

2014 Tax Credit Program

Bulletin # 1

January 27, 2014

Changes/Deletions/Clarifications to the 2014 Qualified Allocation Plan and/or
2014 Low-Income Housing Tax Credit Manual:

CHANGES:

2014 Low-Income Housing Tax Credit Manual, Page 9

Combination with Other Authority –Administered Programs:

State HOME Funds, Item (b)

Currently Reads:

The maximum state HOME award any one (1) development can request is \$700,000. These awards will be available as deferred loans with a one half percent (1/2%) interest rate and a term and amortization period of no longer than thirty (30) years. Both principal and interest will be deferred for thirty (30) years;

Changed to Read:

The maximum state HOME award any one (1) development can request is \$700,000. **The award will be available as a deferred loan with a one half percent (1/2%) interest rate and an even term and amortization period of not less than twenty (20) and not more than thirty (30) years. Payment of both principal and interest will be deferred for the term of the loan.**

Combination with Other Authority –Administered Programs:

State HOME Funds, Item (c)

Currently Reads:

HOME funds will be provided to the set-asides as follows: General- \$2,960,000; Underserved Counties- \$1,120,000; RAD- \$560,000; Rehabilitation- \$1,600,000; RHS- \$640,000 and Nonprofit- \$1,120,000. HOME funds will be awarded in descending point score order by set-aside until the HOME funds are exhausted. A development will be awarded HOME funds only if the HOME amount, as calculated by the Authority, is at least ninety percent (90%) of the unreduced amount that the development would have otherwise received. HOME funds not initially awarded in a Set-Aside will roll to the General Set-Aside. If HOME funds remain after all General Set-Aside awards are made then remaining funds may be applied to developments in the other Set-Asides. The Authority reserves the right to reduce HOME funds requested based on underwriting analysis.

Changed to Read:

HOME funds will be provided to the set-asides as follows: General- **\$3,520,000**; Underserved Counties- \$1,120,000; Rehabilitation- \$1,600,000; RHS- \$640,000 and Nonprofit- \$1,120,000. HOME funds will be awarded in descending point score order by set-aside until the HOME funds are exhausted. A development will be awarded HOME

funds only if the HOME amount, as calculated by the Authority, is at least ninety percent (90%) of the unreduced amount that the development would have otherwise received. HOME funds not initially awarded in a Set-Aside will roll to the General Set-Aside. If HOME funds remain after all General Set-Aside awards are made then remaining funds may be applied to developments in the other Set-Asides. The Authority reserves the right to reduce HOME funds requested based on underwriting analysis.

2014 Low-Income Housing Tax Credit Manual, Page 21

11. Permanent Financing

Currently Reads:

A letter of intent is required for all permanent financing sources. The Authority will underwrite the first mortgage debt at an interest rate of six percent (6%) or the rate provided in the lender letter if less. The letter must clearly state the term of the permanent loan, the amortization period, how the interest rate will be indexed, the current rate at the time of the letter, the anticipated principal amount of the loan, and the lien position. All permanent loans are required to amortize so that debt service on such loans is paid in equal installments over a period of twenty (20) years or longer. Any permanent loan represented as having an amortization period less than twenty (20) years will be underwritten by Authority staff with a minimum twenty (20) year amortization with 240 equal monthly debt service payments. No balloon payment may be due for at least eighteen (18) years after the conversion to permanent loan. Should a proposal fail to meet other underwriting guidelines resulting from projecting a minimum twenty (20) year amortization, the proposal may be disqualified. All cash flow loans will be considered additional deferred developer fee and will be included for purposes of the 50% deferral limit.

Changed to Read:

A letter of intent is required for all permanent financing sources. **The Authority will underwrite the first mortgage debt at an interest rate of six and a half percent (6-1/2%) or the rate provided in the lender letter if less.** The letter must clearly state the term of the permanent loan, the amortization period, how the interest rate will be indexed, the current rate at the time of the letter, the anticipated principal amount of the loan, and the lien position. All permanent loans are required to amortize so that debt service on such loans is paid in equal installments over a period of twenty (20) years or longer. Any permanent loan represented as having an amortization period less than twenty (20) years will be underwritten by Authority staff with a minimum twenty (20) year amortization with 240 equal monthly debt service payments. No balloon payment may be due for at least eighteen (18) years after the conversion to permanent loan. Should a proposal fail to meet other underwriting guidelines resulting from projecting a minimum twenty (20) year amortization, the proposal may be disqualified. All cash flow loans will be considered additional deferred developer fee and will be included for purposes of the 50% deferral limit.

2014 Low-Income Housing Tax Credit Manual, Page 23

Syndication Information:

Currently Reads:

If the information as to the syndication value is unusual, the Authority in its sole discretion may assign a value based on existing market information. If any elements of the syndication proposal are unusual, the Applicant must provide an explanation. The

Authority will underwrite using LOI syndication rates from 80 to 85 cents. Rates outside of the range will be adjusted to the nearest end point, 80 or 85.

Changed to Read:

If the information as to the syndication value is unusual, the Authority in its sole discretion may assign a value based on existing market information. If any elements of the syndication proposal are unusual, the Applicant must provide an explanation. **The Authority will underwrite using LOI syndication rates from 82 to 88 cents. Rates outside of the range will be adjusted to the nearest end point, 82 or 88.**

CHANGES:

2014 Qualified Allocation Plan (QAP), Pages 8-9

Targeting Characteristics, Item (f) Eventual Homeownership:

Currently Reads:

Eventual Homeownership: Provide a detailed narrative of how homeownership will be achieved. Submit an acceptable Conversion Agreement, and other documentation as required, that provides for tenant ownership at the end of the initial fifteen (15) year compliance period. The Applicant must submit a conversion plan as well as other required documentation that includes but is not limited to a detailed timeline outlining how the tenants will become homeowners. The conversion plan must include all homebuyer counseling programs to be provided along with the financial procedure that will be used to transfer the rental units into homeownership. The Applicant must execute a Conversion Agreement providing that the units will be converted to tenant ownership at the end of the 15year tax credit compliance period or the 20 year compliance period if receiving state HOME funds.

Changed to Read:

Eventual Homeownership: **The Authority will allow only single family homes, townhouses or duplexes to be built for eventual homeownership.** Provide a detailed narrative of how homeownership will be achieved. Submit an acceptable Conversion Agreement, and other documentation as required, that provides for tenant ownership at the end of the initial fifteen (15) year compliance period. The Applicant must submit a conversion plan as well as other required documentation that includes but is not limited to a detailed timeline outlining how the tenants will become homeowners. The conversion plan must include all homebuyer counseling programs to be provided along with the financial procedure that will be used to transfer the rental units into homeownership. The Applicant must execute a Conversion Agreement providing that the units will be converted to tenant ownership at the end of the 15 year tax credit compliance period or the 20 year compliance period if receiving state HOME funds.