
Louisiana Housing Finance Agency



Multifamily Rental Housing Program

Brenda Evans, Program Administrator
Loretta Wallace, Program Administrator

August 11, 2010

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MEMORANDUM

To: Chairman Guy T. Williams
Commissioner J. Mark Madderra
Commissioner Allison A. Jones
Commissioner Susan Sonnier
Commissioner Katie Anderson

From: Loretta Wallace, Program Administrator
Brenda Evans, Program Administrator

Date: August 3, 2010

Re: Multifamily Rental Housing Program Committee

There will be a Multifamily Rental Housing Program Committee meeting, Wednesday, August 11, 2010 at 10:30 A.M. at the Louisiana Housing Finance Agency, V. Jean Butler Board Room, located at 2415 Quail Drive, Baton Rouge, LA.

The following Resolutions will be presented to the Board:

- A resolution providing for approval of the State's **2010 Per Capita Qualified Allocation Plan** and providing for other matters in connection therewith;
- A resolution providing for the approval of the **Fourth Competitive Tax Credit Assistance Program Round**.

Other Business.

August 4, 2010

MULTIFAMILY RENTAL HOUSING COMMITTEE MEETING

Notice is hereby given of a regular meeting of the Multifamily Rental Housing Program Committee will be held on **Wednesday, August 11, 2010 at 10:30 A.M.**, at Louisiana Housing Finance Agency, **V. Jean Butler Board Room**, located at 2415 Quail Drive, Baton Rouge, LA by order of the Chairman.

AGENDA

1. Call to order, roll call, and introduction of guests.
2. Approval of the July 14, 2010 Multi-Family Committee meeting minutes.
3. Multifamily Update
 - A resolution providing for approval of the State's **2010 Per Capita Qualified Allocation Plan**; and providing for other matters in connection therewith.
 - A resolution providing for the approval of the **Fourth Competitive Tax Credit Assistance Program Round**; and providing for other matters in connection therewith.
4. Other Business
5. Adjournment

Milton J. Bailey, LHFA President

If you require special services or accommodations, please contact Barry E. Brooks at (225) 763-8773 or via email bbrooks@lhfa.state.la.us

Pursuant to the provisions of LSA-R.S. 42:6.1, upon two-thirds vote of the members present, the Board of Commissioners of the Louisiana Housing Finance Agency may choose to enter executive session, and by this notice, the Agency reserves its right to go into executive session as provided by Law.

**Louisiana Housing Finance Agency
Multifamily/Tax Credit Meeting Minutes
Wednesday, July 14, 2010
2415 Quail Drive
Baton Rouge, LA 70808
10:30 A.M.**

Commissioners Present

Vice-Chairman J. Mark Madderra
Commissioner Katie Anderson
Commissioner Donald B. Vallee
Commissioner Michael L. Airhart
Alice Washington representing Commissioner John N. Kennedy

Commissioners Absent

Chairman Guy T. Williams
Commissioner Susan W. Sonnier
Commissioner Allison A. Jones

Staff Present

Milton J. Bailey
Brenda Evans
Annie Robinson
Wendy Hall
Leslie Strahan
Marjorianna Willman
Ronald Burrough
LaTosha Overton
Loretta Wallace
Louis Russell
Christine Bratkowski
Annie Clark
Urshala Hamilton

Counsel Present

Wayne Neveu, Foley & Judell

Guests Present

Attached

Multifamily Vice-Chairman Mark Madderra called the meeting to order at 10:38 a.m., requested roll call and asked for an introduction of guests.

Vice-Chairman Madderra requested approval of the June 9, 2010 meeting minutes by his fellow Commissioners. Commissioner Anderson made a motion to approve the Multifamily June 9, 2010 Committee minutes; it was second by Commissioner Airhart and the minutes were unanimously approved by the Committee

Ms. Brenda Evans presented the following resolutions to the Committee:

- A resolution authorizing the withdrawal of a general partner from **Crescent Garden Homes #07/08(FA)-38** (Scattered Site, Multiple Addresses, New Orleans, LA); and providing for other matters in connection therewith.

Ms. Evans explained that CGH Partners 2007, LP, the Taxpayer, and Comprehensive Central City Initiative (CCCI, Inc), the Managing General Partner (MGP) for Crescent Garden Homes #07/08(FA)-38), is requesting the agency's approval for the removal of Olsen Security Corporation (OSC) as General Partner and its contact person, Mr. Cliff Olsen. The Taxpayer is also requesting to add Mr. Mike Peralta or his wholly owned affiliate as a developer with CCCI, Inc. First NBC Tax Partners, LLC has been added as a limited partner. Crescent Garden Homes is approximately 75% complete and has 143 scattered site single family homes throughout New Orleans, mainly in Central City, Marigny/Treme, and Holy Cross neighborhoods.

Commissioner Vallee asked whether there was a misappropriation of funds with Crescent Garden Homes as was determined with The Meadows and had that money been repaid. Kelly Longwell of Coats Rose answered The Meadows was an isolated incident in that Olsen Securities was the only developer. Crescent Garden Homes, has First NBC as a co-developer and she explained that the Office of Community Development (OCD) would not close with the developer as long as Olsen Securities is associated with the deal in any manner. Commissioner Vallee questioned why OCD would not close and pondered whether it was because money was still owed on The Meadows and Ms. Longwell answered in the affirmative. Commissioner Vallee then asked how much money was owed. Ms. Longwell answered \$2.6 million and intoned that she does not represent The Meadows and could provide no additional information. Commissioner Vallee continued to express his concern and Leslie Strahan came forward and told the committee that the Legal staff has been in contact with OCD. Vice-Chairman Madderra asked that Brenda provide whether or not Mr. Peralta was in good standing with the Agency and Ms. Evans answered that the Agency has had no problems with Mr. Peralta. Vice-Chairman Madderra requested approval of the resolution by his fellow

Commissioners. Commissioner Airhart made a motion and it was second by Commissioner Anderson and was unanimously approved for recommendation to the Full Board.

- A resolution providing for approval of the **State's Draft 2010 Qualified Allocation Plan**; and providing for other matters in connection therewith.

Ms. Evans provided some highlights of the 2010 Qualified Allocation Plans. She mentioned the credits had increased per project, the fee schedule had been cleaned up, PHA set-a-side, IKE pool, provision regarding binding arbitration clause, no threshold review due to the crunched timeline. Some adjustments made on maximum average tdc costs, for project team member's disqualifications there are several additional items that have been added, if a person or principal owner or management member is currently delinquent on an obligation with the Agency that would be grounds for disqualification. Vice-Chairman Madderra requested that the public hearing notice go out as quickly as possible and he encouraged the development community to submit any comments in writing. Commissioner Vallee requested two public hearings one in Baton Rouge and one in New Orleans and he also intoned that he wanted and expected the Board members would have more influence. He also requested the blackline version of the QAP to be posted on the Agency's website. He also highlighted some of his concerns, he wanted to see limited cost per unit, and he would like the Agency to broaden its perspective to statewide allocation. He would also like to see limited use of 1602 funds and believes the developers should put 'more skin in the game' or more of their own money up for development costs. Vice-Chairman Madderra stated that the Agency is evolving into a new timeframe because over the last several years, large amounts of credits have been allocated; we've had TCAP funds and huge resources to bring to bear. This QAP, if there is not an extension of the GO Zone tax credits, will only support 8-10 deals because this allocation will be about \$7 million dollars in Per Capita credits. He also asked that that redline/blackline version of the QAP and the draft be posted following the meeting.

Roger Kahao with Tri-Lateral Development stated his disagreement with Commissioner Vallee's statement the developers need to put up more funds. He stated the developers put hundreds of thousands of dollars into a project and you have to have serious money to get a deal to come to fruition. Vice-Chairman Madderra tried to clarify the term "skin in the game" by saying other dollars from possibly the city or some other source could be provided other than tax credits being the only support.

Commissioner Airhart commented that the QAP process could use improvement; however the Agency has the ability to have a meeting in which we ask the developers to come forth and give their opinion, have your say, give us help. He stated that he has received questions and comments about the QAP after the QAP has been done and decided. He stated that the public should come to the meetings if they have an opinion about how the QAP should be written; they have to make those comments known. Vice-Chairman Madderra voiced his agreement and stated that trade organizations such as LAAHP should submit comments in writing.

Larry Hoss of Our Plan B asked that staff consider the amount of money spent by the developers in the Lightning Round from two (2) years ago. He would like for staff to consider special provisions for the developers that participated in that round. Vice-Chairman Madderra requested that Mr. Hoss put his concerns in writing for the meeting that will be held on July 29, 2010. Commissioner Vallee stated that he was willing to meet with Mr. Kahao following the committee meeting to discuss his issues. Jack Tolson with Ardoin, Gaudet & Tolson asked whether the QAP would be available for viewing following the meeting today and Vice-Chairman Madderra stated that it would be available before the day's end. Vernon Martin of Martin & Associates came forward and stated that rural deals are feasible and he would like to see more support of rural deals. Vice-Chairman Madderra stated that in the draft QAP there is an emphasis on finding a way to get rural deals done. He also requested that staff send an email blast to the entire development community to make them aware the draft 2010 QAP is available for viewing.

Vice-Chairman Madderra requested approval of the resolution by his fellow Commissioners. Commissioner Anderson made a motion and it was second by Commissioner Airhart and was unanimously approved for recommendation to the Full Board.

- A resolution approving the selection of the **Low Income Housing Tax Credit Program Market Analysts**; and providing for other matters in connection therewith.

Ms. Evans stated that staff received a total of 13 proposals and it is staff's recommendation that the top nine (9) respondents complete the market analysts. Ms. Evans also explained the scoring rubric to the Commissioners. Commissioner Vallee asked how many applications were received last year and Ms. Evans answered 61. He then asked whether the nine (9) recommended had done previous work with the Agency and Ms. Evans answered in the affirmative. He then asked how the selection would be made by staff to determine who will be utilized. Ms. Evans answered that once all applications have been received, staff will put together the application by area and then assign an analyst to a particular area. She continued by stating if there were more studies in one particular area than one analyst can handle, staff will assign more than one analyst to that area. Commissioner Vallee stated that the needs assessment being done by LRA is of the metropolitan areas only; he would like to see an assessment that encompasses rural areas in the future for QAP's going forward. He also requested a copy of the pipeline report after the meeting. Vice-Chairman Madderra asked whether LRA had commissioned a needs assessment for the entire state and Ms. Annie Clark came forward and stated she had spoken with LRA earlier that morning and the deadline is September 15, 2010 for the needs assessment. The needs assessment is not for the entire metropolitan area, it will encompass Orleans, Jefferson and St. Bernard parishes.

Vice-Chairman Madderra requested approval of the resolution by his fellow Commissioners. Commissioner Vallee made a motion and it was second by Commissioner Anderson and was unanimously approved for recommendation to the Full Board.

- A resolution approving the selection of the **Low Income Housing Tax Credit Program Underwriter**; and providing for other matters in connection therewith.

The Agency received two (2) proposals in response to their request and staff is recommending Foley and Judell. Commissioner Vallee stated that he is concerned that the Agency only received two (2) responses. He continued that his concern when the RFP was published it was with the provision that whoever received the bid would provide training and the development of the program with the intention that the Agency would control the process within one (1) year.

Wayne Neveu of Foley and Judell came forward and stated that the Agency receiving the software would not be a problem, but in terms of the individuals who do the work, it is more than an mechanistic, quantitative analysis as there are two (2) MBA's on staff. Training is available for the software usage, but for the critical assessments, a staff arrangement may have to be made. Vice-Chairman Madderra stated to have those person's on staff could prove to be cost inefficient because the Agency may have only eight (8) transactions per year going forward and the cost savings will not be seen.

Vice-Chairman Madderra requested approval of the resolution by his fellow Commissioners. Commissioner Vallee made a motion and it was second by Commissioner Anderson for recommendation to the Full Board. Vice-Chairman Madderra asked what was a normal contract term and staff General Counsel Terri Ricks answered three (3) years. Commissioner Vallee made a motion for amendment to accept staff recommendation except that he would like to revise the resolution to state a one (1) year contract instead of a three (3) year contract. Commissioner Airhart made the second. Commissioner Anderson and Vice-Chairman Madderra oppose the vote and the amendment to the motion was defeated in a 2/2 vote. The original motion was placed back on the table and it was passed without opposition for recommendation to Full Board.

- A resolution approving the selection of the **Low Income Housing Tax Credit Program Special Tax Counsel**; and providing for other matters in connection therewith.

Ms. Evans stated two (2) responses were received from Foley and Judell and The Godfrey Firm. Commissioner Vallee asked General Counsel Terri Ricks whether the attorney representing us under the RFP and the scope of services, would they be precluded from representing any third party in doing business with us or applying under the tax credit proposals. Mrs. Ricks answered in the affirmative and Commissioner Vallee asked whether it would be a conflict for Wayne Neveu and Foley and Judell.

Vice-Chairman Madderra requested approval of the resolution by his fellow Commissioners. Commissioner Anderson made a motion and it was second by Commissioner Vallee for recommendation to the Full Board.

- Discussion concerning draft **Additional TCAP Allocation**.

Ms. Evans gave a brief explanation of the remaining \$3 million dollars in TCAP funds and how staff is proposing a small round for projects to compete for the returned monies. Vice-Chairman Madderra suggested that the meeting be held on the same day as the Public Hearing to aid the traveling developers. Ms. Evans also stated that a memorandum will be blasted out to the development community with the details following the Board meeting.

Since there were no other issues to be heard the meeting was adjourned at 11:40 a.m.



LOUISIANA HOUSING FINANCE AGENCY

MULTIFAMILY RENTAL COMMITTEE MEETING

WEDNESDAY, JULY 14, 2010 @ 10:30 AM

Guest Sign-In Sheet

GUEST NAME

FIRM

PLEASE, PLEASE PRINT

1. GREGORY FAVORITE COX GROUP
2. Jack T. Tolson Ardoim Gaudet & Tolson
3. Larry Boss our plan B
4. Richard Harv waking up, Inc.
5. Miss. Quanita Allen waking up Inc
6. Smutehorn Waking up, Inc
7. Tomasia Cannon ast. Housing
8. BJ Fannie Mae

MULTIFAMILY RENTAL COMMITTEE BOCM
PLEASE PRINT CLEARLY

GUEST NAME	FIRM
9. Chris Dischinger	LDG
10. Charlotte Bougeois	CAAAP
11. Matthew M Jones	Coats Rose
12. Tim Smith	Hoke Development Services, LLC
13. Kelly Longwell	Coats Rose
14. Jonah Dowling	First NBC CDC
15. Condi Perre	GCHP
16. Muhlmann	Staff
17. Ronald Burrough	Staff
18. John Mitchell	JPM Consulting
19. Dale Lancaster	Arrington Developers
20. David Strange	New Horizons Development
21. Tony Benini	Ross + Yarger

MULTIFAMILY RENTAL COMMITTEE BOCM
PLEASE PRINT CLEARLY

GUEST NAME

FIRM

22. _____

23. Marc Gint

JPM Consulting LLC

24. Steve Perry

Perry Properties

25. RALPH Mc NICKLE

Mc NICKLE & ASSOC.

26. Roger Kahaw

Talentend

27. Ben Guider

Costs Rose

28. VIKTOR MARTIN

MARTIN & ASSOC. / ROBERT RIVIERA

29. [Signature]

Bosser Housing Corp

30. Wendy Hall

Staff

31. Latasha Overton

Staff

32. _____

33. _____

34. _____

35. _____

LOUISIANA HOUSING FINANCE AGENCY

The following resolution was offered by _____ and _____:

RESOLUTION

Providing for approval of the State's 2010 Per Capita Qualified Allocation Plan; and providing for other matters in connection therewith.

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

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

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

WHEREAS, under Section 42(m)(1)(A) of the Code, the Housing Credit for any building is zero unless (i) such amount was allocated pursuant to a qualified allocation plan (the "Allocation Plan") of the Agency which is approved by the governmental unit (in accordance with rules similar to the rules of Section 147(f)(2) (other than subparagraph (B)(ii) thereof), (ii) the Housing Credit Agency notifies the chief executive officer of the local jurisdiction within which the building located of such project and provides such individual a reasonable opportunity to comment on the project, (iii) a comprehensive market study of the housing needs of low-income individuals is conducted at the developer's expense before the credit allocation is made by a disinterested party who is approved by the Housing Credit Agency and (iv) a written explanation is made available to the general public for any allocation of housing credit dollar amount which is not made in accordance with established priorities and selection criteria; and

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

- (i) set forth selection criteria to be used to determine housing priorities of the Agency which are appropriate to local conditions;
- (ii) also give preference in allocation housing credit dollar amounts among selected projects to---

- (I) projects serving the lowest income tenants,
 - (II) projects obligated to serve qualified tenants for the longest periods, and
 - (III) projects which are located in qualified census tracts and the development of which contributes to a concerted community revitalization plan, and
- (iii) provide a procedure that the Agency will follow in monitoring for non-compliance with the provisions of Section 42 of the Code and in notifying the Internal Revenue Service (the "IRS") of such non-compliance which such agency becomes aware of and in monitoring for non compliance with habitability standards through regular site visits.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (i) review owner certifications under Section 1.45-5(c)(1) for compliance with the requirements of Section 42;
- (ii) conduct on-site inspections of all buildings in the project by the end of the second calendar year following the year the last building in the project is placed in service and, for a least 20 percent of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and
- (iii) at least once every 3 years, conduct on-site inspections of all buildings in the project and, for at least 20 percent of the project's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units; and
- (iv) require that the Agency randomly select which low-income units and tenant records are to be inspected and reviewed by the Agency. *[The review of tenant records may be undertaken wherever the owner maintains or stores the records (either on-site or off-site). The units and tenant records to be inspected and reviewed must be chosen in a manner that will not give owners of low-income housing projects advance notice that a unit and tenant records for a particular year will or will not be inspected and reviewed. However, the Agency may give an owner reasonable notice that an inspection of the building and low-income units or tenant record review will occur so that the owner may notify tenants of the inspection or assemble tenant records for review (for example, 30 days' notice of inspection or review).]; and*

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

WHEREAS, the Agency has determined to undertake the processing of Subsidy Layering Reviews in connection with HUD's new subsidy layering guidelines for Section 8 Project-Based Vouchers ("PBVs") released on Friday July 9, 2010 as Docket No. FR-5417-N-01 ("Hud's SLR Administrative Guidelines") for projects utilizing or expecting to utilize low income housing credits to eliminate the duplication of Subsidy Layering Reviews conducted by a Housing Credit Agency such as the Agency and HUD in connection with PBVs by providing for the satisfaction of the Subsidy Layering review being satisfied if the Agency has conducted such a review with respect to low-income housing credits, HOME Funds and other government financing in a project and takes into consideration the provision of Section 8 PBVs in its Subsidy Layering Review analysis.

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

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

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

SECTION 3. COMPLIANCE MONITORING AGREEMENT. The Compliance Monitoring Agreement, substantially in the form attached here to as **Exhibit III**, is hereby approved. The staff and Tax Credit Counsel to the Agency are hereby authorized and directed to distribute the Compliance Monitoring Agreement for execution by owners of qualified low-income buildings which have been placed in service and for which a low-income housing credit is, or has, allowable at any time.

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

- (i) review owner certifications under Section 1.45-5(c)(1) of the Compliance Regulation for compliance with the requirements of Section 42 of the Code; and
- (ii) conduct compliance reviews with respect to low-income housing projects each year in accordance with the requirements of Section 1.42-5(c)(2) of the Compliance Regulations including, but not limited to:
 - (a) review certifications submitted under paragraph 1.45-5(c)(i) of the Compliance Regulations;
 - (b) 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 at least 20% of the project's low-income units, inspect the units and review the low-income certifications;
 - (c) at least once every three years, conduct on-site inspections of all buildings in the Project and, for at least 20% of the Project's low-income units, inspect the units and review the low-income certifications, the

documentation supporting the certifications, and the rent records for the tenants in those units; and

- (d) randomly select which low-income units and tenant records are to be inspected and reviewed by the Agency.

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

A. Notice to Owner: If the Agency does not receive the certification described in Section 1.42-5(c)(1) of the Compliance Regulations, or does not receive or is not permitted to inspect the tenant income certifications, supporting documentation, and the rent records described in Section 1.42-5(c)(2)(ii) of the Compliance Regulations, or discovers by inspection, review, or in some other manner, that the project is not in compliance with the provisions of Section 42, the staff shall give prompt written notice to the Owner within 5 business days of the nature and extent of the circumstances constituting non-compliance (including but not limited to the failure to receive the certifications described in paragraph (c)(i) of the Compliance Regulations, or the tenant income certifications, supporting documentation and rent records) and shall further advise the owner as to whether such circumstances may be corrected and the period of time within which such correction must occur (the "Correction Period.")

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

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

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

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

calendar year within which such certifications and records are received by the Agency.

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

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

SECTION 9. HUD'S SLR ADMINISTRATIVE GUIDELINES. Tax Credit Staff and/or the Agency's Tax Credit Underwriter are hereby authorized and directed to undertake Subsidy Layering Review for projects utilizing or expecting to utilize low income housing credits in accordance with HUD's SLR Administrative Guidelines. Staff and/or the Agency's Tax Credit Underwriter are further authorized and directed to deliver to HUD the Agency's notice of intent to perform Subsidy Layering Reviews for newly constructed and rehabilitated projects that will receive Section 8 PBVs and to execute such documents, forms and/or certifications as may be necessary to perform such Subsidy Layering Reviews.

SECTION 10. OTHER ACTIONS AND APPROVALS. The officers of this Board of Commissioners and the President or Vice President of the Agency are authorized and empowered to take any and all further action and to sign any and all documents, instruments and writings as may be necessary to carry out the purposes of this resolution and to file, on behalf of the Agency, with any governmental board or entity having jurisdiction over the Agency, such

applications or requests for approval as may be required by law, in accordance with the requirements of Section 147(f) of the Code.

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

YEAS:

NAYS:

ABSENT:

And the resolution was declared adopted on this, the 11th day of August, 2010.

Chairman

Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency (the "Agency"), do hereby certify that the foregoing seven (7) pages constitutes a true and correct copy of a resolution adopted by said Board of Commissioners on August 11, 2010, providing for approval of the State's Qualified Allocation Plan; and providing for other matters in connection therewith.

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 11th day of August 2010.

Secretary

(SEAL)

**LOUISIANA HOUSING FINANCE AGENCY
LOW-INCOME HOUSING TAX CREDIT PROGRAM
2010 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 2010 Qualified Allocation Plan (the "2010 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. The Agency is encouraging production in rural, emerging growth areas/cities and/or un-served parishes of the State.

It shall be the goal of this Agency and the Board, through the allocation process and provisions of this 2010 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.

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 2010 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: \$15,400,000 in 1602 funds and \$3,000,000 of HOME funds will be allocated to qualifying applications which evidences the following:
- A letter from RD supporting the development of the project as submitted.
 - Hard Debt in an amount of no less than 10% of the Total Development Costs
 - Exception to Hard Debt Requirement- Development being promoted by developer with 10 or more Rural Housing as evidenced by a certification from the Housing Authority/Agency of the State.
 - Syndication of \$10,000 in credits (Credit multiple not less than \$0.65)
 - Experience in development of Rural Projects (no less than Five (5) successful affordable housing deals with syndicator purchasing credits as evidenced by a certification from the Housing Authority/Agency of the State.
 - The Taxpayer/Applicant will be required to certify that they have paid or incurred by no later than December 17, 2010 at least 30% of the Taxpayer's total adjusted basis in land and depreciable property that is reasonably expected to be part of the low income housing project. The certification by the Taxpayer must be accompanied by an opinion of a CPA or tax attorney that the foregoing requirement has been satisfied.
4. Public Housing Agency (PHA) Pool: Ten Percent (10%) of the State's Per Capita component will be allocated to qualifying applications from Public Housing Authorities. To qualify for this pool, applicants must have the signed Certification Form from Louisiana Housing Council included in the application package and have at least 51% ownership in the project.
5. Hurricane Ike Credit Pool: \$3,070,816 of LIHTCs will be reserved exclusively for projects located in Cameron or Calcasieu Parishes.
6. GO Zone Credits Pool: At least \$200,000 and dependent on Legislation an additional amount of GO Zone LIHTCs will be reserved exclusively for projects located in designated GO Zone areas.

New or former GO Zone projects currently with a reservation of GO Zone Credits or seeking GO Zone credits must participate in this competitive round. Projects currently with GO Zone credits will be physically inspected by Agency staff on or before October 30, 2010 to determine if construction activity is commencing. Projects that have not commenced or are no longer active construction sites will be deemed in material violation of allocation and will be recaptured no later than December 1, 2010.

Balances remaining in the sub-pools (with the exception of the IKE, GO Zone, and 1602-Exchange 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 (General Credits)	\$ 5,920,000
Qualified Non-Profit/CHDO Sub-pool (10%)	\$ 740,000
PHA Sub-pool (10%)	\$ 740,000
Hurricane Ike Credit Sub-pool	\$ 3,070,816
<u>Go Zone Credit Pool (subject to additional funding)</u>	<u>\$ 200,000</u>
	\$10,600,000 (rounded)

2010 1602 Sub-Pool (Pending legislation)

C. Maximum Tax Credits

1. Project and Developer Limits: No project will be reserved Credits in excess of \$1,500,000. 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 \$1,500,000.
2. Exceptions to Project and Developer Limits:
 - a. CHDO Projects: 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 does not count toward the 10% limitation of the State's Per Capita Authority per Developer, provided that the total allocation to the for-profit partner does not exceed 15% of the State Credit Ceiling.
 - b. 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 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. Other Funding Sources

1. HOME Investment Partnership Program – The Agency has available \$3,000,000 for Rural Projects. The maximum amount of HOME funds available to a single project will be \$1,000,000.00 and be accordance with the maximum amount allowable under HUDs 221(d)(3) limits. 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 on the unpaid balance of the HOME Note combined with any other soft financing not exceeding 80% of the residual value of the project. Please note that effective January 1, 2011 HOME activities with commitments that are over 12 months old with no funds disbursed will be automatically cancelled by HUD and the funds uncommitted.

2. Tax Credit Exchange Provision **Pending Legislative approval**– Subject to further guidance from the Secretary of Treasury, taxpayers may qualify for a sub-grant of funds made available to the Agency 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 projects in the form of a non-interest bearing loan. So long as the project remains in compliance with the provisions of the Tax Credit Regulatory Agreement, a portion of the principal amount of the loan will be forgiven at the end of each year of the initial 15-year compliance period in an amount equal to one-fifteenth (1/15) (the "Forgiveness Factor") of the original principal amount of the loan. Adjustments will be made to the Forgiveness Factor if, during any calendar year, all or a portion of the project failed to satisfy the requirements of the Tax Credit Regulatory Agreement and the taxpayer would have been subject to a Form 8823 Filing with the IRS (a "Noncompliance Event"). All or a portion of the loan shall be repaid if the Agency identifies a Noncompliance Event in any year during the initial compliance period. Awards of Treasury Funds will be made to projects in accordance with their readiness to proceed. Any project receiving a sub-grant of Treasury funds must submit a revised operating budget evidencing (i) an asset management expense of five thousand dollars (\$5,000(e)) per year payable in advance that will be deposited to an asset management escrow account held by the Agency to cover the Agency's statutory obligation of

performing asset management functions and (ii) a physical needs assessment expense escrow account equal to \$5,000 that shall be available to the Agency to pay for an independent physical needs assessment (a) in the seventh (7th) year of operation and like amount in each seventh (7th) year thereafter adjusted by the Consumer Price Index from the prior seventh (7th) year balance in the case of a project constituting new construction and (b) in the fifth (5th) year of operation and like amount in each fifth (5th) year thereafter adjusted by the Consumer Price Index from the prior fifth (5th) year balance in the case of a project constituting the acquisition of buildings originally constructed more than ten (10) years prior to the date of their acquisition.

Taxpayers may qualify for a sub-award of funds made available to the agency by the Secretary of Treasury. Taxpayers receiving firm commitments from syndicators for the syndication of tax credits for multiples in excess of **TBD** cents on the dollar times 10 may be allocated credits in lieu of Treasury Grants.

To qualify for the Tax Credit Exchange Program (if available) developers must submit proof of Good Faith Syndication Solicitation. A good faith syndication solicitation may be evidenced by one of the following submissions: A) Copy of letter from taxpayer/developer to at least three (3) active syndicators requesting a commitment from such syndicators for an investment in the taxpayer's project and written response from each of such syndicators of a refusal to invest in Taxpayer's Project and/or to close within the timeline specified in the project's schedule as submitted in the Taxpayer's Tax Credit Application along with a certification from Taxpayer under penalty of perjury that no other syndicator was willing to provide a letter of intent to purchase the tax credits for the Taxpayer's Project or B) A letter of intent from a syndicator willing to invest in the taxpayer's project but only with a credit multiple of less than .80 cents for each dollar of credit time ten (10) along with a certification from the taxpayer under penalty of perjury that no other syndicator submitted a letter of intent for investing in the taxpayer's project at a credit multiple in excess of the credit multiple evidenced in the submitted syndicator letter of intent.

3. 30% Basis Bump Up Determination: Applicants may qualify for 30% Basis Bump Up if located in a Difficult Development Area (DDA) or a Qualified Census Tract (QCT).

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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 2010 Credit Ceilings must submit one original LIHTC Application with original signatures plus two (2) copies, AND three (3) identical diskettes 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 two (2) copies, 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. Three (3) complete applications along with three (3) appropriate appendixes/exhibits (in Excel format) must be submitted on official Agency approved diskettes (three diskettes required) (3.5" disk, CD, zip drive, etc.). The hard copies of the applications MUST be printed from the completed diskettes. Failure of the paper copies and the diskettes to be the same will result in disqualification. Any discrepancies noted on behalf of the Agency's Consultant or Staff will disqualify the application from further consideration. 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.

Failure to submit originally executed and/or notarized documents will result in the Application being deemed incomplete and disqualified from participating in the competitive funding round. **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 SHALL BE DISQUALIFIED

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

4:30 pm, Central Standard Time, September 17, 2010

Applications not received at the Agency on or before the deadline date shall be disqualified. 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 2010 Credit Ceiling Reservations for Competitive Applications

Estimated Competitive Application Timetable:

July 14, 2010	Board Approves Draft QAP
July 15, 2010	Statewide Publication of QAP Public Hearing Notice
July 29, 2010	Board Conducts Public Hearing on QAP
August 11, 2010	Board Adopts Final QAP- Simultaneous submission to Governor and Joint Legislative Committee on Budget (JLCB)
August 24, 2010	Application Workshop
September 17, 2010	Final Application Deadline
October 27, 2010	Preliminary Rank and Score
November 5, 2010	Begin challenge period
November 15, 2010	End challenge period
December 8, 2010	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 wire transfer, 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.

Please note that the Application Fee and Analysis Fee are due upon application submittal. The Asset Management Fee will be assessed for projects awarded 1602

Funds, currently \$27,500 for initial set up and \$5,000 annual asset fee. Credit Award Fee will be due upon execution of the Credit Reservation Letter.

1. Application 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

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. Asset Management Fee \$27,500

4. Credit Award Fee 5% of Credit Reserved

5. Annual Compliance/Monitoring Fee

The Minimum Fee will be charged based on project size. 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 1986, as amended, and regulations promulgated pursuant thereto.

Minimum Fee is as follows:

<u>Project Size</u>	<u>Minimum Fee</u>
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 Cost
 (Note: If HUD or RD Housing Assistance or other Government Assistance is provided to Project a Subsidy Layering Review is required in addition to the PIS Review)

Subsidy Layering Review	½ Analysis Fee
PIS Review	\$250.00

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 based upon information contained within the attached Selection Criteria and submit within fifty-five (55) days following the Final Application Deadline (**not later than November 10, 2010**), 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.

Challenge Period

The Agency's challenge period runs from November 5th through November 15th. During this period an applicant may challenge **in writing** the Feasibility Viability Analysis Report, Market Study Analysis and Staff's scoring. Complete challenge information (hard copy **only**) must be received by no later than 2:00 CT on November 15th for acceptance or review. E-mailed or faxed information **WILL NOT** be accepted. **Written objections during the challenge period may be based only upon the interpretation of information submitted by the Final Application Deadline.** If there is a discrepancy between the paper version of the application and the application diskette the applicant will not be allowed to supply either a new paper copy or new diskette as the discrepancy between the two media will result in immediate disqualification from competing under the QAP.

Final Rank Order

Staff will provide each developer a reconciliation of their scores and ranking by no later than close of business on Monday, December 6, 2010.

Based upon such written challenges received by no later than 2:00 CT on November 15th and staff's reconciliation as of Monday, December 6th, 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 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.
5. Minimum Score and Threshold Requirements: The qualified allocation plan for the Tax Credit Ceiling for calendar year 2010 requires that an Application evidence a minimum score of **39** 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. Waiting List: All unfunded applications meeting threshold will be placed in rank order on an Agency approved waiting list for further funding as funds become available. Waiting list shall remain active until either the next funding cycle, next QAP is drafted and approval or at such time the Board deems the waiting list not in affect.
9. Agency LIHTC Reservations: 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 or 1602 funds 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 the terms of the pertinent QAP); or otherwise in the best interests of the citizens of the State of Louisiana.

10. **Binding Arbitration:** Any and all disputes concerning, but not limited to any process, reservation, requirement, recapture procedure or other that evolves under this QAP or funding rounds or initiatives, will be resolved via binding arbitration at the expense of the developer.

E. Project Threshold 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.

Due to the current timeline, all applications must be complete upon submission. There will not be a threshold review report provided to the applicants.

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 included in the final application submitted no later than September 17, 2010.
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 Family Recovery Corps and/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 be equipped with networks to provide cable television, telephone and internet access in the living area and each bedroom. The following networks (combined or distinct) must be capable of being accessed and activated by tenants: (i) telephone network installed for 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 the actual fee incurred 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. 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.

Rehabilitation Projects are not required to adhere to the minimum Energy Efficiency requirements unless:

- (i) The physical needs assessment requires replacement of the item or
- (ii) The applicant chooses to replace an item or
- (iii) The Agency's architect, in consultation with the Agency's contracted underwriter, determines that an early replacement of an item with a more energy efficient system substantially improves the quality of life for residents with substantial benefits attributable to reduce deposits to reserves for replacement and/or reductions in operating expenses.

8. **Design Features:** All projects must meet the following design features: (1) All projects must have a 15-year or more maintenance-free exterior, such as brick, stucco, hardiplank or other fiber -cementious acceptable durable materials. Vinyl siding does not meet this requirement. Additional product may be added to this list subject to review of LHFA Architectural staff approval. (2) All projects must have at least a 25 year roof warranty (3) All projects must have at least storm windows.
9. **New construction projects** must meet new FEMA Guidelines dated 4/12/2006 or the most current available for the location of the proposed project for elevation of housing relative to Base Flood Elevation. An Architect's certification 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 Guidelines dated 4/12/2006 for elevation of housing relative to Base Flood Elevation. A flood elevation survey for the project must be submitted if it is located inside a levee protected area.
11. **Historic rehabilitation projects** must include in their submission information concerning minimum project requirements, including but not limited to Energy Efficiency requirements, Design Features, Base Flood Elevation requirements and Internet Cable requirements for consideration of applicable waivers at time of application.

F. Project Team/Developer Threshold Requirements

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 the development of public housing/affordable housing 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.

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.

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).

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 (size and type) 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 dated 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

The Agency shall 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 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;

- e. interferes with a tax credit application for which it is not an owner or Principal at a public hearing or other official meeting;
- f. has outstanding flags in HUD's national 2530 National Participation system;
- g. has been or is currently involved in any project awarded tax credits in 2007 or earlier for which either the permanent financing or equity investment has not closed;
- h. has been or is currently involved in any project awarded tax credits in 2006 or earlier for which the final cost certification requirements have not been met by December 19, 2009;
- i. has been or is currently 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;
- j. are delinquent or in default on any Agency Obligation (including but not limited to HOME repayment) as of the Final Application Date of September 17th, will be considered ineligible to receive a reservation/allocation of credits during this Funding Round;
- k. has an outstanding audit report requirement or unresolved audit deficiencies as of the Final Application Date of September 17th will be considered ineligible to receive a reservation/allocation of credits during this Funding Round. It is the developers' responsibility to contact the Agency's Audit department to ascertain any outstanding or unresolved deficiencies;
- l. has outstanding 8823's or other outstanding Compliance Violations as of September 17th will be considered ineligible to receive a reservation/allocation of credits during this Funding Round. It is the developer's responsibility to contact the Agency's Compliance Department to ascertain any outstanding or unresolved deficiencies; or
- m. are currently out of compliance with TCAP closings or 1602 Closings or project schedules on current projects at the agency will be considered ineligible to receive a reservation/allocation of credits or 1602 funds during this Funding Round.
- n. 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 2010 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 circulation in the city, town, township or municipality of the proposed development area 7 calendar 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; and,
- Total development cost including funding sources and amounts

Applicant must provide proof that he has submitted correspondence to the Mayor and appropriate local governing authority such as 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:**

<u>Unit Type</u>	<u>Bathrooms</u>	<u>Square Feet</u>
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 bath rooms 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, non-elevated)	\$175,000

New Construction/Conversions (incl. elderly, elevated)	\$225,000
Historic Rehab	\$275,000
Scattered Site	\$203,000

- c. 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 for purpose of calculating maximum qualified basis of a building or Project.
 - d. 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 the purpose of establishing the Maximum Average TDC Per Unit. 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 the sum of (i) twenty-five percent (25%) of so much of the eligible basis of the qualified low-income housing project of which it is a part does not exceed fifteen million dollars (\$15,000,000) plus (ii) ten percent (10%) of the eligible basis of such project as is not taken into account under (i) may be included in eligible basis of a building or Project.
 - e. SRO Projects: Single Room Occupancy Projects will not be subject to Maximum Average TDC Per Unit 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.
 - f. 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.
 - g. 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.
 - h. Bond Financed Projects: Bond financed projects are not subject to the Maximum Average TDC Per Unit Limits.
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.

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

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. In addition to the Certifications shown in Exhibit B, Attachments IV and V, the Applicant shall submit Architect's Certifications at each of the following three (3) stages:

1. At the time the application is submitted. The certification should outline the proposed design and construction commitments.
 2. At the time of Construction/Bid Documents are completed. The certification should verify that all the commitments outlined in the QAP and also described in the first Architect's Certification have been met.
 3. When construction is completed. The certification should verify that the project was built per QAP commitments, as well as previous Architect's Certifications.
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.
 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.
 4. Construction Progress/Schedule Form: Upon receiving a Low Income Housing Tax Credit Award, applicants are required to submit electronically, monthly, on the first day of each month, a Construction Progress/Schedule Form including AIA documents. Failure to submit or the submission of erroneous information may result in the forfeiture of the tax credit reservation.

I. Market Study and Appraisals

Agency Evaluation

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. However, developers will be required to submit the cost of the market study analysis at the time of application. 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.

The Agency is relying on the information prepared by third party market analysts and is to be held harmless by the action or inactions of the market analysts or their staffs. In addition, in the event that the applicant disagrees with the findings of the market analysts, the applicant should address its concerns in writing to the Agency during the challenge period to forward to the market analysts. If there is conflicting information in studies supplied in the same area, the applicant(s) in disagreement with the market study may request a supplemental study to be supplied by an approved market analyst of the Agency's choosing during the challenge period. The applicant(s) requesting the supplemental study will be responsible for the cost of the supplemental study.

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 market analysts contracted by LHFA will consider this document in preparing individual market studies.

LRA has commissioned a Housing Market Analysis for Orleans, Jefferson and St. Bernard Parishes. Individual market studies submitted on projects located in these parishes will be subject to the findings and recommendations of this analysis. If there are inconsistencies or discrepancies between the individual market studies and the LRA commissioned Analysis, the Agency, at the expense of the developer will order a second independent market study specifically to reconcile the two (2) studies and make the final recommendation to the Agency.

The Agency has the right to request additional or further analysis based upon market anomalies. The cost of any additional market studies to reconcile data will be at the developer's expense. Prior to ordering the additional market study, the Agency will notify the developer and of the cost involved.

Due to the timeline of the Funding Round, the Agency will not allow a project to restructure (i.e. change the bedroom configuration, rent structure, elderly to family, etc) during the competitive cycle, once the application has been submitted, based upon the results of the Market Study. Please note that the Agency will require that the analyst simultaneously send to the developer, the underwriter and the Agency a copy of the market study – such submission to the developer will therefore precede Agency review.

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

Project Evaluation

Market studies ordered by the LHFA 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.

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

The following five (5) criteria are **threshold requirements** for inclusion in all market studies:

- 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.
- v. The project's ability to meet housing demand established in LHFA's Housing Needs Assessment

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

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. Color photographs of the site and neighborhood, a map clearly identifying the location of the project and the closest transportation linkages, shopping, schools, medical services, public transportation, places of worship and other services such as libraries, community centers, banks, etc.
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 including a discussion of the Local/community perspective of rental housing market and housing alternatives
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.
 - 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 or 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 its 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 Family Households:** 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.
13. **Appraisals: For rehabilitation projects** 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.
14. **Sources for Data:** Market analysts must clearly define all sources for data.
15. Information contained in the report must adhere to standard FHA/HUD Guide on Market Studies.

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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 within twelve (12) months of the date of the allocation. In anticipation of the award announcement on December 8, 2010, a taxpayer will be required to deliver to the Agency the Carryover Allocation Agreement specifying the date within the 2011 calendar year that the actual basis of the project will satisfy the Ten Percent (10%) Basis Exception Requirement.

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

3. The Management Company of record for the project will be required to provide to the Agency, electronically, through an Agency approved medium any changes in contact information as well as but not limited to information on number of vacancies and unit mix.

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 via certified US Mail, of any occurrence of a material change in a project. Such notifications must be sent to: Louisiana Housing Finance Agency; Attn: Tax Credit Manager, 2415 Quail Drive, Baton Rouge, LA 70808. 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.** A material change will be governed by Reasonable Man

- (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 cancellation 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 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, which has not been previously approved by the Agency's Board of Commissioners 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 or a change that a Reasonable Man would determine to materially change the project, the following penalty shall apply:

The developer shall select a substitute benefit or enhancement identified in the selection criteria in the QAP of equal or greater point value, Agency staff 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.

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 or by the Reasonable Mans Standard, 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's Board of Commissioners 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.

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 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, and;
- (v) If additional credits are available, and additional soft costs have been incurred in the defense of housing discrimination, these costs may be included in the feasibility/viability analysis in an amount not to exceed the actual cost and the amount that the Agency has currently available and subject to underwriter and agency review.

J. 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.

K. 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.

L. 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.

M. 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. All requests must be submitted via certified US Mail. Such requests must be sent to: Louisiana Housing Finance Agency; Attn: Tax Credit Manager, 2415 Quail Drive, Baton Rouge, LA 70808. Exceptions to the QAP will be reviewed by staff on a case by case basis. The request should include a clear statement from 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 of receipt, the requester will receive a "Receipt of Acknowledgement" via e-mail 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.

Notwithstanding the foregoing, the submittal of information does not guarantee that the matter will be created as an action item. Item may appear under other business.

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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 daily living available 24 hours a day; chore services, age and ability appropriate social and recreational activities, assistance with meals, medication administration assistance, coordination/provision of transportation, housekeeping and laundry 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 Standards for ARCP development.

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.

AMEC MODEL – The Asset Management Electronic Model to be used for performing Asset Management functions in connection with 1602 or TCAP awarded projects.

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) family counseling facilities, 5) gates accessible only with ID or other device and 6) 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). ***Amenities that are constructed in one phase of a multiple phase project qualify as an amenity in all subsequent phases of such project.***

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.

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 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 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 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.

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, Madison, Morehouse, Ouachita, Pointe Coupee, Richland, Tensas, West Carroll.

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, (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 or qualified non-profit organization 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.

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 \$6,000 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 included under the Fair Housing Act determined to be Elderly Housing.

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 and 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 less 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.

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.

FEDERALLY ASSISTED BUILDING: Any building which is substantially assisted, financed or operated under Section 8 of the United States Housing Act of 1937, Section 221(d)(3), 221(d)(4)

or 236 of the National Housing Act, Section 515 of the Housing Act of 1949, or any other housing program administered by the Department of Housing and Urban Development or by Rural Housing Service of the Department of Agriculture.

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 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 current assessment of the State's housing posted on the Agency's website at www.lhfa.state.la.us.

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.
- (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 compensation 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

provided, however that the purchase price of land shall not include any appreciated value above the price paid for such land by the Developer or by any other entity related to the Developer or by any entity in which the Developer had an ownership interest within the ten (10) year period immediately preceding the sale of the land to the Taxpayer.

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

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: Project has local governmental support 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.

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;
- Change of development location (site change);
- Deletion or change of resident amenities and/or services such as activity centers, children centers, community centers, computer rooms, laundry rooms, etc.;
- Changes in residential unit design that increases or decreases by 10% or greater the number of units, unit mix, square footage of each unit, etc.;
- A 10% or greater change in the total number of structures;
- Change in the type and quality of construction materials, as well as mechanical and/or electrical systems that result in a 10% or greater change of the total construction cost;
- Delays in project schedule or benchmark dates in excess of 180 days, and,
- Notwithstanding the foregoing, any change that a reasonable man would determine to materially change the project.

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.

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 be 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 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.

PERMANENT SUPPORTIVE HOUSING PROJECT: A Project in which between Twenty-five percent (25%) and fifty percent (50%) 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. A minimum of the units designated as permanent supportive housing units will be either efficiencies or one bedroom units.

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.

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 Date following 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.

REASONABLE MAN STANDARD: Standard in which a prudent person would have acted or would have been expected to have acted, based upon all objective facts and circumstances, in the same manner.

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.

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 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.

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.

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.

STATE ASSISTED BUILDING: Any building which is substantially assisted, financed or operated under any State law similar in purpose to any of the laws referred to in the definition of Federally-Assisted Building.

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 CONVERSION: Any rehabilitation in which Hard Costs equal or exceed \$20,000 per unit.

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 and money management
- Providing opportunities for social support and 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-forma 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
- 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)

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; (iv) Deferred Developer Fee, and (v) 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.

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: Parish designated as such by the Governor's Office.

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 – Deleted pending Legislative Updates

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.

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

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).
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.

I. Construction Compliance and Monitoring Criteria for Syndicated Tax Credit Transactions

Construction documents

Not more than 45 days prior to the commencement of construction the applicant must submit to the agency the following:

- Complete plans and specifications in electronic PDF format.
- Construction contract, complete with timeline and schedule of values. The Agency recommends the use of AIA Document 101.
- Certification by Architect of plans and specifications.

The Agency shall review the plans and specifications for compliance with minimum threshold requirements selection criteria requirements and applicable minimum building codes. Within 30 days of receipt, the Agency will notify developer if there are of any concerns or the need for clarity. Notwithstanding the Agency review, the applicant remains responsible and accountable for compliance with applicable IRS and LHFA rules and regulations.

Building permits

Copies of all building permits shall be submitted to the Agency when available. Should building permits not be available at the start of construction the applicant may submit a "will issue" letter from the local jurisdiction stating that building permits will be issued once certain requirements are met.

Construction monitoring and compliance

The Agency will make periodic site inspections during the course of construction to verify conformance with the plans and specifications Ad selection criteria requirements.

The applicant shall submit to the Agency the following:

Notice to Proceed

Monthly application for payment certified by the Architect and/or project manager and the applicant. The Agency recommends the use of AIA Document G702 and G703. The submission of monthly applications for payment is intended for monitoring progress and does not require Agency approval to release payment.

A copy of all change orders to monitor changes to the plans and specifications and the schedule of values. All change orders shall be submitted with monthly applications for payment. The Agency recommends the use of AIA Document G701. The Agency shall not have the authority to approve change orders, but will review change orders to ensure compliance with minimum

threshold and selection criteria requirements. The Agency shall immediately notify the applicant if it determines that the change orders submitted conflicts with the minimum threshold or selection criteria requirements.

The Agency shall notify the applicant, in writing, of any scheduled inspections and the applicant must have a representative present during such inspection. During each scheduled inspection the Agency shall verify compliance with the plans and specifications, minimum threshold requirements, and selection criteria requirements. The Agency will notify the applicant immediately upon discovery of alleged non-compliance and request that the applicant take appropriate corrective action.

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).

II. Construction Compliance and Monitoring Criteria for 100% Exchange Funded Transaction

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.

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).
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.

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 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 G709*.

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.

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. Architect's 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 tax, 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, adaptive reuse and or rehabs in which the Agency's architect, in consultation with the Agency's contracted underwriter, determines that such standards may be applied to produce substantial benefits attributable to reduce deposits to reserves for replacement and/or reductions in operating expenses. 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, state, 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. 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 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.
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.
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. Bedrooms are to have adequate closet space, and at least one window which comply 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'
6. 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.
7. All bath areas to have moisture resistance gypsum board.
8. 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.
9. Lever style hardware shall be provided on all interior and exterior doors of all handicap equipped units.
10. Handicap equipped units shall be provided with a shower and fixtures that meet all ADA requirements.
11. 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.

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 I

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
- 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

D. REAL ESTATE DOCUMENTS:

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

E. 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

F. 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

G. 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

H. 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 _____, 2010

I. 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


ATTACHMENT II

Guidelines for Temporary Construction Signage of LHFA-financed Projects

Signage should adhere to the following guidelines:

PROJECT TITLE	
APPLICANT/DEVELOPER	
ADDRESS/CONTACT INFO	
ARCHITECT/ENGINEER	
OTHER CONSULTANTS	
GENERAL CONTRACTOR/DESIGN BUILD CO.	
(second line)	
Financed by:	LOUISIANA HOUSING FINANCE AGENCY "The American Dream. Louisiana's Dream. Our Dream For You"

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

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

ATTACHMENT III

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 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: _____

DRAFT

ATTACHMENT IV

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

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)

APPLICABLE

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

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: _____

DRAFT

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 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."

Liquidated Damages -- A provision in a construction contract stipulating the amount of damages recoverable in the event of a specified breach of contract (e.g. late performance).

Notice to Proceed -- Written communication issued by the Applicant or Developer to the General Contractor authorizing to proceed with the work stipulated in the construction contract; thus establishing the date of commencement of work.

Payment Bond – A bond of the General Contractor in which a surety guarantees that the General Contractor will pay for labor and materials used in the performance of the construction contract. The claims under the bond are those having direct contract with the General Contractor or subcontractor(s). Sometimes referred to a “Labor & Material Payment Bond

Performance Bond – A bond of the General Contractor in which a surety guarantees that the construction work will be performed in accordance with the Contract Documents.

Project Manager – An individual or entity that administers a construction project by acting as the Applicant’s agent. Some of the duties include review and approval or denial of payment applications, review and reporting of construction progress, and evaluation and approval or denial of proposed changes. For most construction projects, the Architect is also the Project Manager. Sometimes referred to as the Construction Manager.

Property -- The real estate and all improvements thereon which are the subject of the Application (including all items of personal property affixed or related thereto), whether currently existing or proposed to be built thereon in connection with the Application.

QAP – Qualified Allocation Plan.

Retainage – A sum withheld from progress payments to the General Contractor by the Applicant in accordance with contractual terms.

Schedule of Values – A statement furnished by the Applicant to the Agency reflecting the portions of the construction contract sum allotted for the various parts of the work and used as the basis for reviewing the General Contractor’s application for payments.

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.

Universal Design -- The design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design.

DRAFT

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

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 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);
- (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 state 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)).

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, and then 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

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, securely onsite, 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.

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. The Agency has the right to inspect a project at any time as it deems necessary.

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.

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:

<u>Project Size</u>	<u>Minimum Fee</u>
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 1986, 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.

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.

SECTION 11. Notification Provision. The Owner is solely held responsible in notifying the Agency of any type of adverse action to the project that may arise. In case of natural disaster and/or man made occurrence immediate notification is to be made by certified mail with a reasonable time period (after verbal notification by phone). In the case of a sale, transfer, assumption, dation en payment or any other legal notification to include but, not limited to foreclosure notice, notice of default, notice of condemnation or lis pendens concerning the project, individual or corporate ownership interest of project, and/ or stockholder interests. The Agency must be notified via certified mail within 48 hours of the developer receiving notices.

The Agency must approve any and all types of changes to ownership including sales, transfers, assumptions or assignments thereof. Documents being sent to the Agency for approval & review concerning sales, transfers and/or assumptions or assignments will be submitted 45 days prior to closing and/or transfer dates. Failure to follow this process will lead to the issuance of an 8823.

LOUISIANA HOUSING FINANCE AGENCY

PRESIDENT _____

(Name of Owner)

By: _____
Title: _____

Dated: _____, 200__

EXHIBIT C
FINANCIAL CERTIFICATION
HAS BEEN SUBMITTED AND APPROVED BY THE AGENCY

EXHIBIT D**TENANT INCOME CERTIFICATION**

Property Name: _____ Unit # _____
 (Transfer from Unit # _____)
 Tax Credit #: _____ HOME #: _____ FDIC#: _____

Effective Date: _____

PART I: HOUSEHOLD COMPOSITION AND INCOME*(To be completed by owner/manager)*

Ending Date: _____

A. Household Composition - (List all members in household including minors)

1. Name (Last, First)	Age	2. Total # of Persons in Household	3. (For LIHTC Properties Only) # of Full-Time Students in Household
A. _____	_____		
B. _____	_____		
C. _____	_____		
D. _____	_____		

If Box 2 = Box 3, then student certification must be attached

B. Asset Information

Household Member	Asset Description	Total Cash Value	Income from Assets
A.			
B.			
C.			
D.			
4. Total Net Value of Assets		4. \$	
5. Total Actual Asset Income			5. \$
6. If line 4 is greater than \$5,000, multiply line 4 by passbook savings rate and enter result here; otherwise, leave blank. Passbook savings rate = _____%			6. \$

C. Annual Income Information

Household Member	a. Wages / Salaries	b. Benefits / Pensions	c. Public Assistance	d. Other Income	e. Asset Income
A					Enter the greater of lines 5 or 6 in Box e.
B					
C					
D					
7. Totals	a.	b.	c.	d.	e.

8. Enter total of items 7a. through 7e. This is Annual Income.	8. \$
--	-------

WARNING: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of a federal agency.

Unit #: _____
Household Name: _____
Annual Income: _____

PART II: HOUSEHOLD CERTIFICATION

I/We certify that the information presented in Part I of this form is true and complete to the best of my/our knowledge and belief. I/We consent to the disclosure of such information to the Federal or State agency with oversight of the program(s), and to the Louisiana Housing Finance Agency in its capacity to monitor the property's compliance with applicable program requirements. I/We understand that this certification is part of the application process and does not guarantee occupancy.

(Signature - Head of Household) *(Date)* _____
(Signature - Co-Head of Household) *(Date)*

(Signature - Household Member over 18) *(Date)* _____
(Signature - Household Member over 18) *(Date)*

PART III: ELIGIBILITY DETERMINATION

A. Type of Certification

Initial Certification Recertification

B. Applicable Programs and Income Status

Mark the program(s) listed below (a. through d.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

<p>a. LIHTC <input type="checkbox"/></p> <p><i>Income Status</i></p> <p><input type="checkbox"/> Income Eligible</p> <p> <input type="checkbox"/> ≤ 50% AMI</p> <p> <input type="checkbox"/> ≤ 60% AMI</p> <p><input type="checkbox"/> Over Income**</p>	<p>b. HOME <input type="checkbox"/></p> <p><i>Income Status</i></p> <p><input type="checkbox"/> ≤ 50% AMI</p> <p><input type="checkbox"/> ≤ 60% AMI</p> <p><input type="checkbox"/> ≤ 80% AMI</p> <p><input type="checkbox"/> Over Income**</p>
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** Upon recertification, this household was determined to be over-income according to the eligibility requirements of the program(s) marked above.

C. Unit Information

a. Tenant Paid Rent: _____	b. No. of Bedrooms: _____
c. Housing Assistance Payment: _____	d. Move-in Date: ____/____/____
e. Utility Allowance (U.A.): _____	f. Source of U.A.: <u>PHA/RD/HUD/Local Est.</u>

PART IV: OWNER CERTIFICATION

I have verified the information presented in Part I of this form is in accordance with the requirements of the programs(s) marked in Part III-B and the provisions of any applicable deed restrictions. I possess the documentation necessary to support this certification/recertification. To the best of my knowledge, the information presented on this form is complete and accurate.

(Signature of Owner or Authorized Representative) *(Date)*

(Printed Name) *(Printed Title)*

WARNING: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of a federal agency.

Supplement to Tenant income Certification

Unit #: _____
Household Name: _____

- | | | |
|----|-------------|-----------------------|
| 1. | _____ – Age | _____ – Special Needs |
| 2. | _____ – Age | _____ – Special Needs |
| 3. | _____ – Age | _____ – Special Needs |
| 4. | _____ – Age | _____ – Special Needs |
| 5. | _____ – Age | _____ – Special Needs |
| 6. | _____ – Age | _____ – Special Needs |

The following Special Needs codes should be used:

- D – Physical and/or Mental Disability
- E – Elderly
- F – Family Size
- G – Elderly/Handicapped
- H – Other

**LOW-INCOME HOUSING TAX CREDIT
CERTIFICATION OF STUDENT ELIGIBILITY**

Unit #: _____ Household Name: _____
--

If all members of the household are full-time students, then the owner/manager must complete this form and obtain verification to document the household's eligibility under LIHTC regulations.

STATEMENT OF APPLICANT/RESIDENT

In the household to occupy this unit, *(Check the true statement(s))*:

- A. all members of the household are married and file a joint tax return. (Note: Members of the household do not need to be married to each other.
- B. the household consists of single parent(s) and their minor child, and both the parents and children are not dependents of a third party.
- C. at least one member of the household receives assistance under Title IV of the Social Security Act (i.e., AFDC/TANF assistance).
- D. at least one member of the household is enrolled in a job training program receiving assistance under the Job Training Partnership Act (JTPA), or similar federal, state, or local laws.
- E. none of the 4 exceptions listed above is applicable.

I/We hereby certify that the statement above is true and complete to the best of my/our knowledge.

(Signature of Applicant/Resident) *(Date)*

(Signature of Applicant/Resident) *(Date)*

(Printed Name)

(Printed Name)

TO BE COMPLETED BY PROPERTY OWNER/MANAGER:

- The unit may be eligible if all other Tax Credit eligibility requirements are met (Item A, B, C, or D applies).
- The unit is not eligible (Item E applies).

I have verified and possess documentation supporting the applicant/resident's statement. I am aware of nothing that would cause me to believe that this information is inaccurate.

(Signature of Owner or Authorized Representative)

(Date)

(Printed Name)

(Printed Title)

WARNING: Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to willfully falsify a material fact or make a false statement in any matter within the jurisdiction of a federal agency

TENANT INCOME CERTIFICATION INSTRUCTIONS

PART I – HOUSEHOLD COMPOSITION AND INCOME

A. Household Composition

In Box 1, list each occupant of the household, including minors, and their ages.

In Box 2, enter the total number of persons in the household.

In Box 3, if your property has Tax Credits, enter the number of full-time students in the household. If the number of full-time students equals the total number of persons in the household, complete the Low- Income Housing Tax Credit Certification of Student Eligibility (page 4).

B. Asset Information

For each household member listed in PART I-A, Item 1, describe each asset, the cash value of each asset and the income, if any, from each asset, with the alphabet corresponding with person's name. (See Attachment C for Asset Inclusions and Exclusions).

In Box 4, enter the net value of all assets.

In Box 5, enter the asset income.

In Box 6, if Box 4 is greater than \$5,000, multiply by passbook saving rate of 2.0 and enter results. If not, then leave Box 6 blank.

C. Annual Income Information

For each household member listed in PART I-A, Item 1, enter the total anticipated income of each member, with the alphabet corresponding with person's name. (See Attachments A and B for Income Inclusions and Exclusions).

In Box 7a through 7e, enter the total of each income type.

In Box 8, enter the total of Box 7a through 7e. This is Annual Income.

PART II – HOUSEHOLD CERTIFICATION

The head of household, co-head, if any, and each household member age 18 or older must certify that the information provided in PART I is complete and accurate by signing and dating the TIC. For move-ins, it is recommended that the TIC be signed no earlier than 5 days prior to the effective date of the certification.

PART III – ELIGIBILITY CERTIFICATION

In Box A, indicate if certification is initial or a recertification.

In Box B, mark the programs for which the unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

In Box C, Item a, enter the amount of rent paid by the tenant. In Item b, enter the number of bedrooms in the unit. In Item c, enter the amount of the Housing Assistance Payment. In Item d, enter the move-in date. In Item e, enter the amount of the utility allowance. In Item f, circle the source of the utility allowance.

PART IV – OWNER CERTIFICATION

The owner or an authorized representative must certify that information presented in PART I is in accordance with requirements of the programs indicated in PART III-B and the provisions of any applicable regulatory agreements, that they possess the necessary documents to support the certification/recertification and that the information presented is complete and accurate, to the best of their knowledge by signing and dating the TIC immediately following execution by the resident(s).

Supplement to Tenant Income Certification

This information is optional. However, if the property provides "Special Needs" housing, indicate the age of the tenant and the special needs category, which is applicable. This will aid in monitoring compliance with Special Conditions of the regulatory agreement.

CERTIFICATION OF STUDENT ELIGIBILITY

If PART I -A Box 2 and Box 3 are equal, you must complete this form. Follow the instructions as indicated.

ATTACHMENT A
LIHTC INCOME INCLUSIONS

Note: This list of inclusions and exclusions to annual income is based on the HUD 4350.3 handbook and includes updates through Change 27

- (1) Interest, dividends and other income from net family assets (including income distributed from a non-revocable trust).
- (2) The gross amount (before any payroll deductions) of wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services of all adults in the household (including persons under the age of 18 who are the head, spouse or co-head). Include salaries received from a family owned business.
- (3) Net income, salaries, and other amounts distributed from a business.
- (4) The gross amount (before deductions for Medicare, etc.) of periodic social security payments. Include payments received by adults on behalf of individuals under the age of 18 or by individuals under the age of 18 for their own support.

NOTE: If the Social Security Administration is reducing a family's benefit to adjust for a prior overpayment, count the amount that is actually provided after the adjustment.

- (5) The full amount of annuities, insurance policies, retirement funds, pensions, disability, or death benefits and other similar types of periodic receipts, (e.g. Black Lung Sick Benefits, Veterans Disability, Dependent Indemnity Compensation (widow of a killed in action service man). Count the total amount received. Do not reduce the amount by any amounts the individual previously paid into the account in order to receive the pension, annuity or insurance policy.
- (6) Delayed periodic payments received because of delays in processing unemployment, welfare or other benefits. These are payments that would have been paid periodically, but were paid in a lump sum because of circumstances such as processing delays. (but see exclusion 17)
- (7) Payments in lieu of earnings, such as unemployment and disability compensation, workers compensation and severance pay. Any payments that will begin during the next 12 months must be included.
- (8) Welfare assistance. (e.g. Aid to Families with Dependent Children)
- (9) Alimony and child support received by the household.
- (10) Recurring monetary contributions or gifts regularly received from persons not living in the unit. Except, exclude from annual income monetary contributions that are paid directly to a childcare provided by persons not living in the unit. Also, exclude gifts of groceries.
- (11) Relocations payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
- (12) Actual income distributed from trust funds that are not revocable by or under the control of any member of the tenant family.

NOTE: Even if the family assets exceed \$5,000, use the actual income distributed from the irrevocable trust.

- (13) All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the Family, spouse, or other person whose dependents are residing in the unit (but see exclusion 12).

ATTACHMENT B
LIHTC INCOME EXCLUSIONS

- (1) Meals on wheels or other programs that provide food for the need, groceries provided by persons not living in the household; and amounts received under the School Lunch Act and the Child Nutrition Act of 1966 (including reduced lunches and food under the Special Supplemental Food Program for Women, Infants and Children (WIC).
- (2) Amounts paid by the State agency to a family with developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home.
- (3) Grants or other amounts received specifically for:
 - a. Medical expenses (including Medicare premiums paid by an outside source)
 - b. Set aside for use under a Plan to Attain Self Sufficiency (PASS) and excluded for purposes of Supplemental Security Income (SSI) eligibility.
 - c. Out of pocket expenses for participation in publicly assisted programs. Such amounts must be made solely to allow participation in these programs. These expenses include special equipment, clothing, transportation, childcare, etc.
- (4) The full amount of student financial assistance either paid directly to the student or to the educational institution. (This includes scholarships, grants, fellowships and any other kind of student financial assistance.) It does not matter what the assistance is actually used for.
- (5) Earnings in excess of \$480 for each fulltime student 18 years of age or older (excluding the head of household, co-head and spouse).
- (6) Adoption assistance payments in excess of \$480 per adopted child.
- (7) Income of a live-in aide.
- (8) Payments under Section 8 of the United States Housing Act of 1937 or any comparable rental assistance program.
- (9) Loans (e.g. personal loan). But, business loans are not excluded.
- (10) Temporary, nonrecurring or sporadic income (e.g. gifts, census takers income from the Feral Bureau of the Census).
- (11) Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling.
- (12) The special pay to a Family member serving in the Armed forces who is exposed to hostile fire (e.g. in the past, special pay included Operations Desert Storm).
- (13) Amounts received under training programs funded by HUD (Comprehensive Improvement Assistance Program, Training received under Section 3).
- (14) Compensation from State or local employment training programs and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for a limited period as determined in advance under the program by the state or local government.
- (15) A resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to fire patrol, hall monitoring, lawn maintenance and resident initiative coordination. No resident may receive more than one stipend during the same period of time.

- (16) Reparation payment paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era. Examples include payments by the German and Japanese governments for atrocities committed during the Nazi era.
- (17) Deferred periodic payments of supplemental security income and social security benefits that are received in a lump sum payment.
- (18) Payments received for the care of foster children or foster adults. (Foster adults are usually adults with disabilities who are unrelated to the tenant family, and are unable to live alone).
- (19) Amounts that are received on behalf of someone who does not reside with the family as long as the amounts:
 - a. are not intermingled with the family's funds, and
 - b. are used solely to benefit the person who does not reside with the family.
- (20) Recurring monetary contributions that are paid directly to a childcare provider by persons not living in the unit.
- (21) Income excluded by Federal Statute:
 - a. The value of the allotment provided to an eligible household under the Food Stamp Act of 1977.
 - b. Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Seniors Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions)
 - c. The Following income:
 1. Interest of individual Indians in trust or restricted lands, and the first \$2,000 per year of income received by individual Indians that is derived from trust or restricted lands.
 2. Payments received under the Alaska Native Claims Settlement Act.
 3. Payments from certain sub marginal U.S. land held in trust in certain Indian tribes.
 4. Payments from the disposal of funds of Grand River Bank of Ottawa Indians.
 5. The first \$2,000 of per capita shares received from judgments awarded by the Indian Claims Commission or the court of Claims or from funds the Secretary of Interior holds in trust for an Indian tribe.
 - d. Payments, rebates or credits received under Federal Low Income Home Energy Assistance Programs. Includes any winter differentials given to elderly (e.g., Department of Health and Human Services Low Income Home Energy Assistance Program).
 - e. Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for native Americans and migrant and seasonal farm workers, Job Corps, veterans, employment programs, State job training programs, career intern program, AmeriCorps).
 - f. Payments received under Title V of the Older Americans Act (Green Thumb, Senior Aides, Older American Community Service Employment Program).
 - g. Payments received after January 1, 1989 from Agent Orange Settlement fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation.
 - h. Payments received under the Maine Indian Claims settlement Act of 1980.
 - i. Any earned income tax credit to the extent it exceeds income tax liability.
 - j. The value of any childcare provided or arranged (or any amount received as payment for such care reimbursed for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990. Participating families may either pay a reduced amount based on a sliding fee scale or they may receive a certificate for child care services.

C. ASSET INCLUSIONS AND EXCLUSIONS

A. ASSETS INCLUDE:

1. Amounts in savings and average six month balance in checking accounts.
2. Stocks, bonds, savings certificates, money market funds and other investment accounts.
3. Equity in real property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.
4. The cash value of trusts that are available to the household.
5. IRA, Keogh and similar retirement savings accounts, even though withdrawal would result in a penalty.
6. Contributions to company retirement and/or pension funds that can be withdrawn without retiring or terminating employment.
7. Assets, which although owned by more than one person, allow unrestricted access by the applicant.
8. Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims.
9. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
10. Assets disposed of for less than fair market value during two years preceding certification or recertification.

B. ASSETS DO NOT INCLUDE:

1. Necessary personal property, except as noted in A 9.
2. Interest in Indian trust lands.
3. Assets that are a part of an active business or farming operation.

NOTE: Rental properties are considered personal assets held as an investment rather than business assets unless real estate is the applicant's or tenants main occupation.

4. Assets not accessible to the family and which provide no income for the family.
5. Vehicles especially equipped for the handicapped.
6. Equity in owner-occupied cooperatives and manufactured homes in which the family lives.

REMINDER

Count as income:

1. If cash values of households' assets total \$5,000 or less, use the actual income from assets.
2. If the cash value of a households assets total more than \$5,000, use the greater of:
 - a) actual income from assets; or
 - b) total assets x passbook rate.

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 noncompliance 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

WHEREAS, final regulations relating to (i) the requirement that State allocation plans provide a procedure for the Agency to monitor for any compliance with the requirements of §42 of the Code, (ii) how the Agency is to report any noncompliance 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 26 CFR, part 1 (the "Compliance Regulations"); and

IX

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

- A. Recordkeeping and Record Retention Provisions;
- B. Certification and Review Provisions;
- C. Inspection Provisions; and
- D. Notification of Noncompliance Provisions.

X

WHEREAS, pursuant to the Recordkeeping 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 rent 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 Omnibus Budget 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;
- (vii) documentation to support each low-income tenant's income certification, for example, verifications of income from third parties such as employers or state agencies paying unemployment compensation, a copy of the tenant's federal income tax return or Forms W-2. [Tenant income is calculated in a manner consistent with the determination of annual 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.];
- (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 the use of the facilities, or facilities reasonably required by the project); and

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;
 - (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 for a public housing authority described at 26 CFR 1.42-5(b)(1)(vii);
- (iii) each low-income unit in the project has been rent-restricted under Section 42(g)(2) of the Code;
- (iv) all units in the project are were for use by the general public and used in a non-transient basis (except for transitional housing for the homeless provided under §42(i)(3)(B)(iii);
- (v) each building in the project is suitable for occupancy, taking into account local health, safety, and building codes;
- (vi) there has been no change in the eligible basis (as defined in Section 42(d) of the Code) of any building in the project since last certification submission, or if there were 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);
- (vii) all tenant facilities included in the eligible basis under §42(d) of the Code of any building in the project, such as swimming pools, other recreational facilities, parking areas, were provided on a comparable basis without charge to all tenants in the buildings;
- (viii) if a low-income unit in the project became vacant during the year, reasonable attempts must be made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income;
- (ix) if the income of tenants of a low-income unit in the project increased above the limit allowed in §42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size was or will be rented to residents having a qualifying income; and
- (x) an extended low-income housing commitment as described in §42(h)(6) was in effect (for buildings subject to §7108 (c)(1) of the Revenue Reconciliation Act of 1989).

XIII

WHEREAS, pursuant to the Review provisions of §1.42-5(c)(2), the Agency has determined to require the owners of all low-income housing projects to submit to the Agency each year information on tenant income and rent for each low-income unit and has determined to require owners of at least 20% of low-income housing projects to submit to the Agency for compliance review a copy of the annual income certification, the documentation the Owner has received to support that certification and the rent record for each low-income tenant in at least 20% of the low-income units in their projects; and

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 §1.42-5(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 buildings in the project; and

XVI

WHEREAS, pursuant to the Notification of Noncompliance provisions of §1.42-5(e)(2) and (3), the Agency agrees to give notice to the Owner and 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 the provisions of §42; and

XVII

WHEREAS, pursuant to the provisions of §1.42-5(e)(4), relating to the correction period, the Owner will be permitted by the Agency to supply any missing certification and bring the project into compliance with the provisions of §42 within 45 days from the date the Agency mails a Notice of Noncompliance to the Owner; and

XVIII

WHEREAS, pursuant to the provisions of §1.42-5(g), the Owner acknowledges that compliance with the requirements of §42 is the responsibility of the Owner and the Agency's obligation to monitor for noncompliance pursuant to §42 and the Compliance Regulations does not make the Agency liable for the Owner's noncompliance; and

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 noncompliance and in notifying the IRS of such noncompliance 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. Recordkeeping by the Owner. The Owner agrees to develop and maintain, as of January 1, 1992, 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.

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 records 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 compliance period.

SECTION 6. Delivery of IRS Forms 8609. The Owner agrees to provide to the Agency a copy of IRS Form 8609 with Part II completed for each qualified low-income building for the first credit year only.

SECTION 7. Annual Compliance Monitoring Fee. The Owner agrees to submit on or before February 15th of each year the Annual Compliance Monitoring Fee constituting a minimum fee to be computed as follows:

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 1986, as amended, and regulations promulgated pursuant thereto.

<u>Project Size</u>	<u>Minimum Fee</u>
1-4 units	\$20.00
5-16 units	\$80.00
17-32 units	\$160.00
Over 33 units	*

*Minimum fee is equal to 50% of units in Project times \$10.00 or \$5.00 per unit.

The Owner further acknowledges and agrees that failure to submit the Annual Compliance Monitoring Fee will result in the Agency reporting to the IRS that the Owner has failed to respond to Agency requests for monitoring reviews and fees necessary to satisfy the Compliance Regulations.

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 or 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
Milton J. Bailey

President

Name of Owner

By: _____
(Title)

Dated: _____, _____

**Louisiana Housing Finance Agency
LIHTC - 2010 Qualified Allocation Plan
Selection Criteria**

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Selection Criteria Index Page

I. Targeted Project Type (Maximum of One)	Point Ranges
A. De-concentration Project	4-10 Points
B. Rehabilitation Project	10-20 Points
C. Redevelopment Project	6 Points
D. Abandoned Project	10 Points
E. High Vacancy Projects	2-6 Points
F. Scattered Site Project	4 Points
II. Targeted Population Type (Maximum of One)	
A. Single Room Occupancy Shelter	5 Points
B. Accessible Project	10 Points
C. Special Needs	6-10 Points
D. Lease to Own	10 Points
E. Adult Residential Care Project	3 Points
III. Priority Development Areas and Other Preferences (All That Apply)	
A. Extended Affordability Agreement	2-4 Points
B. Increased Unit Affordability	4-5 Points
C. Difficult Development Area (QCT/DDA)	2-4 Points
D. Rural Target Area (RD)	6 Points
E. Other Governmental Priority	3-6 Points
F. PHA Referrals and Sponsorship	4 Points
G. Local Government Support	2-11 Points
H. LHFA Targeted Parishes (Defined in Glossary)	10 Points
IV. Location Characteristics	
A. Neighborhood Features	0-10 Points
V. Project Characteristics	
A. Green Buildings	5 Points
B. Community Facilities	2 Points
C. Optional Amenities	1-5 Points
D. Additional Accessible Units	1-3 Points
E. Superior Design	10 Points
VI. Leverage, Efficiency and Viability	
A. Leverage for Disability Funding	3 Points
B. Actual Cash Equity Contribution	5-10 Points
C. Viability Penalty Points	Loss of 5 - 10 Points
VII. Project & Submission Penalty Points	Loss of 4 - 39 Points

SELECTION CRITERIA AND EVIDENTIARY MATERIALS

Points

I. TARGETED PROJECT TYPE (Select Maximum of One)

A. *Deconcentration Projects* (maximum of 10 Points)

(i) *Project Diversity* - Percentage of Low Income Units in Project does not exceed:
(Not Qualified for Selection Criteria in I-F Scattered Site Project and II-E Lease to Own)

- | | |
|------------------------------------|----------|
| (a) 60% of the Total Project units | 4 _____ |
| (b) 50% of the Total Project units | 8 _____ |
| (c) 40% of the Total Project units | 10 _____ |

(ii) *Geographic Diversity*: Project is located in census tract in which the median income of the census tract exceeds 120% of the area median income 6 _____

B. *Rehabilitation Project* which constitutes:

(i) Substantial Rehabilitation or Conversion: (for acquisitions only) 10 _____
• Capital Needs Assessment must evidence Substantial Rehabilitation

(ii) Rehab of Historic Property 10 _____
• Must evidence Historic Designation by SHPO

C. *Redevelopment Project* (As defined in the glossary) 6 _____

D. *Abandoned Project* 10 _____

(For Acquisitions Only - Not Qualified for Selection Criteria II-D Lease to Own)
• Submit letter from local governmental unit that all units in the Project are substandard and have been vacant for at least six months
• Capital Needs Assessment must certify 100% vacancy

E. *High Vacancy Projects* (For acquisitions only)

- | | |
|---------------------------------------|---------|
| (i) Minimum of 25% but less than 50% | 2 _____ |
| (ii) Minimum of 51% but less than 75% | 4 _____ |
| (iii) 75% or above | 6 _____ |

- Submit letter from local jurisdiction that unit has been vacant for at least 90 days and is likely to remain vacant because unit is substandard.
- Capital Needs Assessment must evidence inspection of vacant units.

F. *Scattered Site Project- Blighted housing remediation and/or replacement* 4 _____

- Submit list of each separate address and square footage and costs of each separate building.

II. TARGETED POPULATION TYPE (Select Maximum of One)

A. Single Room Occupancy Shelter

5 _____

- Submit evidence from local governmental unit or appropriate continuum of care district that project satisfies need for homeless shelter

B. Accessible Project (Not qualified for V.D Additional Accessible Units)

10 _____

- Application must include the following:

- (i) Description of Supportive Services tailored to each Special Needs Household (See Supportive Services Definitions)
- (ii) Costs per annum of Supportive Services per Special Needs 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 Special Needs Households
- (iv) Evidence of Project Based Subsidy for Handicapped Households

C. Special Needs Households other than Elderly Households and provides Supportive Services

(Check one or more)

- (i) Homeless Households _____
- (ii) Handicapped Households _____
- (iii) Tenant populations of individuals with children _____

- (a) Twenty Percent serve such households 10 _____
- (b) Ten Percent serve such households 6 _____

- Application must include the following:

- (i) Description of Supportive Services tailored to each Special Needs Household (See Supportive Services Definitions)
- (ii) Costs per annum of Supportive Services per Special Needs 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 Special Needs Households

D. Lease To Own (Section 8)

10 _____

Owner must agree to sell units at Minimum Purchase Price.

- Not eligible if executing extended use agreement

The award is subject to a transactional structure acceptable to the agency according to industry best practices that protects the expectations of tenants anticipating title transfer of their units in fee simple absolute or condo or cooperative ownership.

E. Adult Residential Care Project

3 _____

Application must include the following: 1) Proof that it provides personal care for activities of daily living and instrumental activities of daily living available 24 hours a day; chore services, age and ability appropriate social and recreational activities, assistance with meals, medication administration assistance, coordination/provision of transportation, housekeeping and laundry and intermittent nursing services. 2) Such projects must have 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 Standards for ARCP development

III. PRIORITY DEVELOPMENT AREAS AND OTHER PREFERENCES (All That Apply)

A. Extended Affordability Agreement

Project will execute agreement in which Owner irrevocably waives its rights under the provisions of I.R.C. §42(h)(6)(E) and (F) until after the (not eligible for lease-to-own projects)

- (i) 25th year 2 _____
- (ii) 30th year 3 _____
- (iii) 35th year 4 _____

*Not eligible if executing Agency’s Option to Purchase and Right of First Refusal Agreement

B. Increased Unit Affordability

At least 5% percent or more of project units serve PSH households.

- (i) At least 5% less than 10% 4 _____
- (ii) At least 10% but less than 15% 5 _____

C. Difficult Development Area (QCT/DDA)

- (i) Project Located in Qualified Census Tract/Difficult Development Area (QCT/DDA) 2 _____
Census Tract Number: _____ Parish Location: _____

- (ii) Copy of Final Concerted Community Revitalization Plan adopted by local governmental unit included in Application 2 _____

D. Rural Target Area (RD)

Copy of Final Concerted Community Revitalization Plan adopted by local governmental unit included in Application 6 _____

E. Other Governmental Priority listed below:

- (i) Enterprise Community or Renewal Community 6 _____
- (ii) HUB Zone 3 _____

F. PHA Referrals and Sponsorship

Developer submitted a certified agreement stating they will accept referrals From local PHA to which Developer agrees to rent low income units to households at the top of PHA's waiting list (See Attachment to Application for Form of Referral Agreement) 4 _____

G. Local Government Support

Local Government reduces project development costs by providing CDBG, local HOME, or other local governmental assistance/funding in the form of loan, grants, rental assistance, or a combination of these forms or by:

- Waiving water and sewer tap fees;
- Waiving building permit fees;
- Foregoing real property taxes during construction;
- Contributing land for project development;
- Providing below market rate construction and/or permanent financing;
- Providing an abatement of real estate taxes;

- Providing other project operational cost subsidies other than real cash contributions

- (i) 7% or more of total project development cost reduction 4 _____
- (ii) Greater than or equal to 4% but less than 7% of total project development cost reduction 3 _____
- (iii) 2% but less than 4% of total project development cost reduction 2 _____

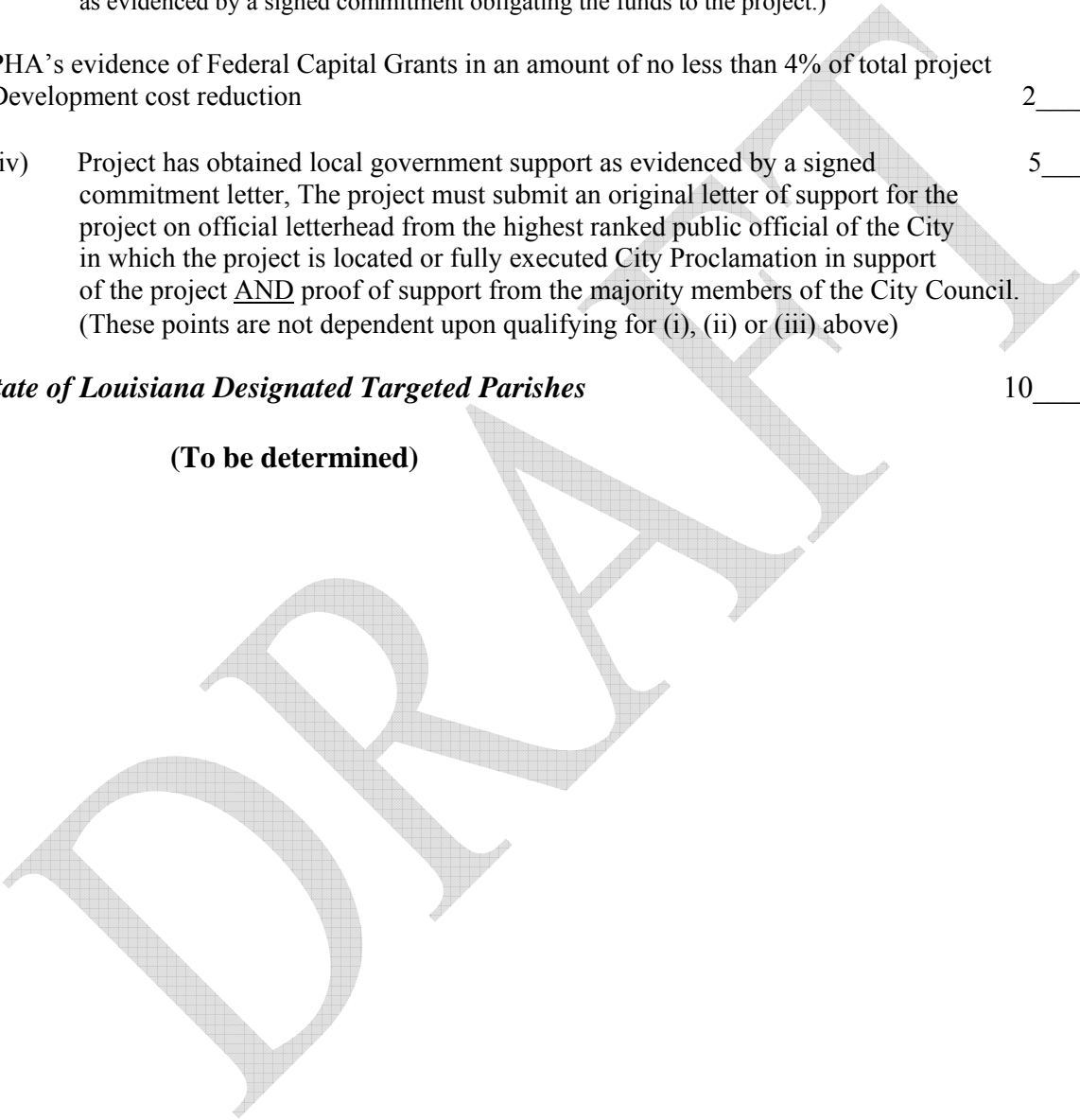
(The above referenced Local Government Funds must be actual “awarded funds” as evidenced by a signed commitment obligating the funds to the project.)

PHA’s evidence of Federal Capital Grants in an amount of no less than 4% of total project Development cost reduction 2 _____

- (iv) Project has obtained local government support 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. (These points are not dependent upon qualifying for (i), (ii) or (iii) above) 5 _____

H. State of Louisiana Designated Targeted Parishes 10 _____

(To be determined)



IV. LOCATION CHARACTERISTICS

A. Neighborhood Features

(i) Points Gained*: (maximum of 10 Points)

Points will be awarded for the following services located within the specified distance of the site. Distance will be measured by odometer from the automobile entrance of the proposed project site to the closest automobile entrance to the parking lot of the applicable service. Applicant should ensure that the service is suitable for the targeted population. Points will only be awarded for the services listed below. One Half (0.5) points will be awarded for any service listed that is located over 1 mile but is within 2 miles.

1 point <= (1) mile

Grocery Store	_____	Public Library	_____
Public Transportation	_____	Convenience Store	_____
Hospital/Doctor Office	_____	Bank/Credit Union	_____
Elementary School	_____	Post Office	_____
Pharmacy/Drug Store	_____		
Adult/Child Day Care/ After School Care	_____		

Total Positive Points _____

(ii) Points Deducted*: (No Maximum for Deductions)

(There is **no limit** on the amount of points that can be deducted for negative neighborhood services.) Five points **each** will be deducted if any of the following incompatible uses are adjacent to the site; two points **each** will be deducted if any of the following incompatible uses listed are within 1/2 mile of the site.

Junk yard/dump	_____	Pig/chicken farm	_____
Salvage yard	_____	Processing plants	_____
Wastewater treatment <i>facility</i>	_____	Industrial	_____
Distribution facilities	_____	Airports	_____
Electrical utility substations	_____	Liquor Store	_____
Prisons	_____	Solid waste disposal	_____
Adult entertainment/video/ theater	_____		

Total Negative Points _____

*The Market Study for every project must include a separate section that evidences whether the Project satisfies the positive points listed or incurs the negative points listed above. The application should not be penalized if the LHFA hired market analysis fails to include the referenced section.

V. PROJECT CHARACTERISTICS

A. Green Buildings

See Glossary for definition of "Green Building."

5 _____

B. Community Facilities (See Glossary)

(Community facilities must be consistent with definition contained in QAP)

2 _____

C. Optional Amenities

- (i) Washers and dryers are installed and maintained in every unit
- (ii) Dishwashers maintained in each unit
- (iii) Disposals maintained in each unit

3 _____

1 _____

1 _____

D. Additional Accessible Units

Accessible Units in excess of Section 504 of II C Accessible Project Rehabilitation Act of 1973 (Not Qualified for Selection Criteria II-C Accessible Project) Assume Section 504 applies to all Projects, i.e., 5% of units must be accessible for people with mobility impairments and 2% for people with hearing or vision impairments.

- (i) Number of Units: _____ = more than 8% of the total units but less than or equal to 10% of the total units
- (ii) Number of Units: _____ = more than 10% of the total units but less than or equal to 15% of the total units
- (iii) Number of Units: _____ = more than 15% of the total units

1 _____

2 _____

3 _____

- Submit number, percentage and description of construction and/or equipment provided for each Accessible Unit.
- Unit count must represent at least (1) one unit above the 504 requirement

E. Superior Design

Up to 10 points may be given for a project having Superior Design. Any developer requesting points from this category will be required to submit a \$2,000 fee for an independent architect certification. The Board will retain an AIA-certified architect to review designs and make final determination.

10 _____

VI. LEVERAGE, EFFICIENCY AND VIABILITY

A. Leverage for Disability Funding

3 _____

Leverage consists of federal or other funds for persons with disabilities:

List: _____

B. Actual Cash Equity Contribution (Investment) by Developer or other Sources (Ex. City, Municipality)

- (i) Contributions of 10% or more of TDC 10 _____
- (ii) Contributions 5% or more but less than 10% TDC 5 _____

C. Viability Penalty Points

- (i) Rehabilitation Hard Costs are less than \$20,000 per unit -5 _____
Specify Total Rehab Hard Costs: \$ _____ ÷ Number of
Units: _____ = \$ _____/unit
- (ii) Development fee exceeds 25% of hard costs for rehabilitation -5 _____

DRAFT

VII. PROJECT & SUBMISSION PENALTY POINTS

A. Any project which utilizes a condominium or division of a site for the purpose of receiving Low Income Housing Tax Credits in excess of the QAP stated maximum -15 _____

B. Any project involving repair of physical damage on which an insurance claim is made and received but applicant fails to disclose and utilize insurance proceeds in the development budget to reduce the use of Low Income Housing Tax Credits -15 _____

- Attach Insurance Certification for any Redevelopment Project (III.F.) or Rehabilitation Project (III.G.)

C. Incomplete or Missing Exhibits, Appendices or Documents -4 _____

- Does not include Required Exhibits which must be submitted by Application Deadline. Missing Required Exhibits will result in Application being rejected.

Applications for a project that will have units in more than one local government jurisdiction must provide resolutions from all jurisdictions in which there are project units.

D. Failure to properly tab appendixes in final application -5 _____

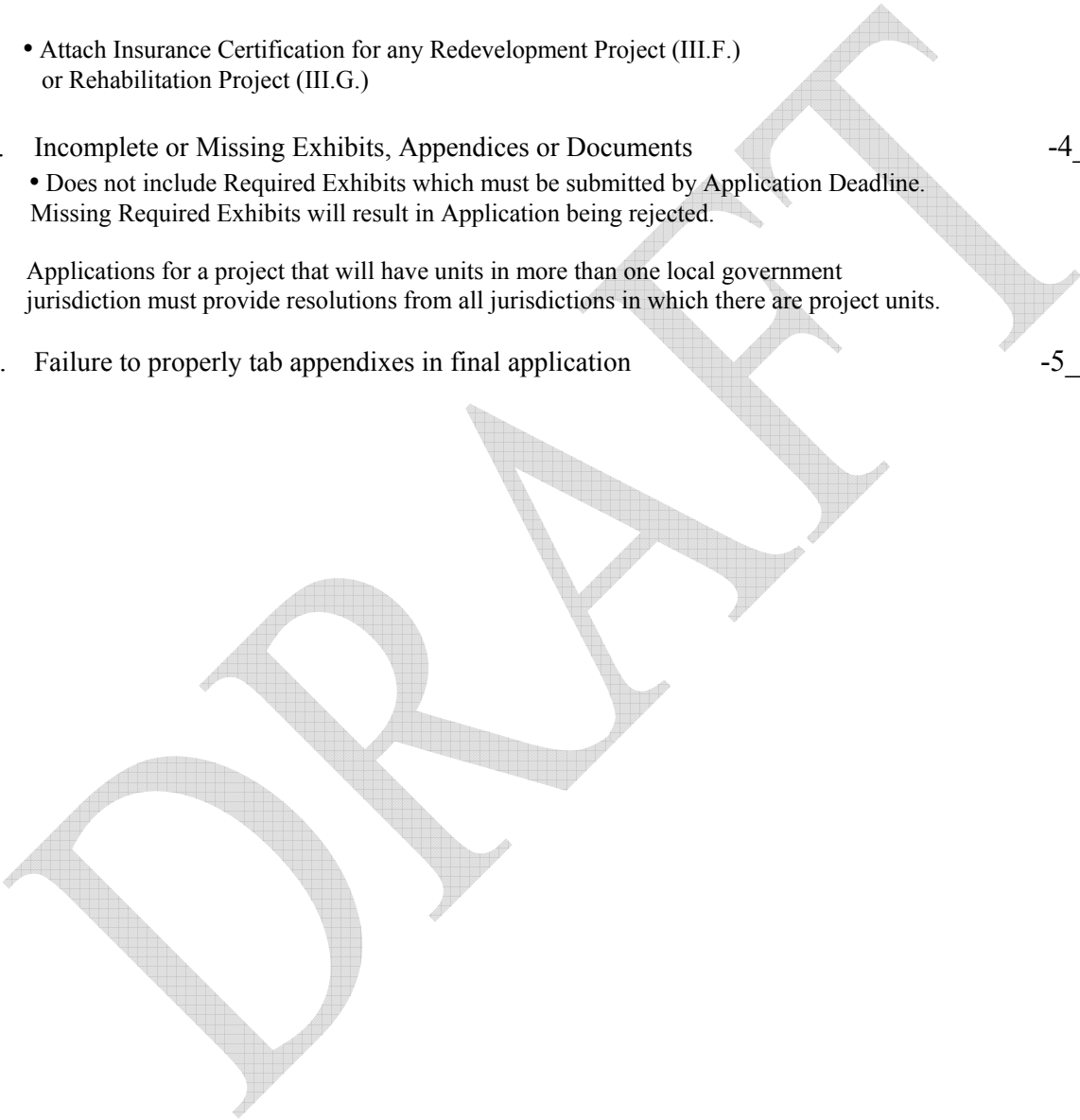


EXHIBIT A
TO COMPLIANCE MONITORING AGREEMENT
LEGAL DESCRIPTION

EXHIBIT B TO COMPLIANCE MONITORING AGREEMENT

ANNUAL OWNER'S CERTIFICATION OF CONTINUING PROGRAM COMPLIANCE

To: Louisiana Housing Finance Agency

Not Placed in Service
 Placed in Service as of _____ but elects to begin credit period in the following year. If you have checked either of the above, please complete the information in the following box, and proceed to the last page to sign and date this form

Certification Dates: From January 1, 20 _____ to December 31, 20 _____
Project Name: _____ **Project No.:** _____
Project Address: _____ **City:** _____
Tax Identification Number of Ownership Entity: _____

The undersigned, _____ in behalf of _____ (the "Owner"), hereby certifies that:

1a. The project meets the minimum requirements of: (check one)

- 20 - 50 test under Section 42(g)(1)(A) of the Code
- 40 - 60 test under Section 42(g)(1)(B) of the Code
- 15 - 40 test for "deep rent-skewed" projects under Section 42(g)(4) and 142(d)(4)(B) of the Code

1b. The project complies with the requirements for Special Set-Asides on which the allocation was based, (e.g. 30% AMI, 40% AMI, 50% AMI), as applicable.

YES NO N/A

2. There has been **no change in the applicable fraction** (as defined in Section 42(c)(1)(B) of the Code) for any building in the project:

NO CHANGE CHANGE

If there were a change, the applicable fraction to be reported to the IRS for each building in the project for the certification year:

<u>Building ID Number</u>	<u>Fraction %</u>	<u>Building ID Number</u>	<u>Fraction %</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Please answer 3a and/or 3b as applicable

- 3a. The owner has received an annual Tenant Income Certification from each low-income resident and documentation to support that certification.. YES NO N/A

- 3b. The owner has a recertification waiver letter from the IRS in good standing, has received an annual Tenant Income Certification from each low-income resident, and documentation to support the certification at their initial occupancy. YES NO N/A

4. Each low-income unit in the project has been rent-restricted under Section 42(g)(2) of the Code: YES NO

5. All units in the project are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42(i)(3)(B)(iii) of the Code): YES NO HOMELESS

6. No finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3519, has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court: YES NO

7. Each building in the project is and has been 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 building code inspections did not issue a report of a violation for any building or low income unit in the project: YES NO

If “No”, state nature of violation on a separate page and attach a copy of the violation report as required by 26 CFR 1.42-5.

8. there has been **no change in the eligible basis** (as defined in Section 42(d) of the Code) of any building in the project since last certification submission: NO CHANGE CHANGE

If “Change”, state nature of the change on a separate page (e.g., a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal subsidies with respect to the project which had not been disclosed to the allocating authority in writing):

9. All tenant facilities included in the eligible basis under Section 42(d) of the Code of any building in the project, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without charge to all tenants in the buildings: YES NO

10. If a low-income unit in the project has been vacant during the year, 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 were or will be rented to tenants not having a qualifying income:

MF-140 YES NO

11. If the income of tenants of a low-income unit in the project increased above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size was or will be rented to residents having a qualifying income:
 YES NO
12. The project meets the provisions, including any special provisions, as outlined in the Extended Low-Income Housing Commitment (not applicable to buildings with tax credits from years 1987-1989):
 YES NO N/A
13. The project complies with the requirements for all federal or state housing programs (e.g. FmHA assistance, HOME, Section 8 or tax-exempt financing), as applicable:
 YES NO N/A
14. The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving “qualified non-profit organizations” under Section 42(h)(5) of the Code and its non-profit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.
 YES NO N/A
15. The project is otherwise in compliance with the Code, including any Treasury Regulations, the Applicable State Allocation Plan, and all other applicable laws, rules and regulations.
 YES NO N/A
16. There has been no change in the ownership or management of the project:
 NO CHANGE CHANGE

If “Change”, attach form _____ detailing the changes in ownership or management of the project

Please attach a separate sheet explaining any items that were answered “No” or “Change”.

Note: Failure to complete this form in its entirety will result in noncompliance with program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form, unless permitted by the state agency.

This Certification and any attachments are made UNDER PENALTY OF PERJURY.

(Ownership Entity)

By: _____

Title: _____

Date: _____

EXHIBIT C TO COMPLIANCE MONITORING AGREEMENT

ANNUAL OWNER TAX CREDIT COMPLIANCE SUBMISSION

PROJECT NAME: _____ **TC #:** _____ -- _____

CONTACT NAME: _____

CONTACT ADDRESS: _____

PHONE: _____ **FAX:** _____ **E-MAIL:** _____

LOW-INCOME UNIT ("LIU") DETERMINATION

A. Specify Utilities Paid by Tenant: _____

B. Specify Utilities Paid by Owner: _____

C. Is Project subject to maximum rent based on imputed income limitation imposed by Revenue Reconciliation Act of 1989?

Yes No

D. If the answer to C above is yes, specify imputed income limitation applicable to unit size:

Efficiency: \$ _____
1-Bedroom: \$ _____
2-Bedroom: \$ _____
3-Bedroom: \$ _____
Other: _____ \$ _____

E. Complete Schedule II (A) – Low-Income Unit Determination Compliance Report Unit Status Report

PLEASE INCLUDE DOCUMENTATION AND SOURCE TO SUPPORT UTILITY ALLOWANCE

**SCHEDULE II(A) - LOW-INCOME UNIT DETERMINATION COMPLIANCE REPORT
UNIT STATUS REPORT INSTRUCTIONS**

This report reflects the property's occupancy on: Enter the date of the report, as requested by the Agency.

PROJECT NAME: Enter the name of the project.

Project TC#: If the project has LIHTCs, enter the assigned Tax Credit number, i.e., 88-07.

BIN #: If the project has LIHTCs, enter the assigned Building Identification Number, i.e., LA88-00033.

Project HOME #: If the project has HOME funds, enter the HOME number assigned by the Agency. If you do not have HOME funds, simply draw a line through this space.

COLUMN A: Enter the number of the unit. Each unit number should be listed in this column.

COLUMN B: Enter the date of the resident's move-in. If the unit is vacant, enter the move-out date of the previous tenant.

COLUMN C: Enter the last name of the resident(s) listed on the lease. If the unit is vacant, enter "vacant."

COLUMN D: Enter the gross annual income for the household.

COLUMN E: Enter the total amount of rent paid by the tenant.

COLUMN F: Enter the amount of the utility allowance for this unit.

COLUMN G: Enter the total Housing Assistance Payment received by the owner.

COLUMN H: Enter the total number of bedrooms in the unit.

COLUMN I: Enter the floor space square footage of the unit.

COLUMN J: Enter the most recent certification date of the Tenant Income Certification.

COLUMN K: Indicate with "Y" if household is a re-certification.

COLUMN L: Enter the number of people living in this unit.

COLUMN M: Use the Unit Qualification Key to indicate the occupancy requirement that the household meets. If the project has LIHTCs, enter "X50", "X60" or "OI" to indicate if the household satisfies the 50% or 60% income requirement or is over-income (over 140% of the income requirement).

If the project has HOME funds, enter "A", "B", "C" or "D" to indicate if the household satisfies the 50%, 60% or 80% income requirement or is over-income (over the 80% income requirement).

If a project has both LIHTCs and HOME funds, indicate which units satisfy the 40/50 set-aside by placing "A" in the HOME column and leaving the LIHTC column blank.

COLUMN N: If Special Needs points were awarded during the application process, indicate which special Needs category the unit satisfies, per the Unit Qualification Key.

2010 QAP Public Hearing Comments

July 29, 2010 10:00 AM

Commissioners/Staff Present

Chairman Guy Williams
Commissioner Michael Airhart
Commissioner Donald Vallee
President Milton Bailey
Brenda Evans
Louis Russell
Annie Clark
Marjorianna Willman
Wayne Neveu, Tax Counsel

Commissioner Williams' Opening Comments

Commissioner Williams explained that the public hearing today is for input only. Staff will not engage in a debate, but would like to hear everyone's opinion. The goal is to make a QAP that is effective, easy to administer and clear; and when awards are made, everyone understands why certain projects were awarded and some were not. Also Mr. Williams indicated some questions that staff currently cannot answer until further guidance is received from the Governor's Office, in particular the targeted parishes list.

Summary of Comments

Fred Banks, Louisiana Housing Council (LHC) - Comments were submitted in writing prior to hearing.

- Project Reservation Limit - QAP currently allows a project up to \$1.5 M in tax credits; however the LHC requests a lower limit of \$800,000 to fully address the need for affordable housing throughout the state.
- Scoring Criteria/Abandoned project - Public housing projects are 40-70 Years old and many are planning redevelopment. The scoring seems to award to rehabilitation because of the statement of "Acquisition only". Acquisition projects are typically rehab projects and the LHC request any PHA that intends to demolish existing public housing units using HOPE VI funds awarded during the last 4 years and rebuild new construction units, be awarded 10 points.
- Scoring Criteria/Local Government Support - All PHAs are chartered under state regulations and aren't considered to be local government and must adhere to local corporative agreements. Because of this, PHAs are allowed to leverage federal capital grants through capital funding; the capital funds and capital leveraging created by the PHAs are loan obligations of the PHA. The LHC requests these funds evidenced by commitment letter from the PHA be permitted under this scoring criterion.
- Site Control - Amend paragraph to include a ground lease in lieu of a purchase agreement.
- Demolition/Replacement - LHC requests that any PHA with plans to demolish and rebuild 100% be exempt from providing a environment review checklist and Cost Needs Analysis.
- Any PHA that incorporates permanent support housing (2-4 bedroom units) plans that these units would be able to claim and utilize the subsidy.

Jack Tolson-

- Governor's office comments regarding targeted parishes- St. Landry Parish is the poorest rural parish in the state and 4th in the US and would like to see this parish targeted.

Greg Gachassin, Cartesian Company - Comments were submitted in writing prior to hearing.

- Addressed Increased project limit is too high. Asked for consideration for the type of project that will be prioritized as it relates to superior site/site location and what it takes to develop a project like this, particularly in an urban revitalization setting. Many great projects developed post Katrina in New Orleans that are doing very well. Projects like those would be difficult to develop with a project limit of \$800,000.
- Superior Site Design/ Designations - Very important and needs to be added back to excel in the type of housing being built.
- Elderly households - Noted that the elderly pool has been removed and has no inducement to produce needed housing for the Elderly population. Added elderly housing to the special needs pool included in the selection criteria.
- Selection Criteria - HUB Zone versus Enterprise/ Renewal Community: These should be equal, they are all designations in their own right and both basically can be describe as economically distressed areas whether from a business standpoint or community standpoint.
- Selection Criteria - QCT/DDA and Rural Development Area- should be equal as well.
- Rural Pool – Request that the HOME funds exclusively for the Rural projects be available to the general allocation pool and not only designated to Rural.
- Leveraging - Currently QAP gives points for leveraging some sort of government support, however it does not address the support of Federal & State Funds. Requests that such support should received additional priority point in the QAP based on the source of Government assistance. If an applicant can demonstrate Federal and/ or State grant(s) committed to the development, they should received 5 points for each such grant. These points should be in addition to the current points awarded for Local Government support
- Targeted Parishes - Understands the Agency is awaiting guidance from the Governor's office regarding this. He requests that this isn't restricted to rural parishes.
- Neighborhood Location Characteristics - The negative and the positive points are not equal and would like to request these to be either equal or if you are able to demonstrate that a thriving neighborhood once existed and the negative sites were located in the neighborhood and contributed to the cause of its deterioration subsequent to the establishment of the neighborhood, than no "deduction points" should be taken.
- Master Plan/ Amenity type definition - In a larger scale development that will take several phases to complete over multiple years, currently the language is in direct conflict of such a smart growth master planned community. It is recommended to amend that if such amenities are documented as part of a master plan upon an original submission of a particular project, that points awarded for such would be counted in future funding rounds for the additional phase.

Commissioner Williams asked Mr. Gachassin for suggestions for handling the elderly project situation. Mr. Gachassin suggested placing this type of project under the special needs household section of the selection criteria.

Neal Riser, State Senator-

- Requested that District 32 be included in targeted parishes particularly Caldwell, Catahoula, Concordia, and Franklin.
- Emphasized that there is a great need for workforce housing; the private industry is not interested in building housing, just industry jobs (industrial plants and retail) in Concordia parish in particular.

Hiram Copeland, Mayor of Vidalia-

- Highlighted major growth in retail and industry; only two apartment complexes in town and both have long waiting lists and it's essential to have additional housing to continue growing.

Commissioner Vallee - Requested support documents in response to the need of housing in their area. Particularly in the AMI categories and economic opportunities that would be available if housing is available.

Tana Trichel, Northeast Louisiana Economic Alliance-

- Stated that the Northeast Region of Louisiana is #1 in the state for job creation, however, with this, housing is desperately needed.
- Foster Farms in Farmerville has 1,300 jobs and continuing to grow.
- Gardner Denver-Thomas in Monroe will be moving their headquarters to the area and increasing the jobs from 80 to 355.
- V-Car in Monroe will produce 1,400 direct jobs once approved by the Department of Energy for funding.
- ConAgra in Dunn is near completion of a \$220 million facility that will employ 500 people in Phase I.
- American Cold in Dunn will produce 45 jobs, and while under construction, jobs will stay in the 400-500 range throughout the year long construction process.
- ICON is planning to create 20 high paying jobs in Madison and Franklin parishes.
- Mayriant technologies will create 60 jobs in Lake Providence.
- LSU did a study for Louisiana Economic Development and demonstrated that in the ConAgra situation, there would be 1,700 to 2,300 indirect jobs created. Using that multiplier, we will experience indirect job growth of over 10,000 additional indirect jobs to the over 4,000 direct new jobs.
- We expect that the job creation will affect a 60 mile radius around each new or expanded plant, affecting several parishes.
- Will submit support letters and the economic development study completed.

Charles Tate-

- Rural projects (currently developing 4-5 projects), grateful for the funding and attention rural housing is receiving this year.
- Is there a preference to rehabbing 515 projects over other types of rural housing? What is the intent of the board?

Commissioner Williams – Stated he cannot speak for the full board at this time.

- Mr. Tate continued that his preference is to rehab 515; Single Family housing is under-capitalized in rural and needed. This type of housing would take months to prepare

environmental reviews and there is not enough time to prepare an application for such. Also, it is his opinion that the SF housing in rural areas would be penalized due to the nature of the project type.

- Selection Criteria/Scattered Site Project - Suggests increasing the number of points to 10 for rural area to rehab blighted housing throughout the area.
- Selection Criteria/Accessible Project - Cannot get additional points for this section if points are allowed for Additional Accessible Units as currently written. This should not be discouraged if the developer can make it work financially.
- Selection Criteria/Special Needs Housing - Agrees with previous comment to add elderly housing to this point selection.
- Selection Criteria/Increased Unit Affordability - Points appear to give project additional points for increased unit affordability, but only up to 15% PSH units. Should encourage higher caps for additional PSH units. LRA is having difficulty placing the last 2,000 or 3,000 Section 8 Project Vouchers for PSH units, which could save the state money in regards to nursing homes facilities.
- Suggestion for next year - Give developers enough advance notice to allow time, to not only build housing and get the developer fee, but to rebuild communities that need it.

Pam Hammond, Elkins PLC -

- Question: Rural pool regarding 1602 funding \$15.4 Mil, is it available now or is the amount from pending legislation?
B. Evans – Stated, yes, it is available now.

Kristen Vaselaar, HRI Properties - Comments were submitted in writing prior to hearing

- Request Terrebonne Parish be designated as an eligible parish in the Ike credit pool, in addition to Cameron and Calcasieu. As a result of Hurricane Ike, and now exacerbated in the unfortunate wake of the BP oil spill, Terrebonne parish still has a great need for affordable housing, and should be eligible to compete for these recovery resources.
- Per Project/Developer Cap - As written, there is a 10% per developer limit; however it is confusing as to how this could be allowed with the 10% Per Capita limit - questioned if anyone could actually receive the entire \$1.5 M allowed per project. As it is written it appears the maximum you can receive per project is \$740,000. It is requested, if this is the case, the cap be increased to twice the project limit as opposed to the percentage of the per capita and use this language on an ongoing basis instead of revisiting it every year.
- Suggest the Rural pool be excluded from per developer limits.
- Suggest that the definition of Historic Tax Credit be classified to include both Federal and Louisiana State Historic Tax Credits. Also suggest that proceeds from CDBG and HOME funds, taken in the form of a loan, be subtracted from the development cost limits in order to maximize the leverage derived from LIHTCs.
- Project Evaluation - Section 42 updates allows for *Artists* to be targeted as a low-income occupational group as members of a special group under the Federal LIHTC program.
- Selection Criteria/Rehabilitation Project - Point value for this section should be increased to 15 points. This action will further encourage engagement with SHPO as they work to re-introduce historic buildings back into commerce.
- Selection Criteria/Targeted Parishes - Under this section, could be a possible typo; a dash not a comma. "Targeted parishes- rural parishes- urban areas" was meant.

Michael Gross, LDG Development-

- Syndication - No credits should be awarded under a certain credit amount. Credit market is still recovering, in order to keep it fair, should delete the minimum credit requirement. If the minimum credit amount remains, you will have developers working the system and putting in deals that cannot be achieved and hope the credit crisis gets better in order for the deal to work.
- Project/Developer limit - Developer limit raised to \$1.5 M to match the per project limit.
- 130% basis boost - No discretionary use of the basis boosts. Would like to see discretionary use added back; certain that good deals that aren't in a QCT/DDA and will need the additional help.
- Number of Hard copies - Waste of paper and man power. Colorado only requires 1 hard copy and electronic copy. Reprocessing applications for special funding should be limited to the actual application and any attachments that have changed.
- Application Deadline - Change back to the end of the day; out of state developers could have problem with UPS delivering before the deadline even though they request morning delivery.
- Challenge Period - Want to ensure a full 15-day challenge period, no loss of any days between a possible delay between the announcing of preliminary score/ranking and beginning of challenge period.
- Reasonable transportation - Need clarification of definition.
- Maximum total development cost - Does "Elevated" means above ground or an evaluator served building? Additional information/clarification needed.
- Developer Fee base exclude identity of interest of GCP - Suggest not excluding and adding to the general conditions, also based on actual cost not percentage amount.
- Market Study - Challenge period not enough time to get another analyst to render a second opinion. It would be difficult to have done within the time allocated for challenges. Ask market analysts to send the market study both to developer and LHFA at the same time to maximize time needed. Urge LHFA to keep the developer in mind when negotiating fees for the market studies.
- December 15 carryover timeline- If the Award is not given until December 8th, an extension should be automatically given for carryover considering the circumstances.
- Selection Criteria/Governmental Support - Currently written has to get local support from both Mayor and City Council. Requests to make this an "or" option. Would be difficult to get both within current timeline.
- Selection Criteria/Location characteristics (Penalty points) - Based points on negative impact on a scale. Example: Liquor store 2 points, waste management 5 points, not the equal 5 points for both. Considering liquor stores are in almost every neighborhood, it would be difficult to avoid.
- Developer should not be held accountable for market study. Wording within the QAP suggests the developer will be accountable for the market studies the Agency commissions.
- Selection Criteria/Vacant & High vacancy- One deal could get both points in the two separate categories? It is very easy to pick up 16 points between the two and could be an unfair advantage.
- Special Needs/Rural- These projects are difficult to fund currently, and could have a point advantage over more straight forward deals.
- Selection Criteria/Increased Unit Affordability- Points awarded for PSH units, would like to see points awarded for reducing the rents below the low income housing tax credit

maximum. For example with the 60% AMI category, reduce the rent by 5% for tenants. This way the rent is slightly lower and you will have a wider base of tenants eligible.

- Selection Criteria/Leverage, Efficiency and Viability ratios- Could not find formulas.

Larry Hoss, Our Plan B- Comments were submitted in writing prior to hearing

- Allow some sort of provision for developers awarded in the Lightning GO Zone Round to show landowners that the project is moving forward and suggest the LHFA could do some sort of reduced Exchange funding in order to hold the land options currently in place while Congress works on a more permanent solution.

Curtis Cheney, LAHHP- Comments were submitted in writing prior to hearing

- Requests the written comments be forwarded to the Board and taken under consideration.

Yvonne Emerson, USDA- Rural Development-

- Appreciates the Rural Pool as written in the QAP. Stress the importance of rehabilitating current projects to maintain suitable housing.
- Amenities - Waivers for some amenities (to gain additional points in the scoring process) such as dishwashers, washers, dryers, disposals, etc., for existing RD properties. Many RD properties do not have the space needed to accommodate such amenities, which means a loss of valuable cabinet or closet space.
- Rural Development Designated Area for New Construction - This list was simply put together as a internal document and was not intended to be public knowledge. It was for proposals that were going to utilize rural funding. It was based on areas of high concentration of substandard housing and the lowest income, which was gathered from the census report. USDA-RD chose the top 18% of the state USDA-RD wanted to focus on in regards to new construction.

Exchange between Commissioner Valle and Ms. Emerson:

Commissioner Vallee - Does USDA-RD have funds available and do they have a certain area of the state the funds are for?

Ms. Emerson - We do, although very limited. The USDA only has approximately \$48 Million available for the entire continental US and it is awarded in a competitive process.

Commissioner Vallee - What are you doing in regards to new construction proposals in a area with existing buildings; are you approving those proposals?

Ms. Emerson - Another purpose for the list is to look at properties with a high vacancy rate and add to the list of places they would consider for new construction development. USDA-RD hasn't had any proposals approved in the past couple of years because of emphasis on rehabilitations at this time and the market currently cannot support this type of project.

Commissioner Vallee - In light of what is currently in the draft QAP regarding rural development, is there any statistical information that can be shared publicly?

Ms. Emerson - In the past, developers would request letters from USDA-RD in support of a project they would like to build in a rural area. If the USDA-RD has a property in the area that is experiencing a vacancy problem, USDA-RD will not issue a support letter on the developer's behalf. However, this hasn't happen in the past few years.

Commissioner Vallee - Request Ms. Emerson to make recommendations for future QAPs and other Agency programs participate in leverage.

- RD properties are the only projects in an area in some cases. Approximately 60% of RD properties can offer deep subsidy to the tenants.

Exchange between Commissioner Vallee and Ms. Emerson

Commissioner Vallee - How do the RD rents compare to other non-RD properties during the past 5-10 years?

Ms. Emerson - USDA-RD hasn't looked into other non-RD properties, but can say the RD properties rents are budget driven and have a rigorous procedure to review operating cost of properties to ensure the rents remain low.

Commissioner Vallee - How does that relate to the Fair Market Rent (FMR)?

Ms. Emerson- The RD property rents are probably a little lower than FMRs.

Commissioner Vallee- Historically, would they be 18-20%?

Ms. Emerson- Probably so, but also wanted to point out that the extremely small property rents are a little higher because of the operating costs and sometimes they are at the FMRs.

James Freeman, Standard Enterprises - Comments were submitted in writing prior to hearing

- Question: The \$15.4 Million as stated in the rural development pool, is this in addition to \$10.6 Million in Exchange funds?
Brenda Evans- Yes
- Request the Rural Development pool open to all rural projects, not just ones approved by USDA-RD. One of the requirements is for the hard debt to be 10% or greater of the total development cost; this action is eliminating a new construction project. There is an exception to this requirement if the developer has completed 10 or more developments and this action is limiting the number of developers that can apply.

Kelly Longwell, Coats Rose/ LAAHP-

- According to the QAP, it appears the Asset Management fee is replacing the reprocessing fee; is this in addition to the Asset Management fee the deals will be paying to the investor or is this strictly for Exchange deals?
Brenda Evans - As currently drafted, only for TCAP or Exchange deals.
- Death Penalty- Penalties fees LAAHP developed still not included in current or last year's QAP.

Stuart Hunt, Southport Financial Services-

- Selection Criteria/Abandoned Project - Points awarded for abandoned or high vacancy projects and no recognition for preservation of housing with expiring 15-year compliance period or Section 8 contracts projects. Typically, these projects are also in need for recapitalization and would like to be included.
- Amenities definition - As drafted the definition states if a project is one phase of a larger development, only the amenities identified on the project site of the phase that is being processed may qualify for the amenity. It is common for some multi-family properties to have amenities within the clubhouse that is usually built in the first phase and would like to staff to reconsider the definition as written.

Megan Schvetz – comments submitted in written form.

- Selection criteria - Points received for leveraging local public support. Should also include funds that were given by the State/ Federal Government.
- Financial commitment - The Agency in the past has scrutinized syndication agreements received. This was done after the QAP is approved and the Agency would then ask for and define a “firm commitment”. Would like to see the definition of “firm commitment” included in the QAP this funding round and notify developers if staff will evaluate syndication agreements for a firm agreement for the application deadline.

Commissioner Williams stated that based upon prior commitments, “firm commitment” likely will not be used as a criterion.

- Experienced Developer - According to the draft, it appears this is a threshold item. Would like to consider adding points to high performing developers as well. Will further define high performing developer in letter to the Agency.
- Rural pool - Currently RD has an unfair advantage over other projects competing; possibly too much of a commitment to developing rural projects.
- Would like to see Permanent Supportive Housing added back, could possibly reassign some funding or points from rural development for this type of project.

Jack Tolson-

- Green Building Certification- Instead of a certification, have something in lieu of to indicate Green Building. The certification can cost up to \$45,000 to complete.
- Selection Criteria/Adult Residential Care Project - Would need a Title 19 waiver and they are currently not being issued. These also require a licensing process that could possibly cost the project \$2,500-\$3,500 a month per unit for care. Suggest changing the selection to Permanent Supportive Housing.
- Selection Criteria/Penalty points- If \$20,000 wasn't spent during the rehab of a project, then penalty points were assessed. This is in direct conflict with the RD project limits outline in another part of the QAP, further clarification is requested.
- Emerging Growth Area - Add definition to glossary; RD has a definition.

Charles Tate-

- If a project applies for sub-pool (CHDO), does this pool collapse in the general pool if funding is no longer available in the specialty pool? Need to add clarification to the QAP.
- Development team experience - Several properties (non-tax credits) vs. affordable housing experience; need further clarification.
- Selection Criteria/Penalty points-Location characteristics- Railroad variations between main line versus occasion use; should be a point difference between the two.

Roger Kahoe-

- Consider commissioning market studies in certain areas that the Agency deems target areas; probably not this funding round, but in the future. The need may not be there and the Agency could be wasting time designating the incorrect targeted areas.
- Selection Criteria- Add points for in state developers (5 points for in state developers)
- Targeted parishes currently in glossary, not valid?

Brenda Evans- This is a placeholder until information received from Governor's office.

- Rural Development - Too restrictive as written regarding threshold items, in particular the experience of the developer in rural areas. It would possibly cut out a lot of developers participating, please reconsider.

Vernon Martin, Martin and Associates-

- Selection Criteria/Location Characteristics - Railroad issue. Reconsider the main line (rail line running from New Orleans to Houston) points to be separate from a smaller, local line (more penalty points).
- Review the success level of the housing project, not particularly the developer. Would like the Agency to consider not only the northern part of the state as targeted area for housing, but the Lafayette parishes as well.

Charles Tate-

- 538 RD loans program - LHFA would be eligible to become a lender in 538 RD Loans which would loan up to 97% for non-profits and 90% for for-profits. Low interest rate and possibly leverage some multi-family loans in rural areas where it has been difficult to finance.

Noted also is that Commissioner Airhart, during the hearing, urged the developers to come forth now and give comments while the comment period is open.



Louisiana Housing Finance Agency

2010 DRAFT QAP PUBLIC HEARING

Thursday, July 29, 2010

Guest Sign-In Sheet

GUEST NAME

FIRM

PLEASE, PLEASE PRINT

- | | |
|-----------------------------------|---|
| 1. STUART HUNT | SOUTHPORT - JEFFERSON ^{LAKES AREA} |
| 2. PALE PALE LANCASTER | Arrington Developers |
| 3. JOANN HAGAN | LA HOME NOW |
| 4. STEPHEN FAVORITE | SRF GROUP CONSULTING |
| 5. Pam Hammond | EIKINS, P/C |
| 6. CYNTHIA STEWARD | CCNO DEVELOPMENTS |
| 7. Miss. Guanita Allen | Waking-Up Inc. |
| 8. Wardell Colvard | Waking-Up, INC. |
| 9. FRED BANKS | LITC
DORRUM SP6S Home Auth |

2010 DRAFT QAP PUBLIC HEARING

PLEASE PRINT CLEARLY

GUEST NAME	FIRM
10. Tony Brunini	Ross + Yergor
11. Herbert Simmons, Jr	Greene-Huth Int. CDC
12. Ford Gibson	Gibson CONSULTING LLC
13. BRIAN SWANTON	Gorman & Company, Inc.
14. Kerry Banks	Bon-Chase Properties
15. TERESA STEWART	THE MILLER COMPANIES
16. DANIEL STRANGE	LA. Hsq. Council
17. DONALD DOWDY	THE MITCHELL COMPANY
18. RICHARD CHOPPIN	EBRP/NA
19. Arby Smith	RichSmith Dev.
20. Danielle Nall	RichSmith Dev.
21. Andrea Cooper	RichSmith Dev.
22. JAMES FREEMAN	STANDARD Enterprises

2010 DRAFT QAP PUBLIC HEARING

PLEASE PRINT CLEARLY


GUEST NAME	FIRM
23. Morise Duffin	EBRPHA / 2 PFP
24. Brent Honore'	BRH Consultants
25. KIRSTEN VASELINA	HRI PROPERTIES
26. Marc Jinks	JPM Consulting
27. John Mitchell	Wilmax Construction
28. Michael Gross	LDG MultiFamily
29. Art Schuster	CONTEMPORARY RESURANCE
30. Kathy Wende	GCHP
31. JACK R. Tolson	Ardoin, Gaudet & Tolson
32. Terri J Dauzat	USDA - Rural Development
33. Yvonne R. Emerson	USDA - Rural Development
34. Debra Stuehling	Triple R, Corp.
35. Larry Hoss	OUR PLAN B Inc.

2010 DRAFT QAP PUBLIC HEARING

PLEASE PRINT CLEARLY

GUEST NAME

FIRM

- | | | |
|-----|---|---------------------------|
| 36. | Richard L. Murray | BR Housing Authority |
| 37. | Harry Hoss | our PLAN B Inc |
| 38. | Robert Whittington | Triple R / Resource Edn. |
| 39. | Randy Oliver | Oliver Investments, LLC |
| 40. | MELENA R. CUNNINGHAM | NKCS |
| 41. | Michael Bowen | Centerpointe |
| 42. | Patrick Rowe | Triumph Construction |
| 43. | Ben Guider | Coats Rose |
| 44. | Steve Perry | Perry Properties |
| 45. | Michelle Whetten | Enterprise |
| 46. |  | CHA |
| 47. | GIONNE SORDAN | MDC |
| 48. | MARVIN Butler | Slidell Housing Authority |

2010 DRAFT QAP PUBLIC HEARING

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GUEST NAME

FIRM

49.	JEREMY MEARS	MEARS DEVELOPMENT
50.	Riley Longwell	Coats Rose
51.	Chanda Trife	CDT
52.	Tony Weber	DTH
53.	Edy Taylor	FAIRFIELD
54.	FRANK TAYLOR	FAIRFIELD
55.	Amber Seely	RNDC/Volunteers of America
56.	MURRAY A/Hound	MAA - RECCC
57.	Todd Little	Little & Associates
58.	RICK MILLER	NATIONAL DEVELOPMENT
59.	Curtis Cheney	LAAHP
60.	Rebecca Rotherberg	GLR
61.	Monica McKay	Columbia Residential

2010 DRAFT QAP PUBLIC HEARING

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GUEST NAME

FIRM

62. TIFFANY ROYSTER

Enterprise

63. NATASHA GAUDIN

G & G

64. ADRIAN TOSTAS

RaHex

65. CAROL BUTLER

Magodic Springs

66. NEIL RISER

State Senate Dist 32

67. ~~HERMAN COPOLAND~~

City of Wichita

68. DAVID BELL

Freedom Development Consulting Inc.

69.

70.

71.

72.

73.

74.

2010 DRAFT QAP PUBLIC HEARING

PLEASE PRINT CLEARLY

GUEST NAME

FIRM

75.

Don Nicolini

N. CINC. DEVELOPMENT

76.

Louis Burbank

Burbankbuilds@yahoo.com

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LOUISIANA HOUSING FINANCE AGENCY

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

RESOLUTION

A resolution approving staff's recommended strategies for awarding the balance of tax credit assistance funds ("**TCAP Funds**") granted to the Louisiana Housing Finance Agency (the "**Agency**"), and providing for other matters in connection therewith.

WHEREAS, the Agency has been ordered and directed to act as the housing credit agency under Section 42 of the Internal Revenue Code of 1986, as amended (the "**Code**") on behalf of the State of Louisiana (the "**State**") in allocating and administering low-income housing credits ("**Tax Credits**") made available pursuant to the Section 42 of the Code (the "**LIHTC Program**"); and

WHEREAS, Title XII of Division A of the American Recovery and Reinvestment Act of 2009 (the Recovery Act") appropriated \$39 million of TCAP Funds to the Agency to facilitate the development of qualified low-income housing projects ("**LIHTC Projects**") that will be completed by February 16, 2012 in accordance with HUD Notice CPD-09-03 – REV issued May 4, 2009 but revised July 27, 2009 (the "**HUD TCAP Notice**"); and

WHEREAS, Agency has awarded approximately \$36 million of such TCAP Funds to LIHTC Projects and has approximately \$3 million of TCAP Funds remaining due to developers returning previously allocated funds; and

WHEREAS, the HUD TCAP Notice requires the Agency to distribute TCAP Funds competitively under the Recovery Act and pursuant to the existing Qualified Allocation Plans ("**QAP**"), including a written description of all selection criteria and any weightings assigned to competitively award its TCAP Funds and how the Agency will redistribute TCAP Funds to more deserving projects from projects which are not in compliance with deadlines established in the written agreement between the Agency and project owners; and

WHEREAS, staff issued a memorandum to the development community on July 15, 2010 that outlined a strategy for allocating the remaining TCAP funds; and

WHEREAS, staff convened a meeting on July 29, 2010 to receive comments on the allocation of the remaining TCAP Funds; and

WHEREAS, Agency staff has recommended that TCAP Funds be offered to projects that received an allocation of LIHTC between October 1, 2006 and September 30, 2009 and who have not received IRS Form 8609 with the maximum request for project being \$1M; and

WHEREAS, the Board of Commissioners of the Agency desires to approve the recommendations of staff and to authorize and direct staff and counsel to implement the allocation of TCAP funds in accordance with the limits and specifications contained in the attached revised staff memorandum entitled “Memorandum for allocation of returned Tax Credit Assistance Program Funds” (the “**Staff Memorandum**”);

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

SECTION 1. The terms, conditions and parameters for awarding TCAP Funds to projects that received an allocation of LIHTC between October 1, 2006 and September 30, 2009 and as contained in the Staff Memorandum are hereby adopted and approved by the Board.

.SECTION 2. The Agency staff and legal counsel are authorized and directed to prepare the forms of such notices, documents and/or agreements as may be necessary to implement the strategies described in this resolution and the Staff Memorandum.

SECTION 3. The Chairman, Vice Chairman, President, Vice President and/or Secretary of the Agency are hereby authorized, empowered and directed to execute any forms and/or documents required to be executed on behalf of and in the name of the Agency, the terms of which are to be consistent with the provisions of this resolution as approved by the Agency's General Counsel and Tax Credit Counsel, Foley & Judell, L.L.P.

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

YEAS:

ABSTAIN:

NAYS:

ABSENT:

And the resolution was declared adopted on this, the 11th day of August 2010.

Chairman

Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency (the "Agency"), do hereby certify that the foregoing four (3) pages constitute a true and correct copy of a resolution adopted by said Board of Commissioners on August 11, 2010, approving staff's recommended strategies for allocating the balance of tax credit assistance funds ("TCAP Funds") granted to the Louisiana Housing Finance Agency (the "Agency"); and providing for other matters in connection therewith..

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 11th day of August 2010.

Secretary

(SEAL)



REVISED

Louisiana Housing Finance Agency
2415 Quail Drive, Baton Rouge, Louisiana 70808

MEMORANDUM

DATE: August 4, 2010
TO: Development Community
FROM: Louisiana Housing Finance Agency Tax Credit Staff
RE: Memorandum for allocation of returned Tax Credit Assistance Program Funds

Issue: LHFA Strategy for allocating remaining TCAP funds of approx. \$3M

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009. Title XII of the Recovery Act appropriated \$2.250 billion dollars under the HOME Program heading for a grant program to provide funds for capital investments in Low-Income Housing Tax Credit (LIHTC) projects. The State of Louisiana received approximately \$39,383,397 in TCAP funds from HUD. A Taxpayer must evidence an ability to have expended seventy-five percent (75.0%) of the TCAP Funds awarded to the Taxpayer's LIHTC Project by February 16, 2011 and one hundred percent (100.0%) by February 16, 2012.

The Agency has allocated nearly \$36M with approximately \$3M of TCAP remaining due to developers returning previously allocated funds. This initiative is meant to provide additional TCAP funds for increases in costs for existing LIHTC projects. Maximum request per project will be \$1M. Note that only projects that received an allocation of LIHTC between October 1, 2006 and **September 30, 2009** (based upon HUD Notice CPD09-03) are eligible to apply and who have not received their 8609s.

Staff processing strategy:

Timeline

- 1) Send out draft notice to developers by no later than close of business on Wednesday, July 14th, advising of Public Hearing on Allocation of Additional Tax Credit Assistance Program Funds to be held on Thursday, July 29th from 8:30 a.m.- 10:00 a.m.
- 2) Based upon public input, staff will present the final Initiative to Multi-Family Committee for approval on August 11th.

- 3) Applications will be due by close of business on August 25, 2010.
- 4) Staff will rank and score applications and post preliminary rankings by no later than close of business on September 1, 2010.
- 5) Submission of recommended awards to be presented to BOC on September 8, 2010.

REVISED
Rank and Scoring

Projects will be scored and ranked according to the following criteria:

- | | |
|--|-----------|
| A. Rural Projects | 30 points |
| B. Projects that can expend funds within 60 days as evidenced through their submitted completed AMEC model and as verified through Foley and Judell. | 20 points |
| C. Projects with TCAP funds whose request for additional GO-Zone credits was not filled during latest GO-Zone initiative and who are willing to accept TCAP funds in lieu of additional GO Zone credits, | 15 points |

In the event of a tie in scoring, the project requesting the lower amount of TCAP funding will be allocated the funds in advance of projects requesting higher amounts of funds.

Submissions

1. Two (2) disk submission of updated AMEC model with signed certification.
2. Certification from Foley and Judell on status of expenditure of funding.
3. Identification of all eligible costs in the construction/rehabilitation budget that may be filled with an increase in TCAP funds
4. Certification that the developer fee will be limited to the amount contained within the most recent feasibility/viability report. This includes no decrease in deferred developer fee. Increased developer fee will not be allowed.

This initiative is not intended to allow any changes in the project's design, unit mix, and/or selection criteria or increase any of the project's total development cost as reflected in the last review of the project by the agency. The Developer/Taxpayer must certify that no other resources are available to fill the identified funding gap.



Louisiana Housing Finance Agency

Tax Credit Assistance Program

Thursday, July 29, 2010

Guest Sign-In Sheet

GUEST NAME	FIRM
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PLEASE, PLEASE PRINT

1. STEPHEN FAVORITE SRF GROUP CONSULTING
2. Herbert Simmons, Jr Greata-North La- CDC
3. Charles Tate COI + CONSULTING
4. Arby Smith Rich Smith Development
5. Andrea Cooper Rich Smith Development
6. Donielle Nall Rich Smith Development
7. STUART HUNT JEFFERSON LACS A&S
8. Emily Ostun _____
9. _____