearing published at least 14 days prior to the

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hearing. Such Public Notice must specify the number and percentage of low-income units in the project if the project contains fifty or more units or, if not specified in the Public Notice, the number and percentage of low-income units in the Project must be approved by the governing authority of the jurisdiction within which the Project is located.

D. Governing LIHTC Program Document

The Qualified Allocation Plan is the governing document for the LIHTC Program. If any inconsistencies with other program documents, including the electronic Application, are noted, the Qualified Allocation Plan is the controlling document and dictates the Agency's requirements for the LIHTC Program.

E. Modification of Program Instructions, Requirements, and Procedures

The Agency reserves the right to amend, modify or withdraw any of the program instructions, requirements or procedures contained herein that are inconsistent or in conflict with state and federal laws and/or regulations.

F. Section 42 Updates

Please see Exhibit A for additional information.

G. Other Funding Sources

1. Tax Credit Assistance Program (the "TCAP Initiative") – The Agency has available up to $14,000,000 for projects under the TCAP Initiative. The maximum amount of funds available to a single project under the TCAP Initiative will be the lesser of $1,000,000.00 or 10% of the projects TDC. Funds under the TCAP Initiative will be made available to the highest ranking projects with funding gaps. TCAP Funds will accrue interest at a rate and will be payable from fifty percent (50.0%) of Surplus Cash that results at the end of the Extended Use Period in the unpaid balance of the TCAP Note combined with any other soft financing not exceeding 80% of the residual value of the project.

Environmental Clearance: Projects requesting funds under the TCAP Initiative are subject to environmental pre-clearance. Applicants must complete a Phase I Environmental Assessment in accordance with 24 CFR Part 58 and must have received a Notice to Proceed prior to taking any choice limiting actions in connection with the project awarded funds under the TCAP Initiative.

Other Compliance Requirements for Funds Under the TCAP Initiative: Compliance with the Davis-Bacon Act is required with the utilization of funds under the TCAP Initiative. Any applicant intending to apply for Funds under the TCAP Initiative must submit by August 12, 2009 evidence that the Environmental Assessment has been completed.

Project Completion Schedules: Projects applying for funds under the TCAP Initiative must evidence in their project schedules a project funding closing by February 1, 2010 and a construction start date of not later than April 1, 2010 and a completion date of not later than December 31, 2011. Failure to start construction by the April 1, 2010 deadline will result in the automatic cancellation of any funds under the TCAP Initiative.

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2. HOME Investment Partnership Program – The Agency has available $3,000,000 for Special Needs/Permanent Supportive Housing Projects. The maximum amount of HOME funds available to a single project will be the lesser of $1,000,000.00 or 10% of the projects TDC. HOME Funds will accrue interest at a rate and will be payable from fifty percent (50.0%) of Surplus Cash that results at the end of the Extended Use Period in the unpaid balance of the HOME Note combined with any other soft financing not exceeding 80% of the residual value of the project.

3. Tax Credit Exchange Provision – Subject to further guidance from the Secretary of Treasury, taxpayers may qualify for an award grant of funds made available by the Secretary of Treasury in lieu of obtaining a low-income housing credit award. Grant funds from the Treasury Department will be invested in qualifying low-income housing project in the form of a soft loan payable from Surplus Cash. Awards of Treasury Funds will be made to projects in accordance with their readiness to proceed.

4. 30% Basis Bump Up Determination: Applicants may request that one or more buildings be designated by the Agency as located in a difficult development area and as requiring an increase in credit in order for such building to be financially feasible as part of a qualified low-income housing project. Additional credits will be awarded to such buildings within the maximum credit allocations to projects based upon the above referenced subpools namely 1) Non-profit; 2) Rural Development; 3) Elderly Housing; 4) Permanent Supportive Housing (PSH); 5) Public Housing Authority (PHA): and Agency designated Targeted Parishes.

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II. Allocation Process

A. Instructions for Submission of Applications

1. Competitive Applications: Applicants for a Tax Credit reservation from the Calendar Year 2009 Credit Ceilings must submit one original LIHTC Application with original signatures plus one copy, along with a non-refundable Application Fee and Analysis Fee (and the Subsidy Layering Review Fee, if applicable). A fee must be computed in accordance with the Non-Refundable Fee Schedule specified in Sub-letter C within this section.

2. Bond Financed Applications: Applications desiring to verify that a bond financed project satisfies the Qualified Allocation Plan must submit one original LIHTC Application plus one copy, along with the non-refundable Application and analysis fees (and the Subsidy Layering Review Fee, if applicable) computed in accordance with the Non-Refundable Fee Schedule. Processing of bond financed projects must be submitted to the Agency 45 days in advance of the meeting at which such project will be reviewed by the Agency's Board of Commissioner's in accordance with the latest approved Qualified Allocation Plan. Bond financed projects must satisfy all elements of the Qualified Allocation Plan. Bond Financed Applications may be submitted for projects located in any of the Parishes throughout the state. Cost and profit limitations and minimum score may be waived by the Governor in the executive order allocating private activity volume cap or by the Agency's Board of Commissioners following a review that determines that such additional costs are justifiable and reasonable under the circumstances or are attributable to unique development characteristics (e.g. location in a difficult to develop area, limited commercial space or tenant services or common areas essential to the character of the development). Taxpayer/Owners of bond-financed projects must enter into an appropriate regulatory agreement and compliance monitoring agreement prior to receiving Forms 8609.

3. Applications Must be Complete: Applications must be complete and be accompanied by the appropriate fees in order to be reviewed by the Agency. Fees must be paid only by cashier's check or money order. An Application along with appropriate appendixes/exhibits (in PDF format) must be submitted on the official Agency approved diskette (3.5" disk, CD, zip drive, etc.) along with an additional copy of the diskette. A hard copy of the Application as printed from the completed diskette must also be originally executed and transmitted to the Agency, along with one copy of the executed version. Both the original and copies of each Application shall have every section and/or Appendix tabbed using exposed tabs with a table of contents identifying each section. Failure to tab the Application will result in 10 penalty points being assessed. The Application should not be in a fixed binder. Spiral binding, however, is acceptable. An Application submitted on the Agency's diskettes is not complete if (i) a notarized signature page with original executions of the Application is not submitted with the diskette, (ii) any other certification required to be executed and/or notarized is not submitted by the Application deadline or (iii) Required Exhibits are not submitted for each hard copy of the Application by the Application deadline. An application is not complete if required exhibits are not submitted.

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Failure to submit originally executed and/or notarized documents will result in the Application being deemed incomplete and subject to disqualification. **NOT WITHSTANDING THE USE OF THE AGENCY'S DISKETTE, APPLICANTS REMAIN RESPONSIBLE AND ACCOUNTABLE FOR THE ACCURACY OF INFORMATION SUBMITTED AND FOR COMPLIANCE WITH PRESCRIBED RULES BY IRS AND THE AGENCY**.

LHFA HAS FULL AND FINAL AUTHORITY TO DETERMINE IF AN APPLICATION IS INCOMPLETE AND OR IS SUBJECT TO DISQUALIFICATION.

4. Application Deadline: The application deadline for delivering complete applications for review is:

4:30pm, Central Standard Time, June 22, 2009

Applications not received at the Agency on or before the deadline date must be postmarked on or before the deadline date and must be received at the LOUISIANA HOUSING FINANCE AGENCY office no later than two (2) business days following the deadline date. Applications are not considered delivered if mailed or delivered to a location other than the offices of the Agency:

Louisiana Housing Finance Agency
2415 Quail Drive
Baton Rouge, Louisiana 70808
Attention: LIHTC Program

B. Timeline of 2009 Credit Ceiling Reservations for Competitive Applications

Estimated Competitive Application Timetable:

April 8, 2009	Board Approves Draft QAP
April 15, 2009	Statewide Publication of QAP Public Hearing Notice
April 30, 2009	Board Conducts Public Hearing on QAP
May 13, 2009	Board Adopts Final QAP- Simultaneous submission to Governor and Joint Legislative Committee on Budget (JLCB)
May 20, 2009	Application Workshop
June 22, 2009	Final Application Deadline
August 12, 2009	Preliminary Rank and Score
August 14, 2009	Begin ten-day challenge period
August 24, 2009	End ten-day challenge period
September 9, 2009	Board Approval of Rank & Reservation of Tax Credits

C. Non-Refundable Fee Schedule

Tax Credit recipients will be required to pay a Credit Award Fee upon award of a Tax Credit reservation by the Agency. The following non-refundable fees govern the Application, processing, reprocessing and reservation of Tax Credits and the fees to monitor and report non-compliance. All fees **must** be paid either with a money order or with a certified check. If any other form of payment is received, the unacceptable form of payment will be returned and the Application will be disqualified.

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1. Application Fee

	Stand-Alone Non-Profit	All Others
1 to 4 units	$ 50.00	$ 100.00
5 to 32 units	500.00	1,000.00
33 to 60 units	750.00	1,500.00
61 to 100 units	1,250.00	2,500.00
Over 100 units	2,500.00	5,000.00

2. Analysis Fee

1 to 4 units	$ 100.00
5 to 32 units	1,000.00
33 to 60 units	1,500.00
61 to 100 units	2,500.00
Over 100 units	5,000.00

3. Reprocessing Fee

The reprocessing fee established in the fee schedule of the Application will be required whenever reprocessing changes occur. The applicant must receive approval of the Agency for any reprocessing change to a project and the fee will be required at the time the reprocessing changes are submitted to the Agency for approval

½ Analysis Fee

4. Credit Award Fee — 5% of Credit Reserved

5. Annual Compliance/Monitoring Fee

The Minimum Fee by project size; provided that the Agency reserves the right to charge such additional amounts at any time as may be required to monitor compliance in accordance with the Internal Revenue Code of l986, as amended, and regulations promulgated pursuant thereto.

Minimum Fee is as follows:

Project Size	Minimum Fee
1-4 units	$ 20.00
5-16 units	$ 80.00
17-32 units	$ 160.00
33 and over	Amount equal to 50% of units in Project times $10.00

6. Subsidy Layering/PIS Review Fee

(If HUD or RD Housing Assistance or other Government Assistance is provided to Project) — ½ Analysis Fee or $250.00

ALL FEES COLLECTED BY THE AGENCY ARE NON-REFUNDABLE

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D. Competitive Evaluation

1. Notice to Applicant and Rank Ordering of Applications: The Agency will notify the applicant upon receipt of an Application for review. Information will not be provided as to the Application's processing status during the review and selection process following the Final Application Deadline. However, the Agency's staff will process the score of each Application and submit within sixty (60) days following the Final Application Deadline (**not later than August 12, 2009**), the processed score for review to the Board of Commissioners.

   Staff will submit to each applicant a copy of its Application's score, a copy of its feasibility and viability analysis and the tentative rank order list of all Applications prior to the submission to the Agency's Board of Commissioners.

   10-Day Challenge Period

   For a ten (10) calendar day period following publication of the tentative rank order list of each Application, an applicant may challenge in writing the staff's disqualification of a particular Selection Criteria point award. **Written objections during the ten (10) day challenge period may be based only upon the interpretation of information submitted by the Final Application Deadline**. No new or supplemental information will be considered by the Agency in the review process after the Final Application Deadline.

   Final Rank Order

   Based upon such written challenges, the staff will submit a supplemental report at the next meeting of the Board of Commissioners concerning the scoring of each Application following the processing of written challenges and any revision to the tentative rank order of all Applications. The Board of Commissioners will approve the Final Rank Order of all Applications. No other information will be provided as to an Application's processing status during the review and selection process following the Final Application Deadline. **THE FINAL RANK ORDER OF AN APPLICATION DOES NOT CONSTITUTE ANY ENTITLEMENT TO A RESERVATION OF TAX CREDITS IF A PROJECT IS OTHERWISE NOT FEASIBLE OR NOT VIABLE OR FAILS TO SATISFY THE MINIMUM SCORE UNDER THE QAP.**

2. Agency Request for Supplemental Data and /or Clarification: The Agency retains the right to request supplemental data to support information contained in an Application and/or information to explain or clarify data contained in an Application.

3. Noncompliance in Other Agency Programs: Developers cited for non-compliance in a project/program administered by the Agency or by an Agency or department of the United States at the time of Final Application submittal shall not receive a reservation/allocation of credits unless or until such non-compliance is cleared.

4. Communication with Contact Person: The Agency will communicate only with the contact person listed in the Application. Information received from persons other than the contact person will be disregarded by the Agency.

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5. Minimum Score and Threshold Requirements: The qualified allocation plan for the Tax Credit Ceiling for calendar year 2009 requires that an Application evidence a minimum score of **39 points** in accordance with the published selection criteria prior to receipt of a reservation of tax credits.

6. Tie-breaking Procedures: Tax credits for Applications submitted for a competitive funding round will be reserved to projects in descending order of score until all tax credits available for reservation have been reserved. In the event of a tie between Applications for which there are insufficient credits to reserve to each project, the Agency will use the following tie-breaking procedure:

**Projects receiving the same score using the competitive selection criteria of the State Qualified Allocation Plan will be awarded tax credits in the order of a sub-ranking score using the total points for such Projects evidenced in the following categories from the Selection Criteria:

- Selection Criteria IA (i): Projects which promote project diversity

- Selection Criteria IA (ii): Projects which promote geographic diversity

If the use of the sub-ranking score does not break a tie, the project requesting the lower amount of tax credits will be allocated credits in advance of other projects requesting higher amounts of credits. In the event that there are remaining tied projects requesting the same amount of tax credits, preference will be given to the project with the earliest application submittal.

7. Reservations Pursuant to Qualified Allocation Plan and Federal Regulations: The Agency reserves the right to make, revise, rescind or withdraw any reservations according to the Agency's qualified allocation plan and in accordance with published federal regulations, rulings, guidelines and notices.

8. Agency LIHTCReservations: Notwithstanding any contrary statement or representation by the agency, or any contrary understanding or belief by the applicant, no decision of this agency regarding the allocation of a federal low income housing tax credit shall be final until the applicant receives an IRS Form 8609 properly issued by the agency. Prior to the receipt of the IRS Form 8609, any reservation of, or promise or representation concerning, any federal low-income housing tax credit is subject to review by the agency at any time, for any reason. As a result of such review the agency may, in its discretion and at any time prior to the applicant's receipt of an IRS Form 8609, rescind or modify any prior reservation or allocation of a federal low income housing tax credit, if such action is consistent with the language and goals of the QAP under which the low income housing tax credit was issued; warranted by the applicant's noncompliance with the letter or spirit of any provision of federal, state, or agency law or regulation (including he terms of the pertinent QAP); or otherwise in the best interests of the citizens of the State of Louisiana.

E. Project Threshold Requirements

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Threshold review is a review of the full application to determine if it is complete, all necessary forms, supporting evidence, and fees are included, and the project meets minimum program requirements. Many requirements formerly evaluated as part of the point-based competitive review section are now included as threshold items. Unless noted otherwise, projects with tax-exempt bond financing must also meet all threshold requirements to receive Tax Credits.

LHFA will complete threshold reviews of application and offer the applicants the opportunity to correct deficiencies in their applications.

1. **Site Control**: Site control documentation in the form of either a fully executed purchase agreement, an option to purchase or a valid title in the name of the taxpayer or developer.

2. **Zoning**: Appropriate zoning evidence in the form of (i) an official local jurisdiction map that the site is actually zoned for the proposed project type or (ii) a letter from an official of the jurisdiction stating either that (a) the proposed project is consistent with existing zone requirements or (b) if the site is not currently zoned for the project type, that changing the existing zoning requirements to permit the project to be constructed will be completed by a date certain (not later than the date specified in the QAP for tax credit reservations). This documentation must be evidenced by **August 12, 2009**.

3. **Infrastructure**: Evidence of essential infrastructure and proximity to other services:
   (i) **Utilities**: Evidence of electrical, water and sewer lines to the property site, or if such facilities are not currently available, how such facilities will be available to the site.
   (ii) **Transportation**: Evidence that reasonable transportation services are currently proximate to the site, or if such transportation services are not, a narrative statement of how tenants will access commercial, educational, recreational and other services upon completion of project:
   (iii) **Educational Facilities**: Evidence that (a) primary educational facilities are reasonably available to school-age children of tenants if the project is for family units or, if such facilities are not, a narrative statement of how school-age children will access public educational facilities and (b) the local public school system has been notified about the estimated prospective population count of school age children in the project when the project is placed in service.

4. ***Environmental Review***: All projects involving use of existing structures must submit an Environmental Restrictions Checklist completed by a professional licensed to conduct environmental testing. Any finding that environmental hazards exist must be mitigated or abated in accordance with an Operating and Maintenance plan that addresses how each hazardous material or condition will be addressed, including the training of on-site personnel in accordance with applicable local, State and Federal laws or regulations.

5. **Tenant Referrals from LRA/OCD, PHAs, Louisiana Family Recovery Corps and the Agency**: Taxpayer shall acknowledge and agree to rent low income units to households referred by the LRA/OCD, Louisiana Recovery Corps or the local PHA if the tenants referred to the Taxpayer satisfy the requirements of the Project's Management and/or Operating Plan.

6. ***Minimum Internet/Cable Capacity Requirements****:* All units must have three (3) distinct networks installed in the living area and each bedroom capable of being accessed and activated by tenants: (i) telephone network installed for

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phones using CAT5e or better wiring, (ii) network for data installed using CAT5e or better, networked from the unit back to a central location or similar configured wireless network and (iii) TV services network using COAX cable. The wiring for such networks should be available to tenants free of charge but tenants may be charged a fee by the Taxpayer for activating and making available any services provided directly by the Project or through third party providers. The equivalent of wireless network access is acceptable.

7. **Energy Efficiency**: Each of the following are minimum project requirements for new construction and rehabilitation projects with the exception of existing historical building that provided documented historic preservation requirements stipulating that required historic designs prevents achievement of these efficiencies. Full support documentation must be submitted or project will automatically be disqualified

(i) All windows and doors Energy Star Qualified & matching correct climate zones
• Windows: U-value of 0.4 or less (R-value 2.5 min.)
• Windows: Solar Heat Gain Coefficient of 0.4 or less
• Windows: Ten-year warranty from date of delivery against breakage of the glazing panel's seal.
(ii) HVAC
• Energy Star furnace (90% AFUE or greater) or heat pump (HSPF 8.2)
• Energy Star air-conditioner (SEER 14 or greater)
(iii) Appliance
• Energy Star refrigerator
• Energy Star dishwasher
• Water heater: Gas (Energy Factor of 0.62 or higher) or Electric (Energy Factor of 0.93 or higher)
• All of the above components must be clearly and individually listed in an original stamped letter from either the architect or engineer of record. The letter must state that the entire construction envelope meets or exceeds the 2006 International Energy Conservation Code. Manufacturer's cut sheets must be submitted to document the energy efficiency of each component for which points are claimed.

8. **Design Features:** All projects must contain the following: (1) Exceeds 15-year maintenance-free exterior (2) Has at least 75% brick exterior (3) Have a 30-50 year roof warranty (4) Have storm windows

9. **New construction projects** must meet new FEMA Guidelies dated 4/12/2006 for elevation of housing relative to Base Flood Elevation. An Architect's cetification must be provided for any project located inside a levee protected area.

10. **Rehabilitation projects** must include in its scope of work elevation of the project to meet new FEMA Guidelies dated 4/12/2006 for flood elevation with the exception of historic rehabilitation projects. A flood elevation survey for the project must be submitted if it is located inside a levee protected area.

F. Project Team/Developer Threshold Requirements

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1. **Development Experience**

a. The Managing General Partner or Sponsor must have successfully developed, operated and maintained in compliance either one (1) Louisiana low-income housing tax credit project or six (6) separate low-income housing tax credit projects totaling in excess of 200 units. Such Managing General Partner or Sponsor must:

1. be identified in the application,
2. become a general partner or managing member of the ownership entity, and
3. remain responsible for overseeing the project and operation of the project for a period of two (2) years after placed in service.

The Agency will determine what qualifies as successful and who can be considered as involved in a particular project.

b. All owners and Principals must disclose all previous participation in the low-income housing tax credit program. Additionally, Owners and Principals that have participated in an out of state tax credit allocation may be required to complete an Authorization for Release of Information form.

c. The Agency reserves the right to determine that a particular development team does not meet the threshold requirement of subsection (F)(1)(a) due to differences between its prior work and the proposed project. Particularly important in this evaluation is the type of subsidy program used in the previous experience (such as tax-exempt bonds, RD).

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d. No Developer or Taxpayer utilizing a debarred participant in the development or operation of a project may be reserved or allocated tax credits

2. **Management Experience**

The management agent must have at least:

a. One similar tax credit project in their current portfolio, and
b. One staff person serving in a supervisory capacity with regard to the project who has been certified as a tax credit compliance specialist.

Such certification must be from an organization accepted by the Agency. None of the persons or entities serving as management agent may have in their portfolio a project with material or uncorrected non-compliance beyond the cure period. The management agent listed on the application must be retained by the ownership entity for at least two (2) years after project completion, unless the agent is guilty of specific nonperformance of duties.

The development must be managed by a Property Management Company or On-Site Manager that has received LIHTC Compliance Certification date no more than 12 months prior to the Application deadline from a program deemed acceptable to the Agency in accordance with industry recognized training standards.

3. Project Team Disqualifications

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The Agency may disqualify any owner, Principal or management agent, who:

a. has been debarred or received a limited denial of participation in the past ten years by any federal or state agency from participating in any development program;

b. within the past ten years has been in a bankruptcy, an adverse fair housing settlement, an adverse civil rights settlement, or an adverse federal or state government proceeding and settlement;

c. has been involved within the past ten years in a project which previously received an allocation of tax credits but failed to meet standards or requirements of the tax credit allocation or failed to fulfill one of the representations contained in an application for tax credits;

d. has been involved within the past ten years in a project which previously received an allocation of tax credits but failed to meet standards or requirements of the tax credit allocation or failed to fulfill on e of the representations contained in an application for tax credits;

e. has been found to be directly or indirectly responsible for any other project within the past five years in which there is or was uncorrected noncompliance more than three months from the date of notification by the Agency or any other state allocating agency;

f. interferes with a tax credit application for which it is not an owner or Principal at a public hearing or other official meeting;

g. has outstanding flags in HUD's national 2530 National Participation system;

h. has been involved in any project awarded tax credits in 2005 or earlier for which either the permanent financing or equity investment has not closed;

i. has been involved in any project awarded tax credits in 2005 or earlier for which the final cost certification requirements have not been met by December 19, 2008;

j. has been involved in any project awarded tax credits after 2000 where there has been a change in general partners or managing members during the last five years that the Agency did not approve in writing beforehand;

k. would be removed from the ownership of a property that is the subject of an application for under the rehabilitation set-aside in the current cycle; or

l. is not in good standing with the Agency.

A disqualification under this subsection (F)(3) will result in the individual or entity involved not being allowed to participate in the 2009 cycle and removing from consideration any application where they are identified.

G. Other Program Requirements

1. **Local Community Notification:** The Applicant must include in the Application evidence that a Public Notice was published in a local newspaper having general

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circulation in the city of the proposed development area 7-8 days prior to the Application deadline. This notice must run for three (3) consecutive days and must include:

- The name of the project owner
- The project name
- The project address or location
- The maximum number of units
- The nature of the project (i.e. new construction or rehabilitation, elderly or family, etc and construction type and occupancy type along with proposed community facility and supportive services
- State the project is competing for 9% Tax Credits provided by Louisiana Housing Finance Agency.
- Total development cost including funding sources and amounts

Applicant must provide proof that he has submitted correspondence to the Mayor and appropriate City Council where the project is proposed notifying them of the project and including above referenced notice information.

2. **Total Development Cost and Unit Size Limitations:** No project will be reserved credits if the limits and other requirements by type and size of unit specified below are not satisfied.

a. Minimum Square Footage and Full Bathrooms Per Unit Type:

Unit Type	Bathrooms	Square Feet
Efficiency	1	450
1 Bedroom	1	600
2 Bedroom	1	750
3 Bedroom	2	900
4 Bedroom	2	1100

(i) Waiver of Minimum Bathroom and Bedroom Size. The minimum bathrooms and bedroom size may be waived for an existing project which is being rehabilitated only if a federal program finances the unit and the federal agency administering the program which finances the unit requests a waiver of such limits.

(ii) Reduction of Minimum Square Footage Per Unit. The minimum square feet per unit may be reduced by 10% for existing units if the local jurisdiction within which the units are located certifies that such units will comply with all applicable zoning and building codes.

b. Maximum Average TDC Per Unit by Development Type:

Acquisition/Rehab (incl. elderly)	$125,000
New Construction/Conversions (incl. elderly)	$200,000
Historic Rehab	$226,900

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Scattered Site FHA Limit

c. Maximum Average Dollar Per Square Foot: The Maximum Average Dollar Per Square Foot for all Development types shall not exceed $150 per square foot unless Project is a Small Project, Scattered Site Project, Special Needs Project or Historic Rehabilitation Project, in which case, the square foot limit shall not exceed $175 per square foot.

d. Exclusion of Governmental Grants and Historic Credit Syndication Proceeds from Cost Limits. The costs of a development funded by a governmental grant or with the proceeds from syndicating historic credits will be excluded from total development costs for the purposes of establishing the Maximum Average TDC Per Unit and Maximum Average Dollar Per Square Foot and for purpose of calculating maximum qualified basis of a building or Project.

e. Exclusion of Costs of Community Facilities and Community Services Facilities from Cost Limits: The costs associated with Community Facilities and Community Service Facilities will be excluded from total development costs for purpose of establishing the Maximum Average TDC Per Unit and Maximum Average Dollar Per Square Foot. The costs of Community Facilities which are functionally related and subordinate to the residential units and the costs of Community Service Facilities not in excess of ten percent (10%) of the eligible basis of the qualified low-income housing project of which it is a part may be included in eligible basis of a building or Project.

f. SRO Projects: Single Room Occupancy Projects will not be subject to Maximum Average TDC Per Unit Limits or Maximum Average Dollar Per Square Foot Limits if the local governmental unit by resolution or ordinance endorses the SRO Project and certifies that the SRO Project will provide shelter to homeless persons or will receive Stewart-McKinney Act Funds.

g. Projects Reallocated Credits Based on Housing Discrimination: Notwithstanding any other calendar year Qualified Allocation Plan to the contrary, additional costs to projects which are delayed based upon housing discrimination and which are reallocated credits will not be subject to cost limits if the project is otherwise feasible and viable and the Agency's Board of Commissioners acknowledges that the increased costs were due to circumstances beyond the control of the Taxpayer.

h. Construction and Design Standards: All projects must adhere to the Construction and Design Standards as contained in Exhibit A. Requirements for New Construction Scattered Site Projects is also contained in Exhibit B.

i. Bond Financed Projects: Bond financed projects are not subject to the Maximum Average TDC Per Unit Limits.

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3. **Project Amenities:** All properties other than SRO Projects must include HVAC systems, refrigerators, stoves, an on-site laundry (1 washer and 1 dryer per every 10 units- except for Elderly Projects). If washers and dryers are installed and maintained in every unit at no additional cost to tenants, an on-site laundry is not required. All amenities, with the exception of the on-site laundry, must be available to the tenants at no additional charge. The requirement of an on-site laundry shall not apply to rehabilitation projects with 12 or fewer units.

4. **Profit Limits:**

Developer Fees

Developer Fees for a project shall not exceed fifteen percent (15%) of the Developer Fee Base plus either (i) five percent (5%) of the Acquisition Cost Base or (ii) 8% of the Acquisition Cost Base in the case of RD or HUD Distressed Properties.

No Developer Fee, including payments to consultants, will be allowed unless a Development Services Agreement is submitted as an Exhibit to the Tax Credit Application Package. The Developer Fee Base will include only the amount of Builder Profit, Builder Overhead and General Requirements at the maximum limits permitted by the Agency and will exclude all payments to the Developer or persons related to or having an identify of interest with the Developer. Fees paid to CHDOs or non-profits will not be added to the total amount of developer's profit cap.

Builder Profit

Builder Profit shall not exceed six percent (6%) of the Builder Profit Fee Base.

Builder Overhead

Builder Overhead shall not exceed two percent (2%) of the Builder Profit Fee Base.

General Requirements

The actual costs associated with General Requirements shall not exceed six percent (6%) of the General Requirements Base. Bond Premium paid by the Developer or the Taxpayer/Owner will be excluded from the General Requirements.

Syndication Costs

Syndication Costs in excess of ten percent (10%) and fifteen percent (15%) of Gross Equity for privately placed and publicly offered Syndications, respectively, will be treated as part of the Developer Fee.

5. **Self-Owned Equipment Limitations:** Costs deemed to lease self-owned equipment or to lease equipment owned by persons related to or having an identity of interest with the Developer or Builder will be considered as builder profit and overhead; provided, however, that certifications as to costs of fuel, lubrication, normal expenditures for such identified equipment, maintenance, repair and depreciation will be considered as a construction cost.

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6. **Subcontractor Limits Related to builder Profit and Overhead:** No overhead and builder profit will be allowed when (i) more than fifty percent (50%) of the contract sum in the construction contract is subcontracted to one subcontractor, material supplier or equipment lesser or (ii) seventy five percent (75%) or more with three or fewer subcontractors, material suppliers or equipment lessors.

7. **Pro Forma Cash Flows:** All projects must submit fifteen year pro forma cash flows complying with the following requirements:

    a. Rate of Increase Assumptions for Revenues and Expenses: Revenues may be projected to increase at a rate not in excess of two percent (2%) and expenses must be projected to increase at a rate of not less than OCAF or three percent (3%).

    b. Required Debt Service Ratios: Debt service ratios may not fall below 1.15 (1.10 for RHS Properties) unless the Taxpayer/Owner executes an appropriate escrow or acceptable guarantee in an amount equal to the maximum cumulative cash flow shortfall. If Debt Service Ratios during the compliance period with respect to all debt exceeds 1.4, the excess cash flow must be deposited to the Reserves for Replacement or used to prepay hard debts. The Minimum Reserve Balance shall be increased by such excess cash flow.

    c. Maximum Return on Taxpayer Capital for Projects with HOME Funds and Distributions of Surplus Cash: Any project which receives HOME Funds from the Agency and which evidences satisfaction of the Minimum Reserve Balance will be permitted a Capital Recovery Payment on Taxpayer Capital equal to 350 basis points above the comparable Treasury bill yields as of the Closing Date that are coterminous with the return of taxpayer capital over a maximum fifteen year period. Tax Credit equity shall be disregarded as Taxpayer Capital. Surplus Cash evidenced in annual audits may be distributed each fiscal year so long as such distributions are limited to not exceeding fifty percent (50%) of such Surplus Cash.

    d. Terms Required for Cash Flow Notes: Any cash flow note associated with the acquisition of an existing project must be accompanied by a schedule establishing the imputed principal of the cash flow note under Section 1274(b) of the Internal Revenue Code and any basis adjustment of the note and project pursuant to Section 1.1275-4(c) of the Treasury Regulations. All cash flow notes must mature on or before the end of the economic life of the project which may not exceed 55 years unless such cash flow note is a Developer Fee Cash Flow Note, in which case such Developer Fee Cash Flow Note must mature by the end of the extended Use Period of 30 years.

    e. Vacancy Rate Assumptions: Assume a five percent (5%) vacancy rate and two percent (2%) bad debt unless the project is located in a “soft” market as determined by the Independent Qualified Housing Consultant within which a higher vacancy allowance will be required. Projects in the Mark-to-Market Program may use the allowances established in the HUD approved Restructure Plan.

    f. Required Deposit to Reserves for Replacement: Minimum replacement reserves should equal $250 per unit per year for new

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construction developments for seniors and $300 per unit per year for new construction developments for families and developments involving rehabilitation. If the reserve deposits specified in Physical Needs Assessment exceed the foregoing minimum reserve deposits following rehabilitation, then the deposits to the reserved for replacement shall be the higher amount specified in the Physical Needs Assessment. Notwithstanding the foregoing, if HUD and RD finance the first mortgage, the annual deposit to the Reserves for Replacement may be determined in accordance with HUD or RD policies or regulations. Deposits to the Reserves for Replacement will be regulated and monitored in accordance with the Tax Credit Regulatory Agreement.

g. Maximum Rents: Pro forma Rents for Application purposes may not exceed the lower of HUD's most recently published fair market rents (FMR) or the maximum rent permitted by Section 42 or any subsidy program which benefits the project. Actual rents may not exceed the maximum rent permitted by Section 42 of the Code.

h. Minimum Operating and Maintenance Expenses: Minimum operating and maintenance expenses shall not be less than $3,600 per unit per year. For an existing project undergoing rehabilitation the Minimum Operating and Maintenance Expenses shall be increased if, following a review of the prior three years of audits of the project's operations, the expenses exceed the minimums and if the rehab to be completed will not reduce the historic expenses. SRO Projects shall evidence appropriate subsidies to sustain the proposed operating budget.

i. Minimum Reserve Balance: Minimum operating reserves should equal six months of projected operating expenses. Initial operating reserves of up to $2,000 per unit per year may be funded from project development sources. Initial operating reserves exceeding $2,000 per unit must be funded either with deferred developer fees, unsecured debt or soft cash flow debt.

8. **Capital Needs Assessment**: A Capital Needs Assessment by an architect or engineer, dated no earlier than 90 days before the Application deadline, is required for all existing projects.

9. **Receipt of Cost Certifications and GAAP Audits:** Prior to mailing a Form 8609 for a project, the Agency must receive (i) a GAAP Audit, (ii) a Financing Certification, (iii) a Syndication Certification and (iv) a proposed baseline operating budget (including trending assumptions) as of the date sustaining occupancy is to be attained. The GAAP audit and the Financing Certification must certify all sources and uses of funds through the Placed in Service Date of a project and must clearly distinguish and show (a) costs that may be included in eligible and qualified basis and (b) costs which may not be included in eligible and qualified basis.

10. **Subsidy Layering Review:** A subsidy layering review will be conducted in connection with any project receiving Governmental Assistance from HUD or RD in addition to housing tax credits for each of acquisition, rehabilitation and new construction uses.

11. **Processing Projects With Federal Funds or Insurance:** Projects receiving Federal Funds or insurance under a Federal program will be reserved credits

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only after the federal agency advises the Agency in writing that the federal agency providing such funds or insurance has no objections to the reservation of tax credits to the Project.

12. **Financing Commitments:** Fully executed Financing Commitments for all sources of funds must be included with the Application.

13. **Legal Description of Project Property Site:**

Projects in Urban and Rural Areas: The legal description and cost of the portion of a site on which the Project is located must be submitted in the Application involving a Project in Urban and Rural Areas. The legal description shall include parish, municipality, subdivision, tracts, section, ranges, boundaries, directions and measurements.

Scattered Site Projects in Urban Areas: A Scattered Site Project located in an urban area may identify only the street addresses for each separate site.

Consistency of Project Description: The legal description and/or street addresses of the Property Site included with the Application must be consistent with all subsequent documents submitted to the Agency during the development and operation of the Project. If a material inconsistency in the legal description of the Project Site between the Application Deadline and any reservation or allocation of credits is identified and such inconsistency constitutes a Site Change, the tax credits reserved and/or allocated to the Project will be subject to rescission and/or recapture.

Additional Sites: No additional sites may be included in a Scattered Site Project following the Application Deadline unless the Project is located in a Redevelopment Area and the local governmental unit requests the addition of new sites within the Redevelopment Area; however, no additional sites may be included in a Project following carryover allocation.

Map Requirement: A map identifying the Project Site must be included with all legal descriptions and/or street addresses. The map must show parish, municipality, subdivision, tracts, section, ranges, boundaries, directions, and measurements.

H. Project Site Information

1. Certification of Architectural Plans and Specifications: At least 45 days prior to commencement of construction or Substantial Rehabilitation of a project, the owner must submit certification of architect that (i) the unit configuration by bedroom size and square footage by bedroom size is consistent with the configuration in the project's Application, (ii) the project as completed complies with Fair Housing Accessibility Guidelines and design features required by or subject to bonus points awarded in this QAP and (iii) if HOME or other federal funds have been invested, the requirements of Section 504 of the Rehabilitation Act of 1973 are satisfied.

2. Signage on Property**:** Developers will be required to display sign upon start of construction through completion on project site that the project is being financed by Louisiana Housing Finance Agency.

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3. Staff Visits: The Agency will make a minimum of three (3) site visits to projects before the issuance of 8609s. This is to ensure that the project is being constructed as stated in the application and in accordance to the QAP. The Agency reserves the right to add additional site visits if deemed necessary.

I. Market Study and Appraisals

Agency Evaluation

The Agency will post its current Housing Needs Assessment to its website at www.lhfa.state.la.us. Developers are encouraged to utilize this information in evaluating prospective application projects and sites. All information submitted in the market study will be compared with the LHFA Housing Needs Assessment. Any items that vary from the analysis may be challenged. In addition, if the market study is found to contain material omissions and clarification is not provided to the Agency within 7 days of request, the Application will be rejected and the Qualified Housing Consultant will no longer be deemed approved by the Agency.

The Agency will administer the market study process based upon this section and additional criteria formulated through the procurement of market study analyst. The Agency will contract directly with market analysts to perform the studies. Analysts must be a member of the National Council of Affordable Housing Market Analysts (NCAHMA). The Agency will limit the number of projects awarded in the same application round to those that it determines can be supported in the market. The Agency is not bound by the conclusions or recommendations of the market analysts(s) and will use its discretion in evaluating the criteria listed in this subsection.

Prior to granting awards, the Agency will undertake an RFP process to engage a firm or firms to perform a comprehensive evaluation of all market studies submitted in this funding round. This comprehensive evaluation will be utilized in making the final award decisions by the Agency.

Project Evaluation

A detailed Market Study dated as of a date no earlier than 90 days prior to the Application Deadline must be submitted by an Approved Independent Qualified Housing Consultant approved by the Agency in each application.

This market study should evidence the housing needs of Targeted Households, Large Families, tenants with children, Special Needs Households (if project serves Special Needs Households) in the Market Area and the unmet needs of such individuals and families following the construction and/or development of the Project.

The Agency is not bound by the conclusions or recommendations of the market analyst(s) and will use its discretion in evaluating the proposals

Projects may not give preferences to potential tenants based upon 1) residing in the jurisdiction of a particuar government, 2) having a particular disablity or 3) being a part of a specific occupational group.

The following four criteria are **threshold requirements** for inclusion in all market studies:

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i. The project's capture rate,
ii. The project's absorption rate,
iii. The vacancy rate at comparable properties (what qualifies as a comparable will vary based on the circumstances), and
iv. The project's effect on existing or awarded properties with 9% tax credits or Agency loans.

Market Study requirements to include:

1. Color photographs of the site and neighborhood, a map clearly identifying the location of the project and the closet transportation linkages, shopping, schools, medical services, public transportation, places of worship and other services such as libraries, community centers, banks, etc.

2. Local/community perspective of rental housing market and housing alternatives

3. Market analysts must clearly define all sources for data

4. Adherence to standard FHA/HUD Format

Content of Market Study

In addition to threshold requirements, the Market Study must provide information under noted boldfaced captions with tabs and an index to locate the following within the Market Study:

1. **Executive Summary:** A statement summarizing the findings of the market study.

2. **Credentials:** Statement of experience and competence of the market analyst.

3. **Independence and No Identity of Interest:** A certification that the market analyst is independent and has no identity of interest with the developer of the proposed or existing project and that the market analyst was retained to perform the market study without conditions, including compensation based upon finding market need.

4. **Property Site:** A description of the proposed property site along with a map site identifying area of the Project.

5. **Demographic Analysis**: Analysis of the Income Qualified Renter Demand in the market area.

6. **Market Area**: Geographic definition and analysis of the primary and secondary market area which Project serves.

7. **Operations and Development Comparisons**: A description of comparable developments in the market area served by Project, including the following information or analysis, labeled accordingly:

    a. Subsidy whether or not each comparable development is subsidized.

    b. Rent Levels and Vacancy: a description of rent levels and vacancy rates of comparable properties, including subsidized and non-subsidized developments in market area served by Project.

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c. Operating Comparisons: analysis of operating expenses using data from comparable properties in the market area served by Project, if available, or, if not available, using IREM of ULI data.

d. Project Operating Statement: projected operating funds and expenses of the subject Project.

e. Public Housing: a summary of (i) the number and quality of units in developments owned by the local public housing authority and a statement concerning vacancy rates and waiting lists and (ii) the number of vouchers administered by the local public housing authority and the estimate of the households on the waiting list for vouchers.

f. Absorption Analysis: expected market absorption of the proposed rental housing units in the subject Project each month following certificate of occupancy.

g. Market Impact Statement: A description of the impact of the proposed housing units in the market area, including the impact of the proposed housing units on tax credit and other existing affordable rental housing in market areas.

8. **Federal Housing Agency Coordination**: The Independent Qualified Housing Consultant must identify all multifamily housing developments in the primary market area of the proposed project, which are financed by HUD, RD and the Agency. The consultant must provide a table evidencing the following information for each such project:

    a. Name of Project
    b. Number of Units in Project
    c. Type of Federal loan or credit enhancement, e.g., 515 loan, 202, 221(d)(4), etc.
    d. Average vacancy rate in comparable projects in prior twelve-month period.

9. **Pipeline Analysis**: Certification of the number of building and demolition permits (or it's equivalent) for multifamily housing units issued over the preceding 24 months by the local jurisdiction within which the project is located and that any planned or construction in progress will not adversely affect the market's absorption of the units in the project.

10. **Certification of Demand**: A Certification of Demand for New Units and Conversion executed by the Qualified Housing Consultant.

11. **Statement of Housing Needs of Low-Income Individuals and Large Families**: A statement of housing needs of Large Families and tenant populations with children in the primary market area and the extent there will be unmet needs for such individuals and families following construction/rehab of the Project.

12. **Location Characteristics:** Part II of the Selection Criteria contains a number of positive points and negative points relating to the location of a Project. Each Market Study must include a separate section that evidences whether the Project satisfies the positive points listed or incurs the negative points listed.

Appraisals

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An Appraisal must be submitted establishing the fair market value of any existing property when the purchase price of such property exceeds $500,000 and the Acquisition Costs are included in Eligible Basis.

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III. Post-Award Processes & Requirements

A. Carryover Allocation of Tax Credits

Projects may qualify for a carry-forward allocation of tax credits under the Ten Percent (10%) Basis Exception. A Taxpayer/Owner must deliver to the Agency all carry forward allocation documentation, including an appropriate attorney or CPA opinion in the format prescribed by the Agency, on or before December 15, 2009 of the calendar year of the credit ceiling from which the credits are to be allocated. This deadline may be extended by the Agency to a date not later than June 15th of the following year on a case by case basis in order to assure the allocation of the State's credit ceiling for the calendar year.

B. Placed in Service and Annual Audit

1. Placed in Service Audit: The Financing Certification, Syndication Cost Certification, GAAP Audit and Baseline Operating Budget must be received by not later than the April 1st of the calendar year following the year in which the Project is placed in service. The GAAP audit must specifically identify any unexpended contingency construction reserve and any operating/rent up reserve. The carry forward allocation of credits is subject to recapture if required certifications, audit and Baseline Operating Budget are not received by such date. The Taxpayer/Owner may request only a one-year extension for submission of the certificates and audits from the Agency and only if the Taxpayer has elected to begin the first year of the credit period following the year in which the Project is placed in service. Payment of developer fees to CHDO or non-profit partners partnering with a for-profit as a co-developer must be shown as fully paid in the placed in service audit. CHDOs and non-profit partners must receive not less than twenty percent (20%) of the Developer Fee for transactions receiving tax credits.

2. Annual Audit: Following the placed in service date of a project, Taxpayers must submit annual hard copy and electronic audits to the Agency in a format prescribed in the Agency's audit instructions and using the Chart of Accounts prescribed by the Agency. All cash distributions and withdrawals from operating reserves and/or reserves for replacement must be explained in footnotes to the audit and all payments to Related Persons and contractors with an identity of interests to the Taxpayer/Owner must be identified. Annual audits must be received by not later than April 1st of each calendar year if the fiscal year is a calendar year or not later than ninety (90) days following the end of a fiscal year that is not a calendar year.
   All audits must be submitted to:

   Louisiana Housing Finance Agency
   Attn: Internal Audit Department
   2415 Quail Drive
   Baton Rouge, LA 70808

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C. Compliance Training Requirements

Taxpayer/Owners will be required to evidence to the Agency at least ninety (90) days prior to a Project's Placed In Service Date that the proposed on-site manager or the Management Company has completed compliance training within the prior (12) twelve months in a program deemed acceptable to the Agency in accordance with industry recognized training standards. No Form 8609 will be issued without evidence of such training.

D. Fees to CHDO or Non-profit General Partner

Prior to delivery of Form 8609 a for-profit co-general partner with a CHDO or non-profit general partner must certify payment of the fee paid to the CHDO or non-profit general partner is consistent with Development Services Agreement submitted with the Tax Credit Application. Developer Fees to CHDOs or non-profit general partners in connection with projects receiving an allocation must not be less than twenty percent (20%) of the total Developer Fees. Fees paid to CHDOs or non-profits, up to 20% of the developer's fee, will not be included in the developer's maximum profit cap. Therefore the total developer's fee may be up to 18%.

E. Notification of Material Changes

It is the applicant's responsibility to notify the Agency, in writing, of any occurrence of a material change in a project. Notwithstanding any provision of any other program requirements, no project that the Agency determines to have materially changed shall be deemed feasible or viable. **LHFA Board approval is required on all requests seeking material changes in a project.**

(i) Material Changes Prior to Final Application Deadline: The Agency may receive a new Application for a Project which has materially changed in advance of the Final Application Deadline for a competitive funding round. A new Application, along with the Application and analysis fees must be received by the Final Application Deadline. (This option is applicable only when a preliminary Application review is offered by the Agency.)

(ii) Material Changes After Final Application Deadline: A material change occurring after the Final Application Deadline can result in cancelation of either the tax credit reservation or the carry-forward allocation of tax credits.

F. Notification of Reprocessing Change

It is the applicant's responsibility to notify the Agency, in writing, of any occurrence of a reprocessing change in a Project. A reprocessing change may occur prior to delivery of Form 8609 to a Project; however, Form 8609 will be withheld until the Taxpayer submits a revised Application and Reprocessing Fee. Following receipt of the revised Application and reprocessing fee, the Agency will complete a new legal, feasibility and viability review in order to determine any adjustment of maximum qualified basis and/or the tax credits to be allocated to the Project. Projects subject to reprocessing are at risk

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of credit loss if such Project fails to satisfy the minimum score or if other projects on the waiting list which are not reserved credits have higher scores.

G. Site Change

A Site Change in a Project following the Final Application Deadline will automatically cancel any reservation, commitment or allocation of tax credits to such Project.

H. Deviations from Selection Criteria in Filed Application

When an Applicant requests a deviation from the selection criteria in the filed application and the deviation is not a Material Change as defined by the QAP, the following penalties shall apply:

1. The developer shall select a substitute benefit or enhancement identified in the selection criteria in the QAP of equal or greater point value, the Agency shall consider approval of the request and require the replacement benefit to the project be incorporated into the project, thereby enhancing the project by the same point value. There shall be no additional penalty to the developer.

2. If the developer or the Agency determines there is no appropriate substitute project enhancement of equal or greater point value, the developer and all affiliates shall be subject to penalty points in the applicant's next tax credit funding round equal to the point value of the representation that cannot be satisfied.

When an Applicant requests a deviation from the selection criteria in the filed application and the deviation is a Material Change as defined by the QAP, the following penalties shall apply (e.g. Applicant got funded when someone else would have gotten funded).

1. The developer shall select a substitute benefit or enhancement in the QAP of equal or greater point value, the Agency may approve the request and require the replacement benefit to the project be incorporated into the project, thereby enhancing the project by the same point value. There shall be no additional penalty to the developer.

2. If the developer does not select a substitute benefit or enhancement in the QAP of equal or greater point value:

    a. The developer may surrender its allocation and there shall be no additional penalty to the developer.

    b. If the developer does not surrender the allocation and no substitute selection criteria is selected, the developer and all affiliates shall be subject to penalty points in a single application in the applicant's next tax credit funding round equal to three times the point value of the selection criteria that cannot be satisfied.

Applicants requesting more than one (1) Material Change relating to selection criteria in a single funding cycle shall be subject to a one year suspension from the applicant's next tax credit funding round.

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Any Material Change requested due to the reliance on a representation made by a Governmental Agency remains at the discretion of the Board and the penalties, if any, to be assessed by the Board.

The Board may waive penalties in extraordinary circumstances.

Notwithstanding the above, the Applicant/Developer must notify the Agency of any changes to the project, including but not limited to unit mix and development type. It is the Applicant's responsibility to provide required public notification of any such changes.

I. Re-Allocation of Recaptured Tax Credits Based Upon Housing Discrimination

Tax Credits which are recaptured from a Taxpayer will be reserved automatically to a project in an amount approved in a reprocessing of the Project Application (but not greater than the recaptured credits) upon receipt of all of the following:

(i) Evidence that HUD or the Department of Justice has determined to proceed to process a complaint of housing discrimination because such a complaint has merit based upon evidence contained or certified in such complaint,
(ii) A revised Application,
(iii) An opinion of tax counsel to the Taxpayer that the project remains qualified for a Tax Credit reservation, and
(iv) A report that the project remains feasible and viable at the time of the reallocation.

J. Re-Allocation of Returned Credits During Construction Period Following 25% Completion

Tax Credits which are returned by a Taxpayer with respect to a project in which at least 25% construction progress towards completion has been evidenced as certified by the project architect and shall be reserved automatically to such Taxpayer for such Project in construction in an amount equal to the returned credits subject to satisfaction of the following conditions:

(i) Receipt from the Taxpayer of a complete revised Project Application;

(ii) Receipt from the Taxpayer of a hold harmless and indemnification agreement acceptable to the Agency's general counsel; and

(iii) an opinion of tax counsel to the Taxpayer that the re-allocation of the Taxpayer's returned credits is permissible under the then existing federal income tax code and federal income tax regulations.

(iv) Receipt from the taxpayer of the project architects completion certificate evidencing 25% completion of construction.

Upon satisfaction of the foregoing conditions, the Agency and Officers will be authorized and directed to enter into a binding agreement to allocate the Taxpayer's returned credits to such Taxpayer."

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K. Reasonable Professional Fees and Other Soft Costs

The Agency retains the right to determine safe harbors for reasonable professional fees and other soft costs that may be included in a project's development cost budget. Absent compelling reasons that professional fees and other costs should exceed such safe harbors, any professional fee or soft cost in excess of Agency approved safe harbors will either be excluded from the development cost budget in determining the gap for tax credit underwriting purposes or will be deemed to be paid through a deferred developer fee.

L. Quality Production

The Agency will require each Taxpayer's Architect to certify that the design and materials used to submit the Estimate and Certificate of Costs with the application satisfy the State's new building code.

M. Extended Use Agreement, Compliance Monitoring and Other Requirements

The Agency has approved the form of a Tax Credit Regulatory Agreement to be dated as of December 31 of the calendar year immediately preceding the first year of the Credit Period, pursuant to which the Agency requires the Applicant/Taxpayer to fulfill the commitments and representations made in this Application. An Extended Use Agreement in accordance with the Code and Tax Regulations has been incorporated into the Tax Credit Regulatory Agreement. Upon execution, the Tax Credit Regulatory Agreement must be filed in the mortgage/conveyance records of the Parish within which the Project is located. A separate Compliance Monitoring Agreement also has been approved by the Agency and must be executed and returned to the Agency when the Project is placed in service and prior to the Agency providing Form 8609. The Agency may impose reporting and record keeping requirements, nondiscrimination regulations, and any other special conditions considered desirable by the Agency or the U.S. Department of Treasury.

N. Protocol to Present Matters to Multi-Family Committee/ Full Board

To facilitate the transmission of complete, thorough information and the analysis of requests that staff periodically receives from the development community; a protocol has been implemented for matters to appear on the Multi-Family Committee Agenda.

In order to be considered for the Multi-Family Committee Agenda, requests must be submitted at least two (2) weeks prior to the regularly scheduled meeting. Exceptions to the QAP will be reviewed by staff on a case by case basis. The request should include a clear statement for the developer on why a waiver is necessary, benefits derived from the exception, along with all available documentation to support their position. Within two (2) business days or receipt, the requester will receive a "Receipt of Acknowledgement" restating the issues as presented along with a statement of the staff's position. If additional information is required from the developer, it must be submitted within two (2) working days. Upon analysis of the complete information, staff will be required to include in the Multi-Family Committee material, a complete decision brief outlining the exception request and all other documentation.

Based upon the outcome of the matter presented to the Board, an "Infraction log" will be maintained and will include the developer's name, type of request, and approval/ denial of request.

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IV. Glossary

ABANDONED UNIT: A housing unit which has been certified by the Developer/Owner and the local jurisdiction within which the housing unit is located that the unit is Substandard and has not been occupied for at least ninety (90) days. Evidence must be submitted with the Application that the local jurisdiction specifically identified the unit and stated that the unit is substandard and has been vacant for at least ninety (90) days.

ABANDONED PROJECT: A project in which 100% of the housing units are Abandoned Units.

ACCESSIBLE: A site, building, facility or portion thereof that complies with the accessibility requirements of the Fair Housing Act and is handicap adaptable.

ACCESSIBLE PROJECT: A project in which at least twenty-five percent (25%) of the units are Disability Equipped Units and set aside for Disabled Households and evidencing appropriate Project Based Subsidy to support Disabled Households occupying the Disability Equipped Units whose incomes are at or below thirty percent (30%) of area median income. Accessible Project must provide that five percent (5%) of units be accessible for people with mobility impairment and two percent (2%) for people with hearing or vision impairments.

ACCESSIBLE UNITS: Units which satisfy Section 504 of the Rehabilitation Act of 1973 and fully meet the handicap accessibility requirements of the Uniform Federal Accessibility Standard.

ACQUISITION COSTS: The actual costs of the buildings on the Property Site prior to rehabilitation of such buildings plus any additional indirect costs of acquiring the buildings.

ACQUISITION COST BASE: The Acquisition Costs exclusive of any Developer Fee or Acquisition Fee.

ACQUISITION FEE: Any fee, other than a broker fee to a professional broker listing the Project, for arranging the purchase of the building or Project for which tax credits are requested.

ADAPTABLE: The flexibility of certain building spaces to add features or adjust elements in a short time by unskilled labor without structural or material changes to accommodate the needs of persons with different types or degrees of disability. Examples of adaptable features include counter tops or closet rods that are supported by adjustable supports rather than built into the wall at a fixed level.

ADDITIONAL AFFORDABILITY PROJECT: A Project that agrees have equal twenty percent (20%) set asides for households in each of the following income classes:

(a) at or below twenty percent (20%) or less of the AMI,
(b) above 20% AMI but less than or equal to thirty percent (30%) of the AMI and
(c) above 30% AMI but less than or equal to forty percent (40%) of the AMI and
(d) above 40% AMI but less than or equal to fifty percent (50%) of the AMI.

ADULT RESIDENTIAL CARE PROJECT: A Project submitted under the Elderly Project Pool that provides personal care for activities of daily living and instrumental activities of dailing living available 24 hours a day; chore services, age and ability appropriate social and recreational activites, assistance with meals, medication administration assistance, coordination/provision of transportation,housekeeping and landry and intermittent nursing services. Such projects must supply proof of approval to receive Medicaid waiver funds through the Louisiana Department of Health and Hospitals. Projects will be allowed to adjust unit sizes to be consistent with the ARCP Licensing Stadards for ARCP development.

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AFFILIATE: Any corporation, entity, partnership, venture, syndicate, or arrangement in which a local housing authority has an ownership or governance interest of less than a majority either directly or indirectly through one or more subsidiaries.

ADVANCE RESERVATION (FORWARD COMMITMENT): A reservation of credits from a credit ceiling in a calendar year following the competitive funding round in which a project has been evaluated.

AMENITIES: Equipment and/or facilities which are for the exclusive benefit of the residents and which are not essential to constituting a residential rental unit and which are not being submitted as a Community Facility. Examples of such amenities are: 1) recreational facilities such as basketball or tennis courts, 2) swimming pools, 3) learning centers, 4) day care facilities, 5) family counseling facilities, 6) gates accessible only with ID or other device and 7) non-essential appliances, e.g.: built-in dishwashers, clothes washers and dryers and microwave ovens. (Air conditioning or heating systems are not considered an amenity). If a Project is one phase of a larger development, only the amenities identified on the Project Site of the phase which is being processed may qualify as an amenity for that phase only and such amenity shall not be qualified for any other phase.

AMI: Area median income as determined by HUD and as may be adjusted by family size.

ANALYSIS FEE: The fee by that name as calculated in accordance with the Non-Refundable Fee Schedule.

APPLICATION CHECKLIST: The form by that name contained in the Application for Tax Credits.

APPLICATION FEE: The fee by that name as calculated in accordance with the Non-Refundable Fee Schedule.

AUDIT INSTRUCTIONS: The instructions to be posted to the Agency's web site and to be used by an independent CPA to submit placed in service and annual audits.

BASELINE OPERATING BUDGET: The budget established for a project during the first year of the Credit Period that is formatted in accordance with the Agency's Chart of Accounts.

BEDROOM: An area of a unit to be used for sleeping and not primarily for family activities other than sleeping.

BUILDER: The licensed general contractor or any other entity executing a contract with the Developer/Owner to construct and/or rehabilitate a housing unit.

BUILDER OVERHEAD: Portion of a general contractor's expenses necessary to conduct business which directly concerns the Project and may include such items as office rent, fuel, lights, telephone and telegraph, stationery, office supplies, fire and liability insurance for the office, salaries of office employees such as a bookkeeper, social security taxes, public liability insurance, workmen's compensation insurance, and unemployment compensation taxes for office personnel. The allowance does not include salaries of the builder or executives of the builder.

BUILDER PROFIT FEE BASE: The construction hard costs specified in the Estimate and Certificate of Actual Cost which hard costs must be audited by an independent certified public accountant in accordance with generally accepted auditing standards utilizing generally accepted accounting principles and reduced by any General Overhead.

BUILDING: A discrete edifice or other man-made construction consisting of an independent foundation, outer walls and roof.

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CAPITAL FUNDS: Funds appropriated to the Local PHA to carry out capital and management activities in accordance with the provisions of Section 9 of the United States Housing Act of 1937, as amended

CAPITAL NEEDS ASSESSMENT: An inspection report of an existing building or project by an architect or engineer conducted in accordance with Fannie Mae's Physical Needs Assessment Guidance to the Property Evaluation which (i) identifies the age and condition of the building or project and related major systems (including climate control equipment, plumbing and fixtures, cooking and other kitchen equipment, roofs, exterior siding and electrical systems), (ii) specifies the required repair and/or rehabilitation of the buildings and systems (including the estimated costs of each) over at least twenty years following the Placed in Service Date, (iii) estimates the useful remaining life of the project and related major systems following their repair, (iv) specifies the minimum amount which must be deposited to the repair and replacement reserve over twenty years to maintain property quality and habitability standards and (v) either identifies the presence of environmental hazards, such as asbestos, lead paint and mold on the property or contains an Exhibit A Phase I Environmental.

CAPITAL RECOVERY PAYMENT(S): The monthly payments, or, if no cash exists for the payment thereof, the monthly accruals to reimburse the Owner, with interest, for the capital contributions made by Owner.

CAPITALIZED COSTS: The expenditures relating to the acquisition, rehabilitation or construction of a building and any facilities functionally related and subordinate thereto which may be included in the adjusted basis of the building for depreciation.

CARRYOVER ALLOCATION: A commitment by the Agency following receipt from the Taxpayer of the ten percent (10%) carryover certification of a portion of the current calendar year credit authority to a project that will not be placed in service by the end of the current calendar year. Projects receiving a carryover allocation must be completed and placed in service in accordance with the Project Schedule and not later than two years after receiving a carryover allocation.

CASH FLOW NOTE: Any evidence of indebtedness which is issued or assumed in connection with the acquisition of a building and which (i) is not payable in whole or in part in accordance with a fixed amortization schedule or (ii) is payable in whole or in part only to the extent of profit or the cash flows of the Project.

CDBG FUNDS: Community Development Block Grant Funds.

CHART OF ACCOUNTS: The standard chart of accounts to be posted to the Agency's web site and which will be used to submit annual audits of a project to the Agency.

CHDO: A community housing development organization as defined at 24 CFR Part 92.2 of the Federal Regulations.

CLOSING DATE: The date that title to the Project transfers to the Taxpayer if not previously conveyed to the Taxpayer and date on which the Construction Contract, all financing agreements and final notes are executed and all mortgages are recorded (or, if not actually recorded, delivered to a recordation agent for recording as appropriate title policies are released).

CODE: The Internal Revenue Code of 1986, as amended.

COMMUNITY FACILITIES: Facilities located on the Project Site which are functionally related and subordinate to a Project and which are intended to primarily (not exclusively) benefit tenants of a Project but which are available to neighborhood residents without charge or a fee. Community facilities must be relative to the type of project and number of units and in compliance with locale codes. It must contain at least 15 net square feet for each residential units. It must also have a kitchen or kitchenette that will be available to all residents. Community facilities may

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not be amenities. If a Project is a phase of a larger development, only the Community Facility identified on the Project Site of the phase may qualify as a Community Facility for that phase only and shall not be qualified for any other phase. (**Excluded from receiving Community Facility Selection Criteria points are Scattered Site Rental Projects on Non-Contiguous Land and all Homeownership Projects.)**

COMMUNITY SERVICE FACILITY: Any facility which is (i) located in a Qualified Census Tract and (ii) designed to serve primarily individuals whose income is sixty percent (60%) or less of area median income within the meaning of section 42(g)(1)(B) of the Code by satisfying the following conditions:

First, the facility must be used to provide services that will improve the quality of life for community residents.

Second, the taxpayer must demonstrate that the services provided at the facility will be appropriate and helpful to individuals in the area of the project whose income is 60 percent or less of area median income. This may, for example, be demonstrated in the market study required to be conducted under §42(m)(1)(A)(iii), or another similar study.

Third, the facility must be located on the same tract of land as one of the buildings that comprises the qualified low-income housing project.

Finally, if fees are charged for services provided, they must be affordable to individuals whose income is 60 percent or less of area median income.

COMPLETION DATE: The last date permitted in the Construction Contract for completing construction and /or rehabilitation.

CONCERTED COMMUNITY REVITALIZATION PLAN: A plan, including measurable and/or tangible objectives, approved by a local governmental unit following a public hearing which describes an area and the incentives and the measures to coordinate and target resources to the area for purposes of redeveloping or revitalizing the area and which identifies the strategies and organizations to implement revitalization.

CONSTRUCTION CONTINGENCY: An amount not in excess of the lower of ten percent (10%) of the Hard Cost or such lower amount as may be determined by the Agency as reasonable for the construction or rehabilitation of a project.

CONSTRUCTION CONTRACT: Means the agreement between the Taxpayer and the Contractor for construction and/or rehabilitation of the Project.

CONSTRUCTION START DATE: The date on which construction work pursuant to a construction contract actually begins.

CONTACT PERSON: The person listed as the Contact Person by the Taxpayer in the Tax Credit Project Summary or such substitute individual specified in writing by the Managing General Partner. The Contact Person may not be a professional who will render any independent and/or unqualified professional opinion to the Agency.

CONTINGENCY FEE: A fee to be earned by a Developer or other professional in consideration of achieving a specified benchmark for earning such fee.

CONSTRUCTION CONTINGENCY: An amount no in excess of the lower of ten percent (10%) of the Hard Cost or such lower amount as may be determined by the Agency as reasonable for the construction or rehabilitation of a project.

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CONTRACTOR: The person who is licensed as a general construction contractor by the state and who has executed a construction contract with the Taxpayer.

CONTROL: Having the capacity or the power to designate 25% or more of the board or management of an entity or general partner of a limited partnership.

CONVERSION: The process of rehabilitating a nonresidential building to residential rental use.

CREDIT CEILING: The dollar amount of credits available in a calendar year for allocation by the Agency.

DEBARRED PARTICIPANT: Any developer, person, company, firm, staff or development team member or employee thereof, who (i) is currently debarred, suspended, declared ineligible or is prohibited from participating in any housing program sponsored by any federal agency, local government or instrumentality thereof or (ii) is convicted or pleads guilty to any criminal offense related to the construction, development, ownership, management or operation of a housing development.

DEBARMENT CAUSES: Providing fraudulent documents or committing fraudulent acts, failing to fulfill reasonable Agency requests in a prescribed time period following expenditure or use of Agency resources, or having a controlling ownership interest in a project determined to be in material non-compliance with any federal, state or local requirement related to the development or operation of such project. Other causes may be determined by the Agency to constitute cause for debarment following an appropriate administrative hearing on the record which permits the person subject to sanction an opportunity to contest the facts specified as the debarment cause.

DEBARMENT PROCEDURES: The procedures established by the Agency pursuant to which the compliance division recommends debarment of a Developer to the Agency's General Counsel and upon the Agency's General Counsel's concurrence with such recommendation the Board of Commissioners approve the debarment following an opportunity of the Developer to contest the recommended actions at a public meeting of the Board of Commissioners.

DEBARMENT SANCTION: Includes, but is not limited to, suspension from participation in Agency programs, cancellation of reservations or commitments, funding of additional escrows, etc. Agency applied sanctions will be reported to other state, federal or local governments, or instrumentalities thereof.

DEBT SERVICE RATIO: Payments on any amortizing mortgage secured debt divided by the sum of all operating expenses plus Required Reserve Deposit.

DELTA PARISHES: Caldwell, East Carroll, Franklin, Grant, Jackson, La Salle, Lincoln, Madison, Morehouse, Natchitoches, Rapides, Richland, St. Helena, Tangipahoa, Tensas, Union, Washington, West Carroll, West Feliciana, Winn.

DEVELOPER: Any person or entity (including persons or entities which constitute Related Persons to such person or entities or have an identity of interest with such person or entity) which owns or develops a Project, including any general partner of a partnership, any Builder related to or having an identity of interest with the person or entity which owns or develops the project and any consultant receiving any fee or compensation to assist in the development of a Project.

DEVELOPER FEE: Any profit, fee or income realized by the Developer in connection with the development of the project as specified in a GAAP Audit and which satisfy the Developer Fee Terms.

DEVELOPER FEE BASE: The Development Costs of a Project reduced by (i) any Acquisition Costs, (ii) any Land Costs, (iii) any payments deemed lease payments for self-owned equipment,

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(iv) any payments to related persons or to persons with an identity of interest to the Developer, and (v) any Developer Fees (including Builder Profit and Overhead when there is an identity of interest between the Builder and the Developer).

DEVELOPER FEE TERMS: The fees and income of a Developer as may be specified in the Development Services Agreement between a Developer and the Taxpayer which must meet the following requirements and/or include the following information:

(1) The fee is reasonable and does not exceed the limits on Developer Fees established by the Agency;
(2) The taxpayer is legally obligated to pay the fee;
(3) The portions of the fee, if any, allocable to Land Costs, Organizational Costs, Acquisition Costs and Syndication Costs;
(4) The fee is not paid (or to be paid) by the taxpayer to itself; and
(5) If the fee is paid (or to be paid) by the taxpayer to a related person, and the taxpayer used the cash method of accounting, the taxpayer could properly accrue the fee under the accrual method of accounting (considering, for example, the rules of section 461(h) of the Code).

DEVELOPMENT COSTS: The costs of acquiring land or buildings or constructing and/or rehabilitating buildings and facilities functionally related and subordinate to such buildings as certified in a GAAP Audit by an independent certified public accountant in accordance with generally accepted auditing standards utilizing generally accepted accounting principles as of the placed in service date of the building or as of the end of the first year of the credit period for the building.

DEVELOPMENT PLAN OF ACTION: A plan of action to redevelop an area defined by a local governmental unit in accordance with the requirements of Section 42(i)(3)(E) of the Code.

DEVELOPMENT SERVICES AGREEMENT: The agreement(s) with a Developer, including any consultants, evidencing (i) the Developer Fee Terms, including the amount of the Developer Fee and how it's to be paid, (ii) how the Developer Fee will be determined, (iii) who is the Developer and the Developer's relationship to the Taxpayer or to the general partner of the Taxpayer, (iv) the individuals controlling the Developer who are primarily responsible for performing the services of the Developer and (v) the nature of the services to be performed by the Developer.

DEVELOPMENT TEAM: Any party identified in the Application as such or any other party identified who advances funds to the Developer or Taxpayer prior to an allocation.

DHH: The Louisiana State Department of Health and Hospitals.

DIFFICULT DEVELOPMENT AREAS: Areas designated by HUD as an area which has high construction, land, and utility costs relative to area median gross income.

DISABLED HOUSEHOLD: A household composed of one or more persons at least one of whom has: (1) a disability as defined in Section 223 of the Social Security Act or (2) is determined to have a physical or emotional impairment that is expected to be on long-continued and indefinite duration and the impairment substantially impedes his/her ability to live independently, and is of such a nature that such ability could be improved by more suitable housing conditions **OR** (3) has a developmental disability as defined in Section 102 of the Developmental Disability Assistance and Bill of Rights Act.

DISABILITY EQUIPPED UNITS: Units which satisfy Section 504 of the Rehabilitation Act of 1973 and fully meet the handicapped accessibility requirements of the Uniform Federal Accessibility Standard.

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DISTRESSED PROPERTY: Any federally-assisted building for which a waiver of the ten year period described in Section 42(d)(2)(B)(ii) is obtained or a building which qualifies for such a waiver but for the building having been last placed in service more than ten years prior to the Application deadline or any project financed by RD and placed in service 15 years or earlier from the Application Deadline which project requires rehab (exclusive of soft and intermediary costs) of $5,000 or more per unit.

DSS: The Louisiana State Department of Social Services.

ECONOMIC LIFE: The maturity of any debt funded by either HUD or RD; provided that economic life shall not exceed fifty-five (55) years or the period which may be reported for federal income tax purposes as the economic life of a building.

ELDERLY HOUSEHOLD: A household composed of Elderly Persons; provided that a non-Elderly Person may reside in the household only if such household qualifies pursuant to the Fair Housing Act.

ELDERLY PERSON: A person who is 62 years of age or more at the time of initial occupancy.

ELDERLY HOUSING PROJECT: A project in which all units are occupied by Elderly Households and in which no unit contains more than two bedrooms and which satisfies the requirements of the Fair Housing Act. The Elderly Housing Project must provide:

(i) Description of Supportive Services tailored to each Elderly Household (See Supportive Services Definitions)
(ii) Costs per annum of Supportive Services per Elderly Household or written commitment from governmental or non-profit agency that Supportive Services will be provided to Project without cost
(iii) Experience of Taxpayer/Owner in developing Projects servicing Elderly Households
(iv) Evidence in market study that demand for Elderly Household Units may be satisfied by Project.

ELIGIBLE TARGET POPULATION FOR PERMANENT SUPPORTIVE HOUSING:
Extremely Low Income Households consisting of one or more of the following:

(i) Hurricane displaces in need of permanent supportive housing living in the homeless shelter system or otherwise in temporary housing,
(ii) Households in which an individual or household member has substantial, long term disability as determined by DHH/DSS, including any one of the following:
  (a) Serious Mental Illness
  (b) Addictive Disorder (i.e., individuals in treatment/ recovery from substance abuse disorder),
  (c) Developmental Disability (i.e., mental retardation, autism, or other disability acquired before the age of 22),
  (d) Physical, sensory, or cognitive disability occurring after the age of 22 or
  (e) Disability caused by chronic illness (e.g., people with HIV/ AIDS who are no longer able to work),
(iii) *Frail Elderly Household,*
(iv) Homeless Household in need of permanent supportive housing or a household determined by DSS to be most-at-risk of homelessness an d in need of permanent supportive housing or
(v) An individual or household member aging out of the foster care system and determined by DSS to be in need of permanent supportive housing.

EQUITY: Funds which are provided by investors in a project and which are contingent upon the value attributed to the tax benefits generated by ownership of the project.

EXISTING HOUSING: Housing units which have previously been occupied.

EXPENDITURES EXCLUDED FROM ELIGIBLE BASIS: (A) Items noted in the IRS Audit Guidelines, including Land Costs and the following enumerated items:

- Organization Costs
- Syndication Costs
- Bridge loan interest and origination fees
- Permanent loan credit enhancement, origination fees and closing costs
- Reserves required by the lender
- Marketing/advertising
- Compliance fees

(B) Items noted in Internal Revenue Service National Office Technical Advice Memorandums Nos. 100727-00; 100740-00; 100743-00; 100745-00; and 100748-00; including the following:

- Developer Fees Allocated to Land
- Unused Construction Contingency
- Rent up Costs
- Local Impact Fees (See "C" below which reverses this treatment)
- Landscaping not affected by replacement of building and considered inextricably associated with the land
- Surveys not used to determine if improvements can be built on site
- Bond Issuance Costs
- Partnership Syndication and Formation

(C) Revenue Ruling 2002-9 now requires impact fees incurred by developer of residential rental building to be capitalized under Section 263A as indirect costs allocable to the building.

EXTREMELY LOW INCOME HOUSEHOLDS: Households in which the household income at initial occupancy is thirty percent (30%) or les of area median income.

FACILITY: A least consisting of a building commensurate with the activities to take place or the services to be provided therein.

FEDERAL HOUSING ACT: The United States Housing Act of 1937, as amended through April 1, 2005.

FHA LIMITS: The 203(b) limits for FHA insurance of single family housing as published by HUD.

FINAL ALLOCATION: The mailing of Form 8609 to the Taxpayer. The Agency must adjust the amount of tax credits specified in a reservation or a carryover allocation based upon the feasibility/viability review and subsidy layering review as of the project's placed in service date.

FINANCING CERTIFICATION: A certification by the Taxpayer on the form provided by the Agency which specifies among other matters (a) Sources of Funds for a Project, (b) Syndication Information, (c) Subsidies provided to a Project and (d) amounts allocated to various development costs as of Application, reservation and placed in service dates.

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FLEXIBLE FUNDS: Funds made available by or through the Louisiana Housing Finance Agency that do not impose either rent or occupancy restriction on any units other than Maximum Low-Income Units.

FOSTER PARENT HOUSEHOLD: A household providing shelter to an unrelated child who was assigned for foster parenting to such household by the Department of Social Services.

FRAIL ELDERLY: An elderly person with at least one impairment in *Activities of Daily Living* and/or multiple impairments in instrumental *Activities of Daily Living* as determined by DSS/DHH or the DHH/DSS.

GAAP AUDIT: An audit in accordance with generally accepted auditing standards performed by an independent certified public accountant using the Agency's Chart of Accounts:

I. At Placed in Service Date: At a minimum a GAAP Audit as of a project's placed in service date must contain:

(a) an audit of the certificate of actual cost in accordance with generally accepted auditing standards utilizing generally accepted accounting principles evidencing no line item with a "to be paid" amount in excess of five percent (5%) of such line item;

(b) an audit of the sources and uses through the Placed in Service Date of a project specifying separately (i) uses to be included in eligible basis, (ii) land costs and costs properly capitalizable to land, (iii) Acquisition Costs, (iv) Organizational Costs, (v) Syndication Cost paid by the Taxpayer and (vi) Developer Fees which are properly allocable to (iii), (iv) and (v);

(c) an identification of all identities of interest and related persons to the Taxpayer receiving payment from the Taxpayer; and

(d) an identification of all subcontractors owned in whole or in part by employees of the developer or the contractor and a statement of the percentage of construction costs subcontracted to a subcontractor.

II. Annual Audit: At a minimum a project's annual audit must (i) identify all transactions involving related persons, (ii) distinguish operating expenditures from capital expenditures and (iii) specify Surplus Cash.

GENERAL REQUIREMENT BASE: Hard cost plus bond premium and miscellaneous fees paid by contractor.

GENERAL REQUIREMENTS: The actual costs for those items incurred in the construction of a Project and directly pertaining to the Project, excluding amounts paid to the Contractor or Developer which may be characterized as Overhead.

GOVERNMENTAL ASSISTANCE: Includes any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit tax benefit, or any other form of direct or indirect assistance from the Federal, State or local government for use in, or in connection with, a specific housing project.

GREEN BUILDING: A building that meets one of the following criteria:

(A) LEED Criteria: Building design and construction emphasizing sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality that achieves the points necessary to qualify as LEED Certified (a minimum of 26 points under the LEED Green Building Rating System® for lodging). The LEED (Leadership in Energy and Environmental Design) Green Building Rating System® is a voluntary, consensus-based national standard for developing high-performance, sustainable buildings created by the US Green

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Building Council. See the LEED-NC (New Construction) Application Guide for Lodging. For existing buildings, see LEED-EB (Existing Buildings).

(B) Green Communities Criteria: Built according to the Green Communities Criteria, the first national framework for healthy, efficient, environmentally smart affordable homes. To be certified as Green Communities, a project must comply with all the mandatory provisions of the Green Communities criteria. In addition, new construction projects must earn 35 points from the Optional Criteria, while moderate rehabilitation projects must earn 30 points from the Optional Criteria. For the full criteria visit http://www.greencommunitiesonline.org/tools/criteria/index.asp

GROSS EQUITY: The nominal dollar amount invested in the Taxpayer by the Syndicator.

HABITABILITY STANDARDS: The Physical Conditions Standards promulgated in HUD Regulations at 24 CFR 5.703, including the major areas of housing: the site, the building exterior, the building systems, the dwelling units, the common areas and health and safety conditions.

HARD COSTS: Costs of constructing the project as evidenced in the Estimate and Certificate of Actual Costs reduced by any amount which reduces the Builder Fee Base. Hard Costs do not include Builder Profit, Builder Overhead, Developer Fees or Soft Costs (such as architectural, engineering, consultant, legal fees, etc).

HISTORIC REHABILITATION CREDIT: Tax Credits authorized to be taken by a Taxpayer for the rehabilitation of an historic property in accordance with the requirements of Section 38 of the Code.

HOMELESS PERSON/HOUSEHOLD: A Person or household sleeping in a place not meant for human habitation or in an emergency shelter; and a person or household in transitional housing for homeless persons who originally came from the street or an emergency shelter.

HOMEOWNERSHIP PROJECT: Project consisting of townhouses, duplexes with firewalls or buildings with not more than one unit per building. Applicants for Homeownership Projects must execute the Agency's form of an **Option to Purchase and Right of First Refusal Agreement** which provides to an individual tenant the option to purchase a unit at the Minimum Purchase Price. **No points will be awarded for Community Facilities located in a Homeownership Project.**

HOUSEHOLDS IN POVERTY: Households at or below the most recent Poverty Threshold as determined by the U.S. Census Bureau.

HOUSEHOLDS WITH LONG TERM DISABILITY: A household in which a household member has Substantial Long Term Disability.

HOUSING NEEDS ASSESSMENT: The assessment of the State's housing needs will be fully incorporated in the 2007 QAP.

HUD: The U.S. Department of Housing and Urban Development.

HURRICANE DISPLACED HOUSEHOLD: A household displaced from its principal residence and living in a homeless shelter or other temporary housing as a result of Hurricane Katrina or Rita.

IDENTITY OF INTEREST: An identity of interest is construed to exist when:

(i) There is any financial interest of the Developer or Taxpayer in the Builder or any financial interest of the Builder in the Developer or Taxpayer.

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(ii) Any officer, director or stockholder or partner of the Developer or Taxpayer who is also an officer, director or stockholder or partner of the Builder.

(iii) Any officer, director, stockholder or partner of the Developer or Taxpayer has any financial interest in the Builder; or any officer, director, stockholder or partner of the Builder has any financial interest in the Developer or Taxpayer.

(iv) The Developer or Taxpayer advances any funds to the Builder.

(v) The Developer or Taxpayer supplies and pays, on behalf of the Builder, the cost of any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by a Developer or Taxpayer in connection with its obligations under the construction contract.

(vi) The Developer or Taxpayer takes stock or any interest in the Builder cooperation as consideration of payment.

(vii) There exists or comes into being any side deals, arrangements, contracts or undertakings entered into or contemplated, thereby altering, amending, or canceling any of the required closing documents, except as approved by the Agency.

(viii) Any relationship (e.g., family) existing which would give the Builder or Developer or Taxpayer control or influence over the price of the contract or the price paid to any subcontractor, material supplier or lessor of equipment.

(ix) Any member of the Development Team advances any funds to the Developer or Taxpayer at any point prior to an allocation.

For purposes of determining an identity of interest between parties not identified in (i) through (ix), such parties will be identified as either the Developer and Taxpayer or the Contractor as appropriate to establish the identity of interest.

INCOME QUALIFIED RENTER DEMAND: Number of households projected to be at 60% or less of area median income which can afford to pay the rent proposed at subject project provided such rent does not exceed 35% of their household income.

INDEPENDENT QUALIFIED HOUSING CONSULTANT: A disinterested professional housing consultant who has been approved by the Agency and who has no identity of interest with any Builder or Developer participating in the Housing Tax Credit Program in any state and who by virtue of academic training, licensing and/or experience is a recognized expert skilled in the requirements of conducting a market survey and demand study.

IREM: Institute for Real Estate Management.

LAND COSTS: The purchase price related to the purchase of undeveloped land plus the following additional costs:

-excavating and earth-moving expenses
-finders/brokerage fees for assistance in acquiring title to land
-costs for excavation of water retention ponds
-cost of land surveys
-unpaid back real estate taxes and similar assumed costs
-legal and professional fees related to the acquisition of land
-environmental impact tests and perk tests

LARGE FAMILY HOUSEHOLD: A household with at least five persons at initial occupancy of a unit.

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LEED: The acronym for Leadership in Energy and Environmental Design.

LLA: Local Lead Agency designated by *DHH*/*DSS* for management of supportive services for *Permanent Supportive Housing*. A *DHH/DSS* designated LLA may be a *DHH* Regional Office or human services district/authority.

LOCAL GOVERNMENT: Governing authority of the local governmental unit. A parish or municipality under the Louisiana Constitution of 1974**.**

LOCAL GOVERNMENTAL SUPPORT: In addition to providing awarded funds as evidenced by a signed commitment letter, the project must submit an original letter of support for the project on official letterhead from the highest ranked public official of the City in which the project is located or fully executed City Proclamation in support of the project AND proof of support from the majority members of the City Council.

LOCAL NON-PROFIT SPONSOR: A 501(c)(3) or 501(c)(4) organization in which not more than fifteen percent (15%) of the members of the governing board are domiciled outside the service area of the non-profit and at least seventy-five percent (75%) of the governing board are domiciled within the Project's Market Area or is a State certified Community Housing Development Organization ("CHDO") with a service area encompassing the Project's market area.

LOCAL PARTICIPATING JURISDICTION (LOCAL PJ): One of any governmental unit or consortium of governmental units receiving HOME Funds directly from HUD and which is not a state recipient.

LOCAL PHA: A local public housing authority organized and existing under the State's Housing Authorities Law at Chapter 30 of Title 40 of the Louisiana Revised Statutes of 1950, as amended.

LOUISIANA DEVELOPER: Any Managing General Partner or Sponsor who submits evidence of having filed Louisiana tax return (Form 990 in the case of a Non-profit) in the two calendar years preceding the year in which an Application for tax credits is submitted, or if no return was required to be filed for the two (2) calendar years preceding the year in which an application for tax credits is submitted, then a CPA's statement to that effect is required.

LOUISIANA FAMILY RECOVERY CORPS: An entity established within the State to coordinate and mobilize a network of providers, organizations and government agencies to deliver comprehensive humanitarian services to displaced residents of the State.

LOW INCOME UNIT: A low-income unit as defined in Section 42(i)(3) of the Code.

LRA: The Louisiana Recovery Authority.

MANAGING GENERAL PARTNER: The entity or individual(s) that controls or owns all of an entity which is designated in the Application as the managing general partner or the primary sponsor/operator of the Project.

MARKET AREA: An area referenced on a map included with the Market Study and certified by the Independent Qualified Housing Consultant to be an appropriate market area to be served by the project in view of geographic and other barriers and demographic and mobility factors for low income households at or below 60% of AMI.

MARKET STUDY: An analysis performed by an Independent Qualified Housing Consultant which evidences demand for the proposed market matrix of a project, including demand capture rate at the subject property by bedroom type and which further the housing needs of the Targeted Households, Large Families, Tenants with children and Special Needs Households if the Project serves Special Needs Households.

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MATERIAL CHANGE: Notwithstanding the provisions of any prior Qualified Allocation Plan, a material change for any project, including projects receiving a reservation or allocation from a prior Calendar year credit Ceiling, shall mean any reprocessing change which results (i) in the project deemed not feasible or not viable or (ii) a reduction of points from the Selection Criteria below the minimum score or below the score of the highest ranked project on the waiting list for the year in which the credits were allocated. Any change caused by force majeure or circumstances beyond the control of an Owner will not be a material change if the Agency's Board of Commissioners concurs that such change was beyond the control of the Owner. The Agency also considers the following to be material changes:

Removal of any managing general partner,
Bankruptcy of any managing general partner,
site change, or
Change in unit design (increase or decrease in number of units, unit mix, square footage etc.
greater than 10%).
Change in building configuration (increase or decrease in the number of buildings greater than 10%; Change in construction type)

MATERIAL PARTICIPATION: Having an ownership interest other than a passive ownership interest and which participation is regular, continuous and substantial.

MILITARY IMPACT AREA: Generally a small or medium size metropolitan housing market area or a remote or isolated non-metropolitan area where:

1. Military-connected households comprise 25 percent or more of the total households in the market area. Military-connected households include active duty military personnel, civilian employees of the military service (Department of Defense) or other Federal agency at or in support of the installation, and employees of contractors and sub-contractors directly associated with the military installation and their dependents. Unaccompanied active duty military personnel housed in military-controlled group quarters housing (barracks, BOQ's) are excluded; and
2. The Department of Economic Development has expressed written concern about the continued stability of the current level of military strength and mission at the installation based on the absence of suitable affordable housing, or public announcement from the Department of Defense or the military service, advise that the stability of the military installation is at risk because of the absence of affordable housing.

MINIMUM RESERVE BALANCE: At least 1/6 of the largest annual deposit to Reserves for Replacement and Repair.

MINIMUM PURCHASE PRICE: An amount equal to the sum of (i) the principal amount of outstanding indebtedness secured by the building (other than indebtedness incurred in the five year period ending on the date of the sale to the tenants) and (ii) all Federal, State and local taxes attributable to such sale. Except in the case of Federal income taxes, these shall not be taken into account under clause (ii) any additional tax attributable to the Application of clause (ii).

MIXED FINANCE PROJECT: A project described in Section 35(d) of the Federal Housing Act that is financially assisted with private resources in addition to amounts provided under the Federal Housing Act.

MIXED OCCUPANCY PROJECT: A Project involving the occupancy of units by Special Needs Households and the occupancy of units by households which are not Special Needs Households.

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MIXED USE BUILDING: A building consisting of units available for residential rental use and other property the use of which is not related to residential rental use, e.g., commercial office space, owner-occupied residences, etc.

NEIGHBORHOOD IMPACT: With respect to a clearly defined neighborhood described on a map outlining such neighborhood, either (i) the construction of at least one hundred (100) new residential units or (ii) the demolition of at least fifty (50) functionally obsolete residential units and the construction and/or reconstruction of not less than fifty (50) residential housing units.

NEIGHBORHOOD NETWORK: A multi-service community learning center located in a *facility* of a Project promoting self-sufficiency by (i) improving computer access for tenants, (ii) advancing literacy, (iii) preparing residents to take advantage of employment opportunities and (iv) providing access to healthcare information and other social services.

NEIGHBORHOOD NETWORK FUNDING: Financial commitments or funding evident in the operating pro forma of a Project committed to providing a Neighborhood Network that includes (i) a business plan for staffing, technical support, and ongoing funding, and a strategy for achieving ongoing partnerships with other neighborhood, community, or educational groups, (ii) the location and size of the space to be used for the *facility* to used as a Neighborhood Network, (iii) an estimate of the number and percentage of residents who will benefit directly from the services of the Neighborhood Network and (iv) a detailed estimate of the center's initial cost and ongoing operating expenses.

NET EQUITY: The Gross Equity invested in the Taxpayer as discounted and compounded to the placed in service date.

NEW CONSTRUCTION: Housing units which have not previously been occupied.

OCD: The Office of Community Development in the Office of the Governor.

OCAF: Operating Cost Adjustment Factor published annually for the State of Louisiana.

OPTION TO PURCHASE AND RIGHT OF FIRST REFUSAL AGREEMENT: The Agreement by that name attached as an Appendix to the Application.

ORGANIZATIONAL COSTS: Costs of organizing the Taxpayer, including the legal and accounting costs necessary to organize the Taxpayer and facilitate the filings of the necessary legal and other regulatory paperwork at the state and national level are of a character which, if expended incident to the creation of the taxpayer having an ascertainable life, would (but for Section 709(a) of the Code) be amortized over such life.

OWNER OCCUPIED BUILDING: A Building containing more than one but less than five units in which one of the units is occupied by the owner of such unit and which is located in an area in which the local governmental unit has approved by a Development Plan of Action.

PAYMENT STANDARD: One of the following standards of payment selected by the Taxpayer in connection with a Low Income Unit receiving a *State Project Based Rental Assistance* and occupied by an Extremely Low Income Household: (a) 50% AMI, (b) 55% AMI or (c) 60% AMI.

PERMANENT SUPPORTIVE HOUSING: Housing that is (i) safe and secure, (ii) affordable to the eligible target population, (iii) permanent, with continued occupancy as long as the eligible target population pays the rent and complies with the terms of the lease or applicable landlord/tenant laws in the State of Louisiana and (iv) linked with supportive services that are flexible and responsive to the needs of the individual, available when needed by the eligible target population and accessible where the tenant lives, if necessary.

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PERMANENT SUPPORTIVE HOUSING PROJECT: A Project in which between fifty percent (50%) and seventy-five percent (75%) of the Low Income Units are designated to be occupied by a member of an Eligible Target Population for Permanent Supportive Housing and for which a Taxpayer/Owner) submits with the Tax Credit Application either (i) an irrevocable binding commitment for Project Based Subsidy for units constituting Permanent Supportive Housing or (ii) demonstrates in the project's operating pro forma that units which are not Permanent Supportive Housing adequately subsidize the units occupied by the Eligible Target Population For Permanent Supportive Housing in a manner consistent with the minimum coverage ratios required by this QAP.

PHA REFERRAL AGREEMENT: The executed form of the PHA Referral Agreement attached as an Appendix to the Application.

PHYSICAL CONDITION STANDARDS: HUD Standards for housing which is decent, safe, sanitary and in good repair.

PLACED IN SERVICE DATE: The date on which the first unit in building of the Project is available for occupancy in accordance with the requirements of the Code and the local jurisdiction within which the Project is located. For rehabilitations which qualify as a separate new building, such date occurs at the end of the 24 month period over which such expenditures are aggregated.

POVERTY CENSUS TRACT: Census tract in which the percentage of Households in Poverty exceed 15% of the total households of such census tract.

PRIORTIY HUD REHABILITATION PROJECT: A project in which the mortgage is either FHA insured or HUD held and which receives a *Project Based Subsidy* or is subject to occupancy restrictions which are as restrictive as the restrictions applicable to a *Low Income Unit.*

PRIORITY NEIGHBORHOOD SUPPORTED PROJECT: A project that is specifically identified to be constructed, reconstructed, or rehabilitated in a neighborhood plan consistent with the LRA Local Planning Process.

PRIORITY ELDERLY REHABILITATION PROJECT: A project (i) that was substantially damaged or destroyed by Hurricane Katrina or Rita, (ii) in which one hundred percent of the units were occupied by elderly or disabled residents an received a *Project Based Subsidy* that has been abated by may be reinstated or moved to another site if the Priority Elderly Rehabilitation Project is rehabilitated or relocated, (iii) cannot be restored or reconstructed with the proceeds of insurance claims alone, according to the capital needs assessment and (iv) currently in financial default.

PRIORITY STRATEGIC PROJECT: A Priority Elderly Rehabilitation Project, a Priority HUD Rehabilitation Project or a Strategic Priority Project.

PROJECT: At least one building together with any facilities functionally related and subordinate on a Project Site. Multiple buildings are part of the same project only if such buildings:

(i) Have similarly constructed units;
(ii) Are proximate, i.e., located on a single tract of land; and
(iii) Are owned by the same person and are financed pursuant to a common plan.

PROJECT BASED SUBSIDY: Projects receiving operating subsidies based upon either (i) Section 8 project based assistance contract, (ii) rental assistance from RD or (iii) other operating subsidies in connection with housing supported under the Stewart McKinsey Act and (iv) Project Rental Assistance (PRACs), (v) Annual Contribution Contract (ACC) subsidies or other such operating subsidies in connection with a Federal or State operated program.

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PROJECT SCHEDULE: A schedule required to enumerate the activities and the timelines or deadlines for completing such activities and placing the project in service. At a minimum, the Project Schedule shall evidence the Closing Date and Construction Start Datefollowing benchmark dates:

(i) date that expenditure of ten percent (10%) of Project's Total Development Costs is to be achieved,
(ii) date that final zoning will be approved,
(iii) date that land and buildings are to be purchased,
(iv) date that environmental clearance will be obtained,
(v) date constituting the Closing Date,
(vi) date that building permits will be obtained,
(vii) date that constitutes the Construction Start Date,
(viii) date that ten percent (10%) of construction will be complete,
(ix) date that fifty percent (50%) of construction will be complete,
(x) date that ninety percent (90%) of construction will be complete,
(xi) date that project will receive certificates of occupancy and be placed in service and
(xii) date for submitting the audited cost certifications.

PROJECT SITE OR PROPERTY SITE: The legal description of the land on which the Project is located as submitted in an Application on or before the Application Deadline.

PSH: Permanent Supportive Housing.

QUALIFIED CENSUS TRACT: Any census tract which is designated by HUD in which either 50% or more of the households have an income which is less than 60% of the area median gross income or which has a poverty rate of at least 25 percent (25%).

QUALIFIED NON-PROFIT ORGANIZATION: An organization (i) described in paragraph (3) or (4) of Section 501(c) of the Code, (ii) exempt from tax under Section 501(a) of the Code, (iii) determined by the Agency not to be affiliated with or controlled by a for-profit organization and (iv) one of the exempt purposes of such organization includes the fostering of low-income housing.

QUALIFIED PURCHASE CONTRACT: A contract defined in Section 42(h)(6)(F) of the Internal Revenue Code.

QUALIFIED REHABILITATION EXPENDITURE: Rehabilitation costs incurred within any 24 month period selected by the building owner and which are allocable to or substantially benefit one or more low-income units in a building and in which the hard costs of such rehabilitation equal or exceed the greater of $6,000 per low-income unit in the building or twenty percent (20%) of the adjusted basis of the building.

RD: Means the Rural Development division of the U.S. Department of Agriculture.

RD TARGET AREA: An area designated in writing by Rural Development of the U.S. Department of Agriculture as a priority area for financing housing under the 515 housing program.

REDEVELOPMENT AREA: An area or areas within Qualified Census Tracts which is specified by a local governmental unit as requiring revitalization and within which the local governmental unit provides incentives and/or resources on a priority basis in order to promote redevelopment pursuant to a Concerted Community Revitalization Plan.

REDEVELOPMENT PROJECT: A Project which is (i) a Distressed Property, (ii) Redevelopment Property, (iii) Owner-Occupied Property covered by a Development Plan of Action, or (iv) Urban Redevelopment Property.

REDEVELOPMENT PROPERTIES: A Project located in a Redevelopment Area.

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RELATED PERSON: Any person bearing a relationship to such person as specified in sections 267(b) or 707(b)(1) of the Code, or if the persons for whom a relationship is being determined are engaged in trades or businesses under common control (within the meaning of subsections (a) and (b) of section 52 of the Code.

RENT UP/LEASE COSTS: Costs, such as advertising, sample unit costs, on site rental managers and staff and initial rental costs, necessary to fully rent a low-income building which may be amortized over the period necessary to rent all units, (e.g. 24 or 36 months).

REPROCESSING CHANGE: Any change other than a material change relating to (i) adjustments of sources or uses of funds greater 5% but less than 10%, (ii) increases or decreases in the number of units, unit mix, square footage, etc. greater than 5% but less than 10%, (iii) increases or decreases in the number of buildings greater than 5% but less than 10%, (iv) an applicant's inability to comply with the project schedule proposed in the Application by more than three months in any element of the Project and (v) any increase in the interest rate of long term debt required to complete the Project.

REPROCESSING FEE: The fee by that name calculated in accordance with the Non-Refundable Fee Schedule.

REQUIRED EXHIBITS: The Exhibits and/or Appendices specified as Required Exhibits in the Application and does not include the Exhibits and/or Appendices to support Selection Criteria items.

REQUIRED RESERVE DEPOSIT: For new construction, assume $200 per unit per year. For projects other than new construction assume $300 per unit per year or the amount specified in Physical Needs Assessment required to be deposited to Reserves for Replacement. Notwithstanding the foregoing, if HUD and RD finances the first mortgage, the annual deposit to the Reserves for Replacement may be determined in accordance with HUD or RD policies or regulations. Deposits to the Reserves for Replacement will be regulated and monitored in accordance with the Tax Credit Regulatory Agreement.

RESERVATION: An agreement on the part of the Agency to allocate tax credits at a future date to a Taxpayer, subject to the Taxpayer satisfying the elements of the Qualified Allocation Plan and all conditions established by the Agency with respect to the submission of all documents and information required by the Agency prior to the delivery of Form 8609 to the Taxpayer.

RESERVES FOR REPLACEMENT: A special reserve to be established for each project from which the costs of replacement and repair of the project is to be funded.

RESIDENT MANAGER UNIT: The unit occupied by a full-time resident manager in the project.

REVITALIZATION: To impart new life or vigor for the purpose of redeveloping an area.

RURAL AREA: Any area outside of a metropolitan statistical area (MSA).

RURAL PROJECT: Any project for residential property located in a rural area (as defined in section 520 of the Housing Act of 1949).

SCATTERED SITE PROJECT: A project consisting of buildings containing housing units in which all such units are rent restricted provided that each building is located on a single lot which is subdivided by the local jurisdiction and for which an option to purchase separately may be executed and further provided that a single building may not contain more than two (2) housing units. Evidence of a Scattered Site Project must consist of a subdivision plot or proposed subdivision plot evidencing separate lots for each building. If a Scattered Site Project is located on non-contiguous land, no points will be awarded for Community Facilities.

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SERVICES: Benefits made available to the tenants of a Project.

SINGLE PARENT HOUSEHOLD: A household with children in which the parent or guardian of such children resides in the household and in which no other adult resides in such household at initial occupancy.

SITE CHANGE: The addition of any noncontiguous land to the Property Site or the reduction of the Property Site by more than 25% or the addition of contiguous land to the Project Site exceeding 25% of the area of the original Property Site; provided, however, that a Scattered Site Project located in a Redevelopment Area may include additional new sites within the Redevelopment Area if the local governmental unit requests such additional sites prior to a Carryover Allocation of Tax Credits. .

SMALL PROJECT: A project in which the total number of units do not exceed thirty (30) units.

SPECIAL NEEDS HOUSEHOLD: A household which constitutes a Single Parent Household, Large Family Household, a Foster Parent Household, an Elderly Household, a Disabled Household or a Homeless Household.

SPECIAL NEEDS PROJECTS: A Project in which at least twenty-five percent (25%) of the units are set aside for Special Needs Households in accordance with the Tax Credit Regulatory Agreement; provided, however, that a Special Needs Project constituting an Elderly Project must satisfy the requirements of the Fair Housing Act.

SPONSOR: The person(s) owning one hundred percent (100%) of the interests in and who controls the Managing General Partner or Managing Member. A non-profit organization may sponsor another non-profit organization or a for-profit subsidiary entity only if such non-profit sponsor is legally entitled to designate all board members of the sponsored non-profit and/or owns 100% of the stock or ownership interest in the subsidiary as evidenced in the articles of incorporation of the sponsored non-profit or the subsidiary's articles of organization. As this paragraph pertains to PHA's, the PHA must be receiving an Annual Contribution Contract from HUD.

SRO: A Project of single room occupancy providing Supportive Services in dwelling units that do not contain bathrooms or kitchen facilities and are appropriate for use as Supportive Housing.

STAND-ALONE NON-PROFIT: A 501(c)(3) or 501(c)(4) organization or for-profit wholly-owned subsidiary of such organization which serves as the sole general partner of a limited partnership owning a project or the sole and exclusive manager of an LLC which owns the project. The managing agreement must be submitted with Application for LLC-owned projects.

STORM WINDOWS: double paned, double insulated windows.

STUCCO: A durable finish for exterior walls, usually composed of cement, sand, and lime, and applied while wet.

SUBSIDIARY: Any corporation, entity, partnership, venture, syndicate, or arrangement in which a local housing authority receiving an Annual Contribution Contract shall participate by holding a 100% ownership interest or participating in its governance, in which commissioners, officers, employees, and agents of such authority constitute a majority of the governing body of such entity.

SUBSTANDARD: Any housing unit which does not satisfy the Habitability Standards.

SUBSTANTIAL REHABILITATION or CONVERSTION: Any rehabilitation in which Hard Costs equal or exceed $20,000 per unit.

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SUPPORTIVE HOUSING: Housing designed to meet the special needs of the targeted special needs households occupying the housing and providing Supportive Services targeted to such special needs households.

SUPPORTIVE SERVICES FOR PSH: The range of services tailored to the needs of the category or categories of persons with special needs occupying housing in which such services are provided. The intensity of services delivered may vary based on the target population and individual needs but, for typical individuals would include an intensive service mix covering these types of services:

- Outreach and engagement
- Support in accessing housing (including assistance with applications, arranging for utilities and arranging for relocation)
- Crisis prevention and intervention
- Support in acquiring skills and knowledge for community living including acquiring benefits an money management
- Providing opportunities for social support an peer support
- Advocacy, clinical case management, clinical interventions
- Facilitating arrangement for child care
- Service Coordination including services of a tenant services liaison
- Arranging access for acute and emergency care
- Mental health and substance abuse treatment
- Linkage to education and employment
- Arranging access to transportation and
- Services tailored to the frail elderly including securing access to meal services adequate to meet nutritional needs, housekeeping aid, personal assistance, and other services essential to a frail elder maintaining independent living.

SUPPORTIVE SERVICES FOR SPECIAL HOUSEHOLDS TYPES OTHER THAN PSH: The range of services tailored to the needs of the category or categories of persons with special needs occupying housing in which such services are provided. The costs of Supportive Services must be specified in the Application and separately identified as an expense item in the operating pro-formas or must be provided by a governmental or non-profit agency which evidences in writing a commitment to provide supportive services to special needs households in the Project without charge. For purposes of this definition, Supportive Services are presumed to be provided if such services qualify under HUD Regulations and if HUD informs the Agency in writing that services evidenced in the Application qualify under HUD regulations. Supportive Services must be provided for a period commencing at the placed in service date of a project and ending not earlier than the end of the tax credit compliance period for a project. A description of Supportive Services must contain minimum supportive services required under HUD regulations for such special needs group and may include:

- Daycare
- After-school programs
- Financial and budgeting seminars
- Job training
- Homebuyer training and seminars
- Supervised recreational activities for children
- Transportation to seminars
- Preventive health care programs/health screening on a regular basis
- Transportation to facilitate access to social services, doctors, shopping
- Computer labs/internet hookup and/or tutors
- Library

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- Dry-cleaning and/or laundry
- Grocery pickup and/or delivery
- Continuing education
- Information and senior counseling
- Homemaker/housekeeping
- Meals
- 24 hour security/neighborhood watch programs
- Community pets (cost of care provided by project)
- Community gardening
- Weekly exercise class
- Grandparent mentoring programs
- Weekly "day trips" to shopping centers/specialty shopping
- Reading service and library
- Social and recreational programs planned and overseen by the project manager. (Monthly birthday parties/holiday dinners and/or parties/potluck dinners, movie nights, bingo)

SUPERIOR DESIGN AND QUALITY/SUPERIOR SITE: Points in these categories will be awarded solely at the discretion of the LHFA Board of Commissioners based upon information contained from market analysts, architectural staff and other professionals. It is anticipated that no more than 5% of all applications will be awarded these points.

SURPLUS CASH: Any cash remaining at the end of each fiscal year of the Owner after:

1. the payment of : (i) all sums due or currently required to be paid under the terms of (a) the first mortgage and/or the note secured thereby ("First Mortgage") and (b) if applicable, subordinate mortgages with cash flow priority ("Priority Cash Flow Indebtedness") approval by the Agency; (ii) all amounts required to be deposited in the reserve fund for replacements; (iii) all other obligations of the mortgaged property other than the First Mortgage and Priority Cash Flow Indebtedness, unless funds for payment are set aside or deferment of payment has been approved by the Agency; and (iv) the Capital Recovery Payments; and

2. the segregation of: (i) an amount equal to the aggregate of all special funds required to be maintained by the project; and (ii) all tenant security deposits held.

SYNDICATION: The process of acquiring an ownership interest in the Taxpayer by the Syndicator and investing equity in the Taxpayer by the Syndicator.

SYNDICATION COSTS: Costs which are not includable in the tax credit basis for either the low income housing credit or the rehabilitation tax credit nor are allowable for depreciation purposes and which are the costs of syndicating a partnership and its related investment units.

SYNDICATION COST CERTIFICATION: A certification by the Taxpayer and Syndicator on the form provided by the Agency which specified among other information costs or items incurred for the packaging of the investment units and the promotion as an investment, including any marketing of the actual units, the production of any marketing memorandums or promotional materials, the mobilization of any broker/dealers who will sell the investment units and the actual sales commissions paid to the sellers of the partnership (whether they are unrelated third parties or the individuals who promoted the investment), including due diligence related aspects of the syndication and legal costs associated with the offering, opinions, inquiries as to certain aspects of the syndication, etc.

SYNDICATION PROCEEDS: The funds generated by the Syndicator from investors seeking to acquire tax benefits in Projects through the Syndicator.

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SYNDICATOR: The person or agent involved in directly providing equity to the Taxpayer or the person which owns or controls the person providing such equity Syndication Costs.

TARGETED HOUSEHOLDS: The households identified in a Market Study for which the Project will provide housing.

TARGETED PARISHES: Terrebonne, West Baton Rouge, Iberville, Caldwell, East Carroll, Franklin, Grant, Jackson, La Salle, Lincoln, Madison, Morehouse, Natchitoches, Rapides, Richland, St. Helena, Tangipahoa, Tensas, Union, Washington, West Carroll, West Feliciana and, Winn Parishes.

TAX CREDIT REGULATORY AGREEMENT: The form of Tax Credit Regulatory Agreement provided by the Agency pursuant to which the requirements of Section 42 of the Code are satisfied and pursuant to which the Agency enforces the commitments and representations made by the Taxpayer in the Application.

TAXPAYER: The legal entity which will own and operate a project and which will be identified on Form 8609 as the Taxpayer.

TAXPAYER CAPITAL: Amounts other than Gross Equity as evidenced in the audit of the Taxpayer as of the Placed-in-Service Date of the Project as paid-in capital.

TOTAL DEVELOPMENT COSTS: Development Costs plus the cost of land.

ULI: Urban Land Institute.

UNIT: Any accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation. Such accommodations may be served by centrally located equipment, such as air conditioning and heating.

URBAN REDEVELOPMENT AREA: An area or areas (i) which are within a city of 20,000 or more but which are outside of a Qualified Census Tract, (ii) which do not exceed in the aggregate 5% of the geographic area of the city and, (iii) which are specified by a local governmental unit as requiring redevelopment or revitalization pursuant to a Concerted Community Revitalization Plan.

URBAN REDEVELOPMENT PROPERTY: A project which is located within an Urban Redevelopment Area.

VACANT UNIT: A housing unit which is certified by the Developer/Owner and the local jurisdiction to have not been occupied for a period of at least 90 days and which is reasonably expected to remain vacant for an indefinite duration because the unit is substandard.

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V. Exhibits

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Exhibit A – Section 42 Updates

The Housing and Economic Recovery Act of 2008 implemented a number of reforms to the LIHTC Program as follows:

-Non-federally Subsidized New Buildings: Any new building placed in service by a taxpayer before December 31, 2013 and which is not federally subsidized qualifies for a credit percentage not less than nine percent (9.0%).

-Federally Subsidized Buildings: Federally Subsidized Buildings are only buildings financed with tax-exempt bonds under section 103 of the Code. Any below market Federal loan will not cause a building to be Federally subsidized.

-Increase in Credit For Certain State Designated Buildings: Except with respect to a building financed with tax-exempt bonds under section 103 of the Code, buildings may be designated by the Agency as located in a difficult development area and as requiring an increase in credit in order for such building to be financially feasible as part of a qualified low-income housing project.

-Minimum Rehabilitation Expenditure Requirements: The minimum rehabilitation expenditure during a twenty-four (24) month period required to qualify as a new building or to qualify an existing building for acquisition credits has been increased to the greater of (i) twenty percent (20.0%) of the adjusted basis of a building or (ii) $6,000 if the qualified basis attributed to such rehabilitation expenditures when divided by the number of low-income units in the building is $6,000 or more.

-Increase in Allowable Community Space for Small Projects: The Community Service Facility limitation for inclusion of basis of property used to provide services for certain non-tenants has been increased from ten percent (10.0%) to the sum of (i) twenty-five percent (25.0%) of so much of the eligible basis of the qualified low-income housing project of which it is a part as does not exceed fifteen million ($15,000,000) plus (ii) ten percent (10.0%) of the eligible basis of such project as is not taken into account under (i).

-Clarification of Treatment of Federal Grants: Federal Grants now reduce eligible basis only if any costs of a building is financed with the proceeds of a federal grant.

-Simplification of Related Party Rules: Related Parties are now determined by the application of 50% in Sections 267(b) and 707(b) in determining whether a building is acquired by purchase under Section 179(d).

-Exception to the 10-Year Non-acquisition Period for Existing Buildings Applicable to Federally- or State-Assisted Buildings: Taxpayers may now apply to the Secretary for a waiver of Federally- or State-Assisted Buildings.

-Repeal of Deadwood:

(i) Ten-year rule for an existing building's eligible basis simplified by eliminating non-qualified substantial improvement as measurement benchmark.

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(ii) Reference to 167(k) election to preclude such expenditures from eligible basis deleted.

-Repeal of Prohibition on Moderate Rehabilitation: Prohibition of using moderate rehabilitation assistance under section 8(e)(2) of the United States Housing Act of 1937 in connection with a low-income building is repealed.

-Modification of Time Limit To Incur Ten Percent of Project's Costs: Taxpayers now have a full one year period from the date that an allocation was made under the 10% of cost exception to achieve the taxpayer's reasonably expected basis in a project.

Repeal of Bonding Requirement on Disposition of Buildings: In lieu of discharging a taxpayer from additional tax upon posting a bond upon taxpayer's disposing of an interest in a building, there is no recapture on disposition of a building which continues in qualified use; however, any reduction in the qualified basis of such building for the year of disposition or any subsequent taxable year will toll the statutory period for assessment of any deficiency with respect to such increase in tax for a three year from the date the Secretary is notified by the taxpayer (in the manner the Secretary may prescribe) of such reduction in qualified basis.

Energy Efficiency and Historic Nature Must Be Taken Into Account in Making Allocations: In addition to other statutory mandated selection criteria in a qualified allocation plan, the energy efficiency of a project and the historic nature of a project must be included within the selection criteria set forth in a qualified allocation plan.

Students Who Receive Foster Care Assistance: A student who was previously under the care and placement responsibility of the State agency responsible for administering a plan under part B or part E of title IV of the Social Security Act may now occupy a low-income unit.

Treatment of Rural Projects: Except in connection with bond financed projects, any project for residential property located in a rural area (as defined in section 520 of the Housing Act of 1949) any income limitation measured be reference to area median gross income shall be measured by reference to the greater of area median gross income or national non-metropolitan median income.

Clarification of General Public Use: A project will not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants –

(A) with special needs

(B) who are members of a special group under a Federal program or State program or policy that supports housing for such special group, or

(C) who are involved in artistic or literary activities.

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Exhibit B-Construction and Design Standards

GENERAL

These standards establish both general and minimum criteria for the design and construction of housing developments that receive financing assistance from the Louisiana Housing Finance Agency under this QAP.

The Agency requires full conformance with current federal, state and locally adopted building, plumbing, electrical, fire protection, and engineering codes and standards. The Agency also requires full conformance with all federal, state and local regulations regarding zoning and subdivisions, floodplains, wetlands and other environmental concerns.

The Agency recognizes and endorses the Federal *Energy Star Programs*.[1] The Agency also encourages the incorporation of *Universal Design* and *Green Building* design initiatives into the project.[2] The Agency's standards will complement or supplement national, state or local regulations. In any situation where conflicting standards exist, the more stringent standard will apply.

All construction related contracts shall be in American Institute of Architects (AIA) formats, including the contract between the Applicant and Architect and/or other consulting professionals, the Applicant and General Contractor, and the contracts between the General Contractor and all subcontractors.

All drawings and specifications shall be completed utilizing these standards, and stamped by a licensed architect or professional engineer registered with the appropriate State of Louisiana Licensing Board. All other professionals involved with the project will be responsible to the primary "professional of record." These professionals may include architects, land surveyors, and civil, structural, mechanical, and electrical engineers.

All design and construction shall be done in accordance with the most current edition of the following standards and codes as they may apply:

1. Uniform Federal Accessibility Standards and Section 504 requirements.
2. State of Louisiana Fire Code including various National Fire Protection Association (NFPA, NFPA 101) Codes.
3. State of Louisiana Plumbing and Mechanical Codes.
4. State of Louisiana, Division of Water Supply and Pollution Control, Standards of Design for Sewerage and Water Treatment Systems, Design Standards for Small Public Drinking Water Systems, Department of Environmental Services, Water Well Board Standards.
5. State of Louisiana Energy Code.
6. International Building Code (IBC) current edition as adopted by the State of Louisiana.
7. HUD 24 CFR Part 5 Uniform Physical Conditions Standards.
8. HUD Housing Quality Standards (24 CFR Part 982.401).

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[1] Energy Star website – www.energystar.gov

[2] Universal Design website – www.aarp.org/families/home_design
Enterprise Foundation website – www.greencommunitiesonline.org
Green Building Council website – www.usgbc.org

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9. HUD Requirements for the Notification, Evaluation, and Reduction of Lead- Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance (24 CFR Part 35).
10. Energy Star Program Standards relating to indoor air quality, HVAC systems, insulation, lighting and appliances.

CONSTRUCTION DOCUMENTS

The Applicant, prior to entering into a binding construction contract, may make arrangements with the Agency to have staff review the construction documents for completeness. Agency staff may review preliminary information about the proposed site and construction plan, and may assist in identifying potential problems prior to the execution of the construction contract. It is suggested that local code and fire prevention officials review the property prior to submission of final plans.

Buildings constructed prior to 1978 should be tested for lead-based paint hazards via risk assessment by a Louisiana licensed risk assessor unless all paint films will be assumed to contain lead and will be removed during construction. Soil testing for lead-based paint hazards will be required prior to submission of preliminary plans for the rehabilitation of any building constructed prior to 1978.

When submitting plans to the Agency, it is suggested that drawings be 11" X 17" in size and must also be in **pdf** digital format. The plans for new construction shall include the following, but shall not be required for rehabilitation developments.

CONSTRUCTION Completion

At construction completion the applicant shall submit the following:

- Certificate of Substantial Completion. The Agency recommends AIA Document G704.
- Certificate of Occupancy(s) if applicable.

Prior to issuance of IRS form(s) 8609, the Agency will perform their final inspection to verify compliance with plans and specifications, minimum threshold requirements and selection criteria requirements.

Within 30 days of receipt of the above referenced items, the Agency shall schedule a final inspection. Should the Field Report show that that the project is in compliance, the Agency will proceed with issuance of 8609. Should the Field Report describe issue(s) of non-compliance, the Agency will immediately notify the applicant. Once the applicant has addressed the non-compliant issue(s) and notifies the Agency via written communication that all reported issues have been addressed, the Agency shall issue the 8609(s).

A. Cover Sheet

1. Proposed building(s) by type, size and construction type as defined by IBC.
2. Project name and participants; including the names of the financing institutions, developer, architect, and consulting engineers.
3. Certifications by Architect or "Professional of Record" (see attachments IV and V.
4. Dwelling unit distribution by floor, size, bedroom/bath number and handicapped designation.
5. Square footage breakdown between commercial, residential, community and other usage in the development.
6. Number of parking spaces, parking ratio proposed and required by zoning.
7. Dwelling units per acre proposed and allowed under zoning.
8. Floor/Area Ratios (FAR).

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9. Height restrictions (if any).
10. Percentage breakdown of the tract to be occupied by buildings, by parking and other paved vehicular areas, and by open areas.

B. Site Plan

1. Physical location of the development; including a vicinity map.
2. Civil Drawings that include Lot lines, streets, existing buildings.
3. Proposed building footprint, parking, site improvements and general dimensions.
4. Adjacent buildings' footprints, heights.
5. Zoning restrictions (e.g. setback requirements, easements, height limits, etc.).
6. Environmental constraints (e.g. wetlands edge, ledge, existing vegetation, aquifer protection zones.).
7. Proposed site improvements including landscaping, fences, paving, retaining walls, etc.
8. Approval of stamped site plan by local jurisdiction.
9. Location of test borings, with boring reports.

C. Floor Plans

1. All floor plans; or if repetitive, a typical floor-plan.
2. Typical dwelling unit furniture layout with square foot tabulations.
3. Typical unit and accessible unit plans with elevations and dimensions. ADA compliant units shall be dispersed throughout a project to the greatest degree feasible

D. Exterior Elevations, Perspective and/or Photographs

1. Typical unit and accessible unit plans with elevations and dimensions. ADA compliant units shall be dispersed throughout a project to the greatest degree feasible.

E. Typical Building, Wall and Floor Sections

1. Building materials, construction type, insulation levels with tabulation of R values.
2. Wall sections and floor/ceiling assemblies, with fire ratings, UL # and STC ratings.

F. Civil, Landscape, Structural, Mechanical, and Electrical Drawings as necessary.

GENERAL-CONTRACTOR SELECTION PROCESS

A. Competitive Bid

This is the preferred method, where the Applicant contracts with a registered Architect for standard architectural services that include construction management and preparation of bid-documents. Once the bid-documents are completed and advertised, sealed bids shall be accepted for the selection of a General Contractor. There shall be a minimum of three (3) bids. The Applicant shall award the contract to the lowest bidder, provided that the lowest bid meets all requirements specified in this QAP, as well as those of the bid-documents. If the lowest bid is deemed unacceptable, the Applicant may select the next lowest bidder. If there are other circumstances that prevent the selection of the second lowest bidder, re-bidding will be required.

B. Design-Build or Negotiated Contract with a General Contractor

If a Design-Build or negotiated contract is proposed, the Applicant shall also enter into contract with a **Project Manager** (PM) for construction management services to act as an "independent agent" on behalf of the Applicant. The contract between the Applicant and PM shall be AIA format.

The Design-Build entity shall use the competitive bid process for selection of all subcontractors.

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C. Exemptions

Applicants that have in-house project management services or applicants that have in-house construction services do NOT have to enter into contract with a Project Manager -- this includes applicants who are also licensed general contractors. Verifiable documentation such as the applicant's contractor's license number must be submitted to the Agency.

BONDING

All construction projects consisting of eleven (11) or more units will require a 100% **Payment and Performance** bond from a qualified U.S. bonding company, or a letter of credit valued at 15% of the total construction loan. If a letter of credit is used it must be kept in place until lien free completion.

For projects of ten (10) or fewer units the Agency may, at its discretion, require a 100% Payment and Performance bond, a letter of credit valued at 11% of the construction loan amount, or other security deemed appropriate.

CONSTRUCTION MONITORING

In order for the Agency to effectively monitor construction progress, the Applicant shall submit:

A. Schedule of Values

Prior to the start of construction the Applicant shall submit to the Agency a "Schedule of Values" that uses AIA and/or CSI format.

B. Initial Application for Payment

Administrative actions and submittals that must precede or coincide with submittal of the first application for payment include:

Schedule of Values per above.
Copies of building permits or letter from local jurisdiction stating permits will be provided once certain requirements are met.
Copies of licenses from governing authorities. (If applicable)
Certificates of insurance and insurance policies.
Performance and Payment bonds or 15% LOC

C. Monthly Applications for Payment

Each monthly application for payment shall be consistent with previous applications and payments as certified by the Architect and/or Project Manager, and paid for by the Applicant. The form shall be *AIA Document G702* and *G703*, and shall adhere to the following:

1. *Application Preparation:* Complete every entry, including notarization and execution by a person authorized to sign on behalf of the Applicant. Entries shall match data on the schedule of values. Use updated schedules if revisions have been made.
2. *Transmittal:* Submit an executed copy of each monthly application. Copies shall include waivers of lien and similar attachments. With each application, submit waivers of lien from the General Contractor prior to release of any payment.
3. *Progress Payments:* The Applicant will agree that the total contract price shall be paid in one or more progress payments based upon the value of the work satisfactorily completed at the time the progress payment is made. Such progress payments shall be

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disbursed on a monthly basis, after inspection and approval of the work by the Applicant and/or duly authorized representative, less a holdback of 10% of the price of the work completed. Prior to receiving any progress payment, the contractor or construction manager shall furnish the Applicant with AIA Document G702, Application and Certificate for Payment Owed to Date, for the materials and labor procured under this contract. A registered architect or professional of record must personally sign each application form.

4. *Retainage*: There shall be a ten (10) percent retainage for each Application for Payment. Upon completion of a final "punch-list", and acceptance of the work by the Applicant and the Agency, and compliance by the General Contractor or Design-Build entity of all contract terms, all amounts due shall be paid including the retainage. Partial completion of a project shall not entitle the General Contractor to partial release of remaining retainage. Final payment shall not be made until the Applicant delivers to the Agency a complete release of all liens arising out of the contract, or payment receipts in full covering all labor and materials for which a lien could be filed.
5. *Withholding of Payment*: Payments otherwise due may be withheld on account of defective work not remedied, liens filed, damage by the contractor or construction manager to material or labor, material removed from site, or for failure to make payments properly to subcontractors and/or agents.

D. Change Orders

Change Order Requests

The Agency shall receive a copy of all Change Order requests. A Change Order request is for information only and shall not be considered as instruction to stop work in progress, or to execute the change. The request shall use *AIA Document G*709.

Change Orders

Change Orders shall use *AIA Document G701*. All changes from the original contract shall be in writing and approved by the Agency. Claims for extra cost must be made in writing to the Agency for approval before executing the work involved.

E. Progress Meetings

Notify the Agency of day and time of all monthly and/or weekly progress meetings. Submit to the Agency copies of minutes of all progress meetings.

F. Product Substitution

Requests for changes in products, materials, equipment, and methods of construction required by contract documents proposed by the Applicant after award of a construction contract between the Applicant and a General Contractor are considered requests for "substitutions".

The following are not considered substitutions:

Substitutions requested during the bidding period, and accepted prior to award of contract through the issuance of an Addendum.

Revisions to the construction documents requested by the Applicant.

Specified options of products and construction methods included in the construction documents.

Compliance with governing regulations and orders issued by governing authorities.

The submittal and acceptance of shop drawings, product data or samples that relate to construction activities not complying with the contract documents does not constitute an acceptable or valid request for substitution, nor does it constitute approval.

G. Substantial Completion

1. The Application for Payment that coincides with the date substantial completion should show 100% completion for the portion of the work claimed to be substantially complete.
2. Submit copies of all warranties, workmanship bonds, maintenance agreements, final certifications and similar documents, including occupancy permits from local jurisdiction.

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H. Final Acceptance

Provide copies of the following:

1. Final payment request with final lien releases.
2. Executed *AIA Form G704, Certificate of Substantial Completion*.
3. Architects certification that "punch-list items" have been completed.
4. Written certification of final approval of the project by the Architect and all engineers of record (civil, structural, mechanical, and electrical).
5. Certified as-built site survey.
6. Architect's certification that Section 504, Fair Housing, and other applicable accessibility requirements have been satisfied.
7. Written approval from local building/zoning department.
8. Written one year warranty.
9. Proof that taxes, fees and similar obligations have been paid.

I. WAIVERS

The Agency recognizes that due to unique or unusual circumstances in the real estate and construction industries, strict application of the Agency's requirements may cause an undue burden. The Agency's Board and/or President or designee may, for good cause, waive provisions as appropriate.

DESIGN STANDARDS

These standards are for new construction, renovations and/or adaptive reuse. The goal is to establish a basis for providing safe, sanitary, cost effective, energy efficient, sustainable, and decent housing. The standards are meant to enhance and/or compliment existing local, sate, and federal construction guidelines. The project should adhere to the design standards outlined by HUD's "Affordable Housing Design Advisor" (http://www.designadvisor.org/home.html). A summary of the guidelines is shown in Attachment I.

A. General

Drawings must be stamped by a licensed professional architect or engineer registered in the State of Louisiana.

Hazardous materials, when discovered, shall be abated in conformance with applicable local, state and federal law. The Agency requires total and complete abatement of both the interior and exterior for all lead-based products. In the case of a building with both commercial and residential uses, complete abatement of the entire building exterior shall be required, regardless of the designated use. Manifests will be required when hazardous materials are being disposed of.

A review of the development site by an environmental scientist may be required by the Agency. At the discretion of the Agency, a Phase I, Phase II and abatement plan may be required prior to final commitment.

Accessible dwelling units shall be designed and constructed to Dept. of HUD 24 CFR Chapter I Fair Housing Accessibility Guidelines, and/or Dept. of HUD 24 CFR Part 8 non-discrimination in federally assisted programs (504 Uniform Federal Accessibility Standards) and/or in conjunction with the State Building Code. Fair Housing laws provide that failure to

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design and construct certain residential dwelling units to include certain features of accessible design will be regarded as unlawful discrimination. In the case of a conflict between different accessibility codes or regulations, the more stringent, as determined by the Agency, shall apply.

Non-toxic treatment for termite control is required.

B. SITE

1. Sensitive treatment and/or preservation of any existing natural or man-made amenities such as mature trees, natural foliage, surface contours, streams, ponds, landmarks, etc.
2. Developments consisting of 50 units or more must have a site-office of at least 200 square feet adequate to provide an opportunity for on-site management.
3. Developments of 100 units or more must have a structure and/or space designated for community space. Applicant will receive additional points for other amenities such as basketball courts, pools, patios, and pick-nick areas that will enhance the quality of life for the residents.
4. Family developments consisting of 50 units or more must have an appropriate on-site playground area. Plans and specifications for the playground area must show the design, layout, size, fencing, and equipment to be installed
5. Properly engineered grading and storm drainage to ensure against flooding or standing surface water.
6. Preservation and integration of existing grade-changes that enhance the landscape.
7. Materials that are sustainable and avail ease of maintenance.
8. Landscaping and planting which is practical, drought resistant, and native to the area. Drawings shall include fully developed grading and landscaping plans stamped by a licensed landscape architect or engineer. If an irrigation system is used, it must be designed to use all available retained storm water runoff before utilizing other water sources.
9. Site-lighting that enhances visibility for parking facilities, walkways, and traffic lanes, and is not obtrusive to onsite tenant units or surrounding properties.
10. Common areas (site office, community space, playgrounds, etc.) shall be on an accessible route and shall be designed for use by the disabled.
11. The use of permeable paving and pavers for parking lots and walkways that allow water retention on site is encouraged.
12. Storage shed(s), with architectural finishes that match or exceed those of the main structure(s).
13. Adequate fencing at all areas that pose a safety hazard, as well as serve as physical and visual separation from areas where garbage and/or waste is stored and/or collected.
14. A construction project-sign shall be erected in a visible location on the job site as soon as possible after a “notice to proceed’ is issued to the General Contractor or Design Builder (see Attachment III).

C. INSULATION AND MOISTURE PROTECTION

Installation methods for insulation and requirements for air sealing shall follow the most current Energy Star Program Standards. Innovative energy systems such as “radiant barriers” are encouraged. For new construction as well as renovations, the following **minimum** requirements shall apply:

1. Exterior walls: R-21.
2. Roof/ceiling assemblies: R-25.
3. Floors above unconditioned spaces: R-21.
4. HVAC ducts, energy & heat recovery ducts and local exhaust ducts in conditioned spaces: R-6.
5. HVAC ducts, energy & heat recovery ducts and local exhaust ducts in unconditioned spaces: R-8.

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6. Heating and conditioned air duct joints are to be sealed with mastic if using duct board or metal duct..
7. Door and window perimeters and air gaps in all surrounding framing shall be sealed with a non-expanding foam product.
8. Building wrap shall have a built-in drainage plane. All building wrap and vapor barrier seams shall be taped.
9. All roof coverings (shingles, rubber, metal, etc.) shall have a minimum 30 year warranty.
10. Metal drip edge shall be provided at entire roof perimeter – minimum .026 thickness.
11. Roofing felt shall be 30# weight minimum.

D. INTERIOR

1. Consideration must be given to solar and prevailing wind orientation to maximize natural ventilation and lighting.
2. Entrances must be protected from the elements by canopies, covered entrance-ways and/or porches.
3. Overhangs and eaves that protect exterior openings and walls are encouraged.
4. Porches, covered walkways, and/or stoops are encouraged.
5. Units must have a “coat closet” near the main entrance, and a “mud area” near the rear entrance.
6. Bedrooms are to have adequate closet space, and at least one window which complies with current NFPA Life Safety Code egress requirements. **Minimum** dimensions of bedrooms (excluding closet space) are as follows:
    a. Primary bedroom - 10’ x 12’
    b. Secondary bedrooms - 8’ x 10’
7. New operable windows must be single or double hung, awning or casement, have a half or full screen, and meet current AAMA standards or at a minimum AAMA-101/I.S.2-97. Windows shall be Energy Star rated, with a U-Factor less than or equal to .30, as determined by the NFRC (National Fenestration Ratings Council). Warranty period to be minimum of 5 years for both components and glass seal.
8. All bath areas to have moisture resistance gypsum board.
9. When metal stud wall framing is used, 2x treated wood-reinforcing members shall be installed at the perimeter of all dwelling unit interior and exterior openings, including cased-openings.
10. Lever style hardware shall be provided on all interior and exterior doors of all handicap equipped units.
11. Handicap equipped units shall be provided with a shower and fixtures that meet all ADA requirements.
12. Buildings that have an elevator shall provide a generator capable of providing backup power in case of an emergency.

PLUMBING SYSTEMS

1. Lever style handles shall be provided for all plumbing fixtures in all handicap equipped units.
2. Low flow shower heads and faucets shall be required.
3. 1.6 GPF High Efficiency Toilets shall be required.

MECHANICAL SYSTEMS

1. Thermostats shall be provided with enlarged numbers and scale for easy reading.
2. Central air conditioning shall have a minimum Seasonal Energy Efficiency Ratio rating of 14.
3. Exhaust fans in baths and kitchens shall be ducted to the exterior of the building. When fans are ducted to a common duct within the dwelling unit, the common duct shall be required to be mechanically exhausted to the exterior of the building.

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ELECTRICAL SYSTEMS

1. All living units shall be provided with appropriate wiring capable of providing residents with cable access to the internet. A receptacle outlet shall be provided at each telephone jack.
2. Wall switches shall be provided for fan and light on all kitchen range hoods in all handicap equipped units.
3. All interior and exterior lighting shall be Energy Star certified.
4. All dwelling units shall include a combination fire and CO2 alarm unit and meet all applicable fire codes.

NEW CONSTRUCTION SCATTERED SITE PROJECTS

Local city or parish zoning ordinances shall govern subjects such as minimum lot size, side yard, front yard and back yard setbacks. Each Application must evidence the prevailing local ordinance with a letter attached hereto as an Appendix labeled "Local Code Compliance Letter" that states that the proposed development meets all zoning requirements. Applications regarding projects built in Parishes or jurisdictions without zoning ordinances must include, as an appendix, a letter from the local governing authority stating that there are no zoning laws or building codes applicable to the Project. Where zoning laws or ordinances are absent, the following lot sizes and minimum setbacks will take precedent, if and only if the new development is connected to the city sewer system. In Rural areas where there is no local zoning ordinances each residential unit shall have a setback of not less than twenty feet (20') from the front lot line, not less than twenty feet (20') from the rear lot line and not less than a ten feet (10') side yard setback on one side and twenty feet (20') on the other side. In rural areas, lot sizes shall be a minimum of one quarter (1/4) acre or 10,890 square feet. If the new project is not tied into the city sewer system and each site utilizes a well/septic system, then each lot must be one full acre in size. The same minimum setbacks would prevail. Due to fire safety, there will be no exceptions to the setbacks required. Response time to fires in rural areas is critical and fire trucks must be able to traverse between buildings.

MISCELLANEOUS

Provide large building and apartment identification numbers (6" high minimum).
All appliances shall be Energy Star certified.

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ATTACHMENT II

DELIVERABLES

In addition to the documents outlined previously in this QAP, where applicable, Applicants shall deliver the following documents at the appropriate time when requested by the Agency, and/or as outlined in this QAP:

A. ORGANIZATIONAL DOCUMENTS:

1) Limited Partnership (Applicant): _____
   a. Initial Limited Partnership Agreement
   b. Certified Certificate of Limited Partnership
   c. Certificate of Good Standing
   d. Tax I.D. # _____

2) General Partner – LLC (Applicant):
   _____
   a. Certified Certificate of Formation
   b. Limited Liability Company Agreement
   c. Certificate of Member (re: LLC Agreement and Member Resolutions)
   d. Certificate of Good Standing
   e. Tax I.D. # _____

3) Applicant and Guarantor:
   a. Certified Articles of Agreement
   b. By-Laws
   c. Certificate of Good Standing
   d. Certificate of Secretary re: Resolutions/Authorization/By-Laws
   e. Tax ID # _____
   f. Financial Statements
   g. 501(c)(3) status

B. TAX CREDIT DOCUMENTS:

1) *Evidence of Low-Income Housing Tax Credit*
2) *Application for Low Income Housing Tax Credits*
   a. Tax Credit Reservation

C. CONSTRUCTION/ PERMANENT FINANCING DOCUMENTS:

1) **Construction Loan** from _____ ($ _____)
   a. Commitment Letter

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b. Construction and Permanent Loan Agreement
c. Promissory Note
d. Mortgage Deed and Security Agreement
e. Collateral Assign. of Approvals, Licenses, Permits, Agreements, Warranties and Approvals
f. Collateral Assignment of Leases and Rents
g. Collateral Assignment of Construction Contract
h. Collateral Assignment of Architect's Contract
i. Guaranty from _____
j. Environmental Indemnity Agreement
k. UCC-1 Financing Statements
l. Multi-Party Agreement

2) LHFA – HOME
   a. Commitment Letter
   b. Promissory Note
   c. Mortgage and Security Agreement
   d. Absolute Assignment of Leases and Rents
   e. Construction Loan Agreement
   f. Regulatory Agreement
   g. HOME Land Use Restriction Agreement (LURA)
   h. Disclosure of Finance and Other Charges
   i. Intercreditor Agreement

3) Permanent Loan – **$**_____ (_% / ____ yr term/ __ yr amortization)
   Commitment Letter dated _____

4) _____ Loan (Construction/Permanent) – **$** _____ (AFR / __ yrs
   a. Promissory Note
   b. Mortgage and Security Agreement
   c. 399-B Disclosure
5) CDBG Loan (Construction/Permanent) – **$** _____ (0% / ___ yrs)
   Grant Agreement between City of _____ and _____ dated _____
   a. Sub-recipient Agreement between City of _____ and _____
   b. Mortgage Deed
   c. Promissory Note

F. REAL ESTATE DOCUMENTS:

1) Appraisal
2) Rental Market Study
3) Warranty Deed

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G. TITLE AND SURVEY DOCUMENTS:

1) Title Insurance Commitment **$** _____ million
   a) Fairways ***and*** Non-Imputation Endorsements
   b) Additional Endorsements as required
2) Copies of all Encumbrances
3) Easements
4) UCC Search:
   a. Limited Partnership
   b. Developer & Guarantor
   c. General Partner
5) Survey & Surveyor's Certificate
6) Legal Description Title and Survey same

I. CONSTRUCTION DOCUMENTS:

Contractor: _____

a. Construction Contract dated
b. Construction Schedule
c. List of Subcontractors
d. Schedule of Values
e. Performance Bond
f. Payment Bond
g. Dual Obligee Rider
h. Certificate of Liability Insurance
i. Building Permits
j. Notice to Proceed

1) Architect: _____
   a. AIA Contract for Architectural Professional services
   b. Assignment of Contract (if applicable)
   c. Architect Liability Insurance (LP and Equity Fund) to be identified as "certificate holder"
   d. Drawings & Specifications
   e. Approved Site Plan as signed by the City
   f. Geotechnical Report

3) Environmental Report, Phase I by _____
4) Reliance Letter from Environmental Consultant to Equity Fund
5) Asbestos and Lead Paint Survey (if renovation)
6) LP's Insurance – Certificates in accordance with NNEHIF requirements
   a. Liability
   b. Builder's Risk

J. TENANT/LEASE DOCUMENTATION:

3) Property Management Agreement
4) Management Plan
5) Tenant Selection Plan (Reasonable Accommodation Policy)
6) Affirmative Fair Housing Marketing Plan
7) Lease Agreement

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K. POST CONSTRUCTION CLOSING DOCUMENTS:

1) Applicant's Title Insurance Policy (in conformance with approved Title Commitment)
2) Copies of all title encumbrances and exceptions (as recorded).
3) 2008 LIHTC Carryover Allocation Agreement dated _____

4) 10% test by _____, 2009

L. PERMANENT LOAN CLOSING DOCUMENTS:

1) Unconditional Certificate of Occupancy for each unit
2) Architect's Certification re: Substantial Completion
3) Accountants Cost Certification
4) IRS Form 8609
5) As-Built Survey & Updated Surveyors Certificate
6) Title Insurance Policy - Updated
7) Property and Liability Insurance
8) Requisitions (copies of all)
9) Executed FINAL lien waiver from General Contractor
10) Closing Statement
11) General Partner's Certificates from LP Agreement

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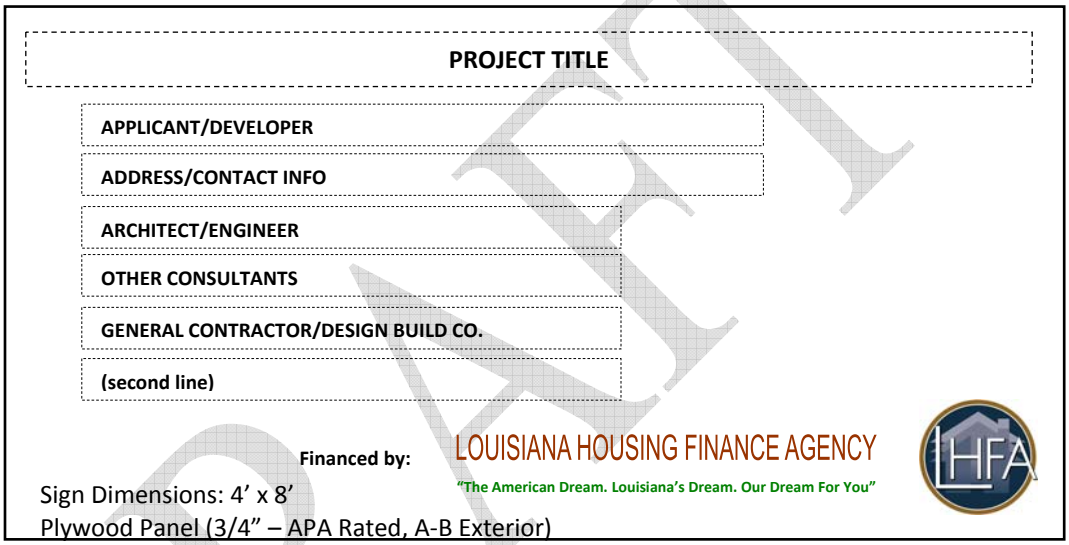
ATTACHMENT III

Guidelines for Temporary Construction Signage of LHFA-financed Projects

Signage should adhere to the following guidelines:



Sign Dimensions: 4' x 8'
Plywood Panel (3/4" – APA Rated, A-B Exterior)
Logo artwork and color specs as determined and furnished by the Agency Agency

LHFA reserves the right of approval for any signage prior to its placement.

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ATTACHMENT IV
ARCHITECT'S CERTIFICATION

Development Name: _____ LHFA No.: _____

Check Appropriate Type: ____ New Construction ____ Renovation ____ Other

____ Elevator ____ Non-Elevator

I, _____, to the best of my knowledge and professional
(Architect's Name, Printed)
judgment, do hereby certify to the following:

1. The referenced development contain(s) _____ (___) complete residential units.

2. _____ have (has) no interest in a proprietary system
(Architectural Firm)
of construction, patented building design or business that manufactures materials specified for the _____.
(Development Name)

3. The drawings and specifications submitted under this QAP are for the development identified above.

4. The drawings and specifications have been titled _____
(Development Name)
and stamped with my seal as the Architect responsible for their preparation and are more particularly described as follows:
Drawings consisting of _____ sheets, dated _____, 20___, designated as LHFA Development No._____.

Specifications consisting of _____ pages, dated _____ 20___,
Revision Dates:
_____
Addenda:
No.: _____ Date: _____ No. of Pages: _____
No.: _____ Date: _____ No. of Pages: _____
No.: _____ Date: _____ No. of Pages: _____

5. The proposed work described by these drawings and specifications are, to the best of my knowledge, in compliance with all applicable zoning, building, housing and other Federal, State and Local laws, codes, ordinances and regulations, including, but not limited to, all applicable accessibility standards, all HOME Program requirements, the PHFA Submission Guide for Architects

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or Local standards, where more restrictive, as modified by waivers obtained from the appropriate officials.

The following waiver(s) of zoning ordinance, codes, etc., were obtained (include attachments as necessary):

_____
_____

_____
_____

_____
_____

By: _____

License Number: _____

Firm: _____

Title: _____

Date: _____

Attach a list of the drawings, listing **each** drawing sheet.

Accepted for LHFA by: _____

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ATTACHMENT V

ARCHITECT'S CERTIFICATION OF COMPLIANCE WITH DESIGN REQUIREMENTS FOR ACCESSIBLE HOUSING

Project: _____ **LHFA No**.:_____

Check Appropriate: _____ New Construction _____ Substantial Renovation _____ Other

_____ Moderate Renovation
_____ Townhouse _____ Elevator
_____ Walk-Up Apartments _____ Non-Elevator
_____ Low-Rise

To the best of my knowledge and belief, I certify that I have designed the referenced project in conformance with the following rules and regulations as they apply to this development and as amended by Federal, State and Local authorities.

CHECK ALL THAT APPLY	**APPLICABLE**
1. The Fair Housing Act of 1988 Fair Housing Design Manual	_____
2. ANSI A117.1 (2003)	_____
3. International Building Code	_____
4. Uniform Federal Accessibility Standard (UFAS) of the Architectural Barriers Act of 1968	_____
5. Section 504 of the Rehabilitation Act of 1973	_____
6. Americans with Disabilities Act Accessibility Guidelines (ADAAG)	_____
7. Any other State or Local code or regulation pertaining to design or inclusion of rental housing accessibility features (Include name of locality and citation for applicable requirements)	

_____
_____
_____
_____
_____
_____

In reference to the above, I hereby further certify as follows:

The project contains a total of _____ rental dwelling units.
Of this total, _____ units are accessible (as set forth in 24 CFR Part 8).
Of this total, _____ units have been designated to be adaptable as defined in

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_____.

Of this total, _____ units have been designed to include features for individuals with hearing or vision impairment as defined in:

_____.

ARCHITECT:

Name *(printed)*: _____ Firm: _____

Signed: _____ Date: _____

(To be signed by an authorized officer of Architectural firm)

Acknowledged and accepted by Applicant or Developer:

Name *(printed)*: _____

Signed: _____ Date: _____

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Glossary

AIA – The American Institute of Architects

Applicant -- Any entity, person, or affiliate of a person who files a Pre-Application or an Application with the Agency requesting a Housing Tax Credit Allocation in response to this QAP.

Application -- A response to this QAP submitted by an Applicant in the form prescribed by the Agency, including exhibits or other supporting material.

Application for Payment – The General Contractor's written monthly request for payment of amount due for completed portions of the work.

Application Round -- The period beginning on the date that the Agency begins accepting Applications in response to this QAP, and continuing until all available Housing Tax Credits from the State Housing Credit Ceiling (as stipulated by the Department) are allocated, but not extending past the last day of the calendar year.

Architect -- An individual or entity licensed by the state of Louisiana to practice Architecture, as defined by the Louisiana Architectural Licensing Board. For purposes of this QAP, the architect is the consultant that enters into a contract with the Applicant and/or Developer.

Bid -- An offer to perform the construction work described in the construction bid documents at a specified cost and/or a specified length of time.

Bid Bond -- A form of bid security executed by a bidder as principal and by a surety.

Bid Documents -- The drawings, specifications, and addendums that are used to formulate a bid from a qualified General Contractors for the construction work specified in the bid documents.

CSI -- Construction Specification Institute.

Construction Documents -- The architectural and engineering drawings (including landscaping and furniture and/or fixture layouts), specifications, addendums, and change orders used for construction of a new Development, or the adaptive reuse and/or addition to an existing facility.

Design-Build -- A "project delivery system" where the design and construction aspects are contracted for with a single entity known as the **design-builder** or **design-build contractor**. The design-builder is usually the General Contractor, but in many cases can be the design professional (architect or engineer). This system is used to minimize the project risk for an owner and to reduce the delivery schedule by overlapping the design phase and construction phase of a project. The major characteristic of the Design-Build

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method is that the design professionals are retained directly by the design-builder instead of the Owner/Applicant.

General Contractor -- An individual or entity licensed by the Louisiana Contractors Licensing Board to perform construction work. A General Contractor contracts for the construction or Rehabilitation of an entire Development, rather than a portion of the work. The individual or entity hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors. This party may also be referred to as the "contractor."

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Exhibit C- Compliance Monitoring Agreement

I

WHEREAS, the undersigned taxpayer-owner (the "Owner") of the qualified low-income buildings and/or project described in **Exhibit A** hereto acknowledges and agrees that, pursuant to §42(l) of the Internal Revenue Code of 1986, as amended (the "Code"), the Secretary of Treasury (the "Secretary") may require certifications concerning information in such form and such manner as the Secretary prescribes with respect to any qualified low-income building under §42 of the Code; and

II

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

III

WHEREAS, the Housing Credit determined under §42 of the Code is allowable only to the extent that the Owner 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 §42(h)(4)(B) of the Code; and

IV

WHEREAS, under §42(m)(1)(A) of the Code, the Housing Credit for any building is zero unless the amount was allocated pursuant to a qualified allocation plan (the "Allocation Plan") of the Agency; and

V

WHEREAS, under §42(m)(1)(D) of the Code, the Housing Credit for any project qualifying under §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

VI

WHEREAS, under §42(m)(1)(B)(iii) of the Code, an allocation plan is not qualified unless it contains a procedure that the Agency (or an agent of, or private contractor hired by, the Agency) will follow in monitoring compliance with the provisions of §42 of the Code and notifying the Internal Revenue Service (the "IRS") of any non-compliance of which the Agency becomes aware; and

VII

WHEREAS, §42(m)(1)(B)(iii) of the Code 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

VIII

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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 §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 in Section 1.42-5 of the Treasury Regulations (the "Compliance Regulations"); and

IX

WHEREAS, the Compliance Regulations provide that a procedure for monitoring for non-compliance under §42(m)(1)(B)(iii) must include the following:

A. Record-keeping and Record Retention Provisions;

B. Certification and Review Provisions;

C. Inspection Provisions; and

D. Notification of Non-Compliance Provisions.

X

WHEREAS, pursuant to the Record-keeping provisions of §1.42-5(b)(1), the Agency must require the Owner to keep records for each qualified low-income building that show for each year in the compliance period:

(i) the total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);

(ii) the percentage of residential units in the building that are low income units;

(iii) the rent charged on each residential rental unit in the building (including any utility allowances);

(iv) the number of occupants in each low-income unit, but only if rent is determined by the number of occupants in each unit under §42(g)(2) (as in effect before the amendments made by the Revenue Reconciliation Act of 1989;

(v) the low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented;

(vi) the annual income certification of each low-income tenant per unit, unless an exception to the annual re-certification is available because an entire building is occupied by low-income tenants under Section 42(g)(8)(B) of the Code;

(vii) documentation to support each low-income tenant's income certification; for example, a copy of the tenant's federal income tax return, Forms W-2, or verifications of income from third parties such as employers or state agencies paying unemployment compensation, unless an exception to the annual re-certification is available because an entire building is occupied by low-income tenants under Section 42(g)(8)(B) of the Code. *[Tenant income is calculated in a manner consistent with the determination of annual*

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income under §8 of the United States Housing Act of 1937 ("Section 8"), not in accordance with the determination of gross income for federal income tax liability.] In the case of a tenant receiving housing assistance payments under Section 8, the documentation requirement of this subparagraph (vii) is satisfied if the public housing authority provides a statement to the building owner that the tenant's income does not exceed the applicable income limit under Section 42(g) of the Code.

(viii) the eligible basis and qualified basis of the building at the end of the first year of the credit period; and

(ix) the character and use of the nonresidential portion of the building included in the building's eligible basis under §42(d) (e.g., tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities, or facilities reasonably required by the project).

XI

WHEREAS, pursuant to the Record Retention provisions of §1.42(5)(b)(2), the Agency must require the Owner to retain records described in §1.42-5(b)(1) for at least six years after the due date (with extensions) for filing the federal income tax returns for that year; provided, however, that the records for the first year of the credit period must be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building; and

XII

WHEREAS, pursuant to the Certification provisions of §1.42-5(c)(1) the Agency must require the Owner to certify at least annually to the Agency that, for the preceding 12-month period:

(i) the project met the requirements of:

(a) the 20-50 test under §42(g)(1)(A) or the 40-60 test under §42(g)(1)(B), whichever minimum set-aside test was applicable to the project; and

(b) if applicable to the project, the 15-40 test under §42(g)(4) and 142 (d)(4)(B) for "deep rent skewed" projects;

(ii) there was no change in the applicable fraction (as defined in §42(c)(1)(B)) of any building in the project, or that there was a change, and a description of the change;

(iii) the Owner has received an annual income certification from each low-income tenant, and documentation to support that certification; or, in the case of a tenant receiving §8 housing assistance payments, the statement from a public housing authority described at 26 CFR 1-42-5(b)(1)(vii), unless an exception to the annual re-certification is available because an entire building is occupied by low-income tenants under Section 42(g)(8)(B) of the Code;

(iv) each low-income unit in the project was rent-restricted under §42(g)(2);

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(v) all units in the project were for use by the general public (as defined in Section 1.42-9 of the Treasury Regulations), including the requirement that no finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, occurred for the Project. A finding of discrimination includes an adverse final decision by the Secretary of the Department of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent sate or local fair housing agency, 42 USC 361a(a)(1), or an adverse judgment from a federal court;

(vi) the buildings and low-income units in the project were suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the State or local government unit responsible for making local health, safety or building code inspections did not issue a violation report for any building or low-income unit in the project. If a violation report or notice was issued by the governmental unit, the owner must attach a statement summarizing the violation report or notice or a copy of the violation report or notice to the annual certification submitted to the Agency under paragraph (c)(1) of the Compliance Regulations. In addition, the owner must state whether the violation was corrected;

(vii) there was no change in the eligible basis (as defined in §42(d)) of any building in the project, or if there was a change, the nature of the change (e.g., a common area has become commercial space or a fee is now charged for a tenant facility formerly provided without charge);

(viii) all tenant facilities included in the eligible basis under §42(d) of any building in the project, such as swimming pools, other recreational facilities, and parking areas, were provided on a comparable basis without charge to all tenants in the building;

(ix) if a low-income unit in the project became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income;

(x) if the income of tenants of a low-income unit in the project increased above the limit allowed in §42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the project was or will be rented to tenants having a qualifying income; and

(xi) an extended low-income housing commitment as described in section 42(h)(6) of the Code was in effect (for buildings subject to section 7108(c)(1) of the Omnibus Budget Reconciliation Act of 1989, 103 Stat. 2106, 2308 - 2311 (1989)), including the requirement under section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437f (for buildings subject to section 13142(b)(4) of the Omnibus Budget Reconciliation Act of 1993, 107 Stat 312, 438 - 439 (1993)); and

(xii) all low-income units in the project were used on a non-transient basis (except for transitional housing for the homeless provided under section 42(i)(3)(B)(iii) or single-room-occupancy units rented on a month-by-month basis under section 42(i)(3)(B)(iv)).

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XIII

WHEREAS, pursuant to the Review provisions of §1.42-5(c)(2), 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).]*

XIV

WHEREAS, pursuant to the Frequency and Form of Certification provisions of §1.42-5(c)(3), the Agency must require that Owners submit certifications under penalty of perjury at least annually covering each year of the 15-year compliance period under §42(i)(1); and

XV

WHEREAS, pursuant to the Inspection provisions of §1.45-5(d), the Agency must have the right to perform an on-site inspection of any low-income housing project at least through the end of the compliance period of the buildings in the project, which inspection is a separate requirement from any tenant file review under paragraph (c)(2)(ii) of the Compliance Regulations; and

XVI

WHEREAS, pursuant to the Notification of Non-Compliance provisions of 1.42-5(e)(2) and (3), the Agency agrees to give notice to the Owner and to the IRS, respectively, if the Agency (i) does not receive required certifications of the Owner, (ii) does not receive or is not permitted to inspect the tenant income certifications, supporting documentation, and rent records or (iii) discovers by inspection, review, or in some other manner, that the project is not in compliance with the provisions of §42; and

XVII

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WHEREAS, pursuant to the provisions of §1.45-5(e)(4), relating to the correction period, the Owner will be permitted by the Agency to supply any missing certifications and bring the project into compliance with the provisions of §42 within a period which ends not later than 90 days from the date the Agency mails a Notice of Non-Compliance to the Owner; and

XVIII

WHEREAS, pursuant to the provisions of §1.45-5(g), the Owner acknowledges that compliance with the requirements of §42 is the responsibility of the Owner and that the Agency's obligation to monitor for non-compliance pursuant to §42 and the Compliance Regulations does not make the Agency liable for the Owner's non-compliance.

XIX

WHEREAS, this Compliance Monitoring Agreement is intended to comply with the requirements of §42(m)(1)(B)(iii) and the Compliance Regulations with respect to the procedures which the Agency (or an agent or other private contractor of the Agency) will follow in monitoring for non-compliance and in notifying the IRS of such non-compliance of which the Agency becomes aware;

NOW, THEREFORE, the Louisiana Housing Finance Agency, acting through its duly authorized officers, and the undersigned Owner hereby agree, covenant and represent as follows:

SECTION 1. Record-keeping by the Owner. The Owner agrees to develop and maintain, for each qualified low-income building for each year of the compliance period for such buildings or project described in **Exhibit A** the records and information which the Agency must require the Owner to keep as described in paragraph X of the preamble hereof and as required pursuant to §1.42-5(b)(1) of the Compliance Regulations.

SECTION 2. Record Retention by the Owner. The Owner agrees to maintain and retain the records and information described in paragraph X of the preamble hereof for the time described in paragraph XI of the preamble hereof and for the time which the Agency must require the Owner to maintain and retain such records and information pursuant to §1.42-5(b)(2) of the Compliance Regulations.

SECTION 3. Certifications by the Owner. The Owner agrees to submit by February 15th of each calendar year the certifications of the form attached hereto as **Exhibit B** with respect to the immediately preceding calendar year which the Agency must require from the Owner as described in paragraph XII of the preamble hereof and as required pursuant to §1.42-5(c)(1) of the Compliance Regulations.

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SECTION 4. Submission of Low-Income Tenant Annual Income Certification Documentation and Rent Records. The Owner agrees to submit (i) by February 15th of each calendar year on the form attached hereto as **Exhibit C** information on tenant income and rent for each low income unit and (ii) within fifteen (15) calendar days of a written request of the Agency (a) a copy of the annual income certifications, and the documentation the owner has received to support that certification, with respect to the number and/or percentage of low-income tenants and (b) the rent record for each low-income tenant in the percentage (not less than 20%) of low-income units in the project described in **Exhibit A** as specified by the Agency.

SECTION 5. Project Inspection. The Owner agrees, acknowledges and specifically provides that the Agency has the right to perform an on-site inspection of the project described in **Exhibit A** at least through the end of the latter of the compliance period or extended use period.

SECTION 6. Delivery of IRS Forms. The Owner agrees to provide to the Agency the following:

(a) Copy of IRS Form 8609 for each qualified low-income building;

(b) Copy of Schedule A to Form 8609 for each qualified low-income building;

(c) Copy of IRS Form 8586.

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SECTION 7. Annual Compliance/Monitoring Fee. The Owner agrees to submit on or before December 31 of each year, beginning with the year any building in the Project is placed in service, the Annual Compliance Monitoring Fee constituting a minimum fee to be computed as follows:

Project Size	Minimum Fee
1-4 units	$ 20.00
5-16 units	80.00
17-32 units	160.00
33-60 units	*
61-100 units	*
Over 100 units	*

*Minimum fee is amount equal to 50% of units in Project times $10.00.

The Agency reserves the right to charge such additional amounts at any time as may be required to monitor compliance in accordance with the Internal Revenue Code of l986, as amended, and regulations promulgated pursuant thereto.

The Owner further acknowledges and agrees that failure to submit the Annual Compliance/Monitoring Fee will result in the Agency reporting that the Owner has failed to deliver the appropriate certifications and/or other documentation necessary to satisfy the Compliance Regulations.

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SECTION 8. Captions. The captions or headings in this Compliance Monitoring Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Compliance Monitoring Agreement.

SECTION 9. Counterparts. This Compliance Monitoring Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 10. Acceptance by Owner. The undersigned Owner hereby acknowledges receipt of an executed counterpart of this Compliance Monitoring Agreement and hereby approves the terms and provisions thereof and agrees to be bound by all the provisions thereof applicable to Owner.

LOUISIANA HOUSING FINANCE AGENCY

_____

PRESIDENT

(Name of Owner)

_____

By: _____

Title: _____

Dated: _____, 200__

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