

**LOUISIANA HOUSING FINANCE AGENCY
LOW-INCOME HOUSING TAX CREDIT PROGRAM
RESERVATIONS OF CREDIT CEILING FOR CALENDAR YEAR 2000**

I. GENERAL

The Louisiana Housing Finance Agency (the "Agency") will accept applications for the reservation of low income housing tax credits ("Tax Credits") from the credit ceiling for calendar year 2000 for qualifying rental residential housing projects located in Louisiana. At least 10% of the Tax Credit Ceiling will be set-aside for use by qualified nonprofit organizations. Such qualified non-profit organizations must materially participate in the development and operation of a qualified low-income housing project for at least the 15 year compliance period of the LIHTC Program in accordance with the requirement of Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"). Unless an exemption is available under the Code, Tax Credits under the LIHTC Program will be available only with respect to projects or buildings (including certain qualified rehabilitation expenditures incurred during a twenty-four month period ending in the first taxable year of the credit period) for which an audit by an independent certified public accountant is submitted of sources and uses and eligible basis.

Projects may qualify for a carryforward allocation of tax credits under the Ten Percent (10%) Basis Exception; however, the Taxpayer/Owner must deliver to the Agency all carryforward allocation documentation, including an appropriate attorney or CPA opinion, on or before November 1 of the calendar year of the credit ceiling from which the credits are to be allocated. This deadline may be extended by the Agency in order to assure the allocation of the State's credit ceiling for the calendar year. If a GAAP Audit is not received by April 1st of the third calendar year following the year in which the carryforward allocation occurred, the carryforward allocation of credits is subject to recapture.

II. APPLICATION SUBMISSION

A. Competitive Applications: Applicants for a Tax Credit reservation during Calendar Year 2000 must submit one original LIHTC Application with original signatures plus two copies, 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 Section VII. The deadline for delivering complete applications for review is:

5:00 p.m., C.S.T., January 14, 2000

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

Louisiana Housing Finance Agency
200 Lafayette Street, Suite 300
Baton Rouge, Louisiana 70801
Attention: LIHTC Program

Applications Must be Complete Only Applications which are complete and are accompanied by the appropriate fees will be reviewed by the Agency. Fees must be paid by cashier's check or money order. An application is complete only if all of the requested information is provided either on the official form of the application distributed by the Agency and, if the official Agency approved application diskette is used, a hard copy of the Application as printed from the completed diskette is executed and transmitted to the Agency. An application is not complete if (i) an originally executed notarized signature page of the application is not submitted, (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 by the application deadline.

Required Exhibits: An application is not complete if Required Exhibits are not submitted with the application by the deadline date.

Notice to Applicant The Agency will notify the applicant upon receipt of an application. Information will not be provided as to the application's processing status during the review and selection process following the final application deadline.

Minimum Score The qualified allocation plan for the Tax Credit Ceiling for calendar year 2000 requires that an application evidence a minimum score of **120 points** in accordance with the published selection criteria prior to receipt of tax credits.

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 published tie-breaking procedures.

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.

Noncompliance in Other Agency Programs Developers cited for non-compliance in a project/program administered by the Agency shall not receive a reservation/allocation of credits unless or until such non-compliance is cleared.

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

B. 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 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 approved by the Agency's Board of Commissioner's in accordance with the applicable Qualified Allocation Plan. Bond financed projects must satisfy all elements of the Qualified Allocation Plan, including cost and profit limitations and minimum score and must enter into an appropriate regulatory agreement and compliance monitoring agreement prior to receiving Forms 8609.

III. TIMING OF 2000 CREDIT CEILING RESERVATIONS FOR COMPETITIVE APPLICATIONS

The Agency will reserve tax credit with respect to 2000 Credit Ceiling competitive allocations at the regularly scheduled meeting of the Agency's Board of Commissioners in the month of **March, 2000**.

IV. MAXIMUM TAX CREDITS

A. Project and Developer Limits: No project will be reserved tax credits in excess of \$300,000.00 and 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 shall be reserved tax credits in excess of fifteen percent (15%) of the State's Per Capita Authority.

B. Exceptions To Project and Developer Limits:

(i) CHDO Projects: The limitation of 15% of the State's Per Capita Authority per Developer shall not apply to Developers participating in a Project in which a Community Housing Development Organization is the managing general partner of the Taxpayer.

(ii) HOPE VI and Other Projects Sponsored by Public Housing Authorities: The limitation of \$300,000 of tax credits per project shall not apply to Projects with an allocation of HOPE VI funds, public housing development funds or modernization funds converted to development purposes that will be used in the development of the Project. Such Projects will be eligible for reservations not to exceed \$500,000. A reservation of tax credits under this exception shall not be used in calculating a Developer's maximum tax credit reservation; however, any such project must evidence compliance with Notice PIH 99-17.

(iii) Bond Financed Projects: The limitation of \$300,000 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 approved by the local governmental unit in which the project is located after a public hearing. The public hearing must follow a Notice of Public Hearing published at least 14 days prior to the hearing. Such Public Notice must (i) specify the number and percentage of low income units in the project if the project contains fifty or more units and (ii) state why the project should contain the number and percentage of low income units.

V. AGGREGATE POOLS

The Agency has established certain pools from which qualifying applications may request a reservation of tax credits. The balances remaining in each pool (other than the homeownership and non-profit pools) will be transferred to the Agency's General Pool for reservation to qualifying applications in their ranking order until all Tax Credits have been reserved. All Pools, with exception of General Pool, will receive the specified percentage of the State's Credit Ceiling.

Pool Percentages will be applied against the State's Credit Ceiling.

	<u>% of Ceiling</u>
A. Qualified Non-Profit Pool	10%
2. CHDO Pool	10%
C. Rural Areas (Non MSA & municipalities less than 20,000)	10%
D. Homeownership Pool (Lease to Purchase of One Unit Buildings including townhomes utilizing a Right of First Refusal)	7%
E. Congressional Districts	42%
F. Revitalization Pool for Redevelopment Properties	11%
G. Public Housing Authority	5%
8. Rural Development Projects Pool	5%
I. General Pool	--
TOTAL	<hr/> 100%

VI. PROGRAM INSTRUCTIONS AND PROCEDURES

A. Market Analysis for New Construction or Conversions and Appraisals for Existing Properties.

(i) Market Analysis: If the total number of units in a project consists of sixteen (16) or more units and the Project involves any New Construction or the conversion of an existing non-residential building to residential rental use, a detailed Market Study dated as of a date no earlier than 90 days prior to the Application Deadline must be submitted by an Independent Qualified Housing Consultant evidencing demand for additional low income units in the Market Area.

The Market Study must include at a minimum information described under the following items with the noted captions boldfaced within the Market Study:

- a statement of the competence of the market analyst (“**Credentials**”)
- a description of the proposed property site (“**Property Site**”)
- demographic analysis of the number of households in the market area which are income eligible and can afford to pay the rent specified in the Application (“**Demographic Analysis**”)
- geographic definition and analysis of the market area (“**Market Area**”)
- analysis of household sizes and types in the market area (“**Household Analysis**”)
- a description of comparable development in the market area (“**Comparable Developments**”)
- a description of rent levels and vacancy rates of comparable properties (“**Rent Levels and Vacancy Rates**”)
- analysis of operating expenses and turnover rates of comparable properties in the market area (“**Operating Comparisons**”)

- projected operating funds and expenses, when available at the time of the study (“Project Operating Statement”)
- expected market absorption of the proposed rental housing, including a description of the effect on the market area (“Absorption Analysis”)
- a certification as to the status of the local public housing authority’s waiting list of eligible tenants who may occupy the low-income units in the project (“Public Housing Tenant Lists”)
- the percentage of vacancies in the habitable units owned and operated by the local public housing authority (“Public Housing Occupancy and Habitability”)
- evidence that the local offices of HUD and/or RD have verified that there will be no material adverse affect upon existing multifamily housing developments subsidized, insured, funded or sponsored by such agencies as a result of the additional units in the project (“Federal Housing Agency Letter”)
- certification of the number of building permits for multifamily housing units issued over the preceding 24 months by the local jurisdiction within which the project is located and that such construction will not adversely affect the market’s absorption of the units in the project (Pipeline Analysis”)
- a Certification o Demand For New Units executed by the Qualified Housing Consultant (“Certification of Demand”)

(ii) Appraisals: 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.

B. 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.

(i) Minimum Square Footage and Full Bathrooms Per Unit Type*:

<u>Unit Type</u>	<u>Bathrooms</u>	<u>Minimum Square Feet**</u>
Efficiency	1	450
1 Bedroom	1	600
2 Bedroom	1	750
3 Bedroom*	2*	900
4 Bedroom *	2*	1100

* The minimum bathrooms and bedroom size may be waived for a project which is being rehabilitated if a federal program finances the unit and the federal agency administering the program which finances the unit requests a waiver of such limit.

** 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.

(ii) Maximum Average TDC Per Unit by Development Type:

Development Type**Max. TDC/ Unit**

Acquisition/Rehab	50,000
New Construction/Conversions	65,000
Elderly Projects	75,000
Scattered Site	85,000
Historic Rehab/PHA Redevelop	85,000*

* TDC may exclude the historic credit allocated to rehabilitation costs.

(iii) The Maximum Average Dollar Per Square foot for all Development types shall not exceed \$75 per square foot unless Project is a Small Project, in which case, the square foot limit shall not exceed \$85 per square foot.

Use the table in Appendix ___ to calculate unit size and TDC Limitations.

C. Developer Fee and Builder Profit Limits:

Developer Fees for a project shall not exceed fifteen percent (**15%**) of the Developer Fee Base plus five percent (5%) of the Acquisition Cost Base (8% in the case of RD 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. To the extent that an Application evidences in the Developer Fee Base excess Builder Profit, Builder Overhead or General Requirements, 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.

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

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

General Requirements (actual costs) shall not exceed six percent (**6%**) of the General Requirements Base .

Waiver of Builder Profit/Overhead Limits: In connection with projects (i) without an identity of interest between the Developer and the Builder, (ii) the advance written notice to the Agency that a competitive solicitation is being undertaken for the construction contract and the submission to the Agency of the details of the competitive solicitation, (iii) in which the construction contract was awarded on the basis of a competitive solicitation of qualified contractors and (iv) in which at least two contractors submit a bona fide offer to construct the Project in accordance with Plans and Specifications made available during the competitive solicitation, the Builder Profit and/or Builder Overhead limits may be waived by the Agency unless the Agency identifies a material deficiency in the competitive solicitation.

Mandatory Construction Bids: If there is an identity of interest between the developer and the builder, evidence satisfactory to the Agency that the construction contract was competitively bid must be submitted in order to fund builder profit and overhead. Evidence that the construction contract was competitively bid may consist of quotes

from at least three (3) licensed contractors to construct and/or rehabilitate a project pursuant to the same plans and specifications.

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

D. Self-Owned Equipment Limitations: Payments deemed made 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.

E. 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 lessor or (ii) seventy five percent (75%) or more with three or fewer subcontractors, material suppliers or equipment lessors.

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

(i) *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 three percent (3%).

(ii) *Required Debt Service Ratios*: Debt service ratios may not fall below 1.1 without the execution of an appropriate escrow or acceptable guarantee in an amount equal to the maximum cumulative cash flow shortfall below 1.1. 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 Operating and Maintenance Reserves. The Minimum Operating and Maintenance Reserves Requirement shall be increased by such excess cash flow.

(iii) *Maximum Return on Taxpayer Capital for Project with HOME Funds*: Any project which receives HOME Funds from the Agency and which evidences satisfaction of the Minimum Operating and Maintenance Reserve Requirement will be permitted an annual pre-tax return on Taxpayer Capital not in excess of twelve percent (12%). Any cash flows in excess of a 12% return shall be used either to pay off debt on the Project or to fund additional operating and repair reserves.

(iv) *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.

(v) *Vacancy Rate Assumptions*: Assume a seven percent (7%) vacancy rate unless all units in project are contracted to receive Section 8 project based assistance with a remaining term of at least 10 years in which case assume a two percent (2%) vacancy rate.

(vi) *Required Deposit to Reserves for Replacement and Repair*: Assume higher of \$300 per unit per year or one percent (1%) of Building Cost each year deposited to reserves for replacement and

repair unless HUD or RD finances the first mortgage. When HUD and RD finances first mortgage, such reserves may be determined in accordance with HUD or RD policies or regulations. Such deposit will be regulated and monitored in accordance with the Tax Credit Regulatory Agreement.

(vii) *Maximum Rents*: Actual Rents 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.

(viii) *Minimum Operating and Maintenance Expenses*: Shall not be less than \$2,000 per unit per year, unless such unit is a single unit located on a separate subdivided lot and is part of a project financed with tax credits from the Homeownership Pool and the tenant is required to pay utilities directly, in which case, such expenses shall not be less than \$1,200 per unit per year.

(ix) *Minimum Operating and Maintenance Reserves Requirement*: Assume at least six (6) months of projected operating and maintenance expenses plus the Required Deposit to Reserves for Replacement and Repair for such year.

G. Appraisals and Capital Needs Assessment: An appraisal and a Capital Needs Assessment, dated no earlier than 90 days before the application deadline, is required for all projects involving acquisition and rehabilitation.

H. 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 and (iii) a Syndication Certification.

I. 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. Projects subject to Subsidy Layering Review will be limited to the following fees: (1) Developer Fees - 15%, (2) Builder Profit - 6%, (3) Builder Overhead - 2%, (4) General Requirements - 6% and (5) Syndication Cost Limits of 10% for privately placed syndications and 15% for publicly offered syndications.

J. Processing 515 Projects: Projects receiving a 515 Loan from Rural Development of the U.S. Department of Agriculture will be reserved credits only after completion of the following steps:

Step 1: The Agency transmits a copy of the Application and the Agency's analysis of the Project to Rural Development.

Step 2: Rural Development submits a copy of (i) the most recent Form RECD 1924-13, (ii) Form HUD 2530/FmHA 1944-37 and (iii) letter of intent to process for funding.

Step 3: Rural Development advises the Agency in writing that Rural Development has no objections to the reservation of tax credits to the Project.

K. Financing Commitments: Financing Commitments for all sources of funds must be included with the Application.

L. Debarred Participant: No Taxpayer utilizing a Debarred Participant in the development or operation of a project may be reserved or allocated tax credits.

M. Legal Description of Project Property Site: (i) 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.

(ii) 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.

(iii) 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. No additional sites may be included for a Project following the Application Deadline.

(iv) Map Requirement: A map identifying the Project Site must be included with all legal descriptions and/or street addresses.

N. Notification of Material Changes: It is the applicant's responsibility to notify the Agency, in writing, of any occurrence of a material change in a Project. Notwithstanding any provision of any other program requirements, no project which the Agency determines to have materially changed shall be deemed feasible or viable.

(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. 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 cancels either the tax credit reservation or the carry-forward allocation of tax credits.

O. 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.

P. Site Change: A Site Change in a Project following the final application deadline will automatically cancel any reservation, commitment or allocation of tax credits to such Project.

Q. Re-Allocation of Recaptured Tax Credits Based Upon Housing Discrimination: Tax Credits which are recaptured from a Taxpayer will be reserved automatically to a project in an amount approved in a reprocessing of the Project Application (but not greater than the recaptured credits) upon receipt of all of the following:

(i) evidence that HUD or the Department of Justice has determined to proceed to process a complaint of housing discrimination because such a complaint has merit based upon evidence contained or certified in such complaint,

(ii) a revised Application, and

(iii) an opinion of tax counsel to the Taxpayer that the project remains qualified for a Tax Credit reservation.

VII. 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 are to be paid either with a money order or with a certified check.

A.	<u>Application Fee</u>	
	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
B.	<u>Analysis Fee</u>	
	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
C.	<u>Reprocessing Fee</u>	
	The reprocessing fee established in the fee schedule of the application will be required whenever reprocessing changes occur. The applicant must receive approval of the Agency for any reprocessing change to a project and the fee will be required at the time the reprocessing changes are submitted to the Agency for approval	½ Analysis Fee
D.	<u>Credit Award Fee</u>	5% of Credit Reserved

E. Annual Compliance/Monitoring Fee

The Minimum Fee by project size; provided that the Agency reserves the right to charge such additional amounts at any time as may be required to monitor compliance in accordance with the Internal Revenue Code of 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	Minimum fee is amount equal to 50% of units in Project times \$10.00

F. Subsidy Layering Review Fee

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

ALL FEES COLLECTED BY THE AGENCY ARE NON-REFUNDABLE

For more information on the LIHTC program, contact:

Louisiana Housing Finance Agency
200 Lafayette Street, Suite 300
Baton Rouge, Louisiana 70801
Telephone: (504) 342-1320
Attention: LIHTC Program

VIII. MODIFICATION OF PROGRAM INSTRUCTIONS AND PROCEDURES

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

IX. 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.

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 six months.

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 Uniform Federal Accessibility Standards and that can be approached, entered, and used by physically disabled people.

ACQUISITION COSTS: The actual costs of the building shells 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.

ADAPTABLE: The ability of certain building spaces and elements, such as kitchen counters, sinks, and grab bars, to be added or altered so as to accommodate the needs of either disabled or nondisabled persons, or to accommodate the needs of persons with different types or degrees of disability.

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

AMENITIES: Equipment and/or facilities which are for the exclusive benefit of the residents and which are not essential to constituting a residential rental unit. Examples of such amenities are: 1) recreational facilities such as basketball or tennis courts, 2) swimming pools, 3) learning centers, 4) day care facilities, 5) family counseling facilities, 6) gates accessible only with ID or other device and 7) non-essential appliances, e.g.: built-in dishwashers, clothes washers and dryers and microwave ovens. (Air conditioning or heating systems are not considered an amenity).

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.

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

BUILDER: The 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.

BUILDER PROFIT FEE BASE: Line 49 of the Estimate and Certificate of Actual Cost 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 (Line 44).

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

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.

CAPITAL NEEDS ASSESSMENT: An inspection report of an existing building or project by an inspection agent or licensed contractor 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), (iii) estimates the useful remaining life of the project and related major systems following their repair and (iv) specifies the minimum amount which must be deposited to the repair and replacement reserve over thirty (30) years following repair or rehabilitation of the project to maintain property quality and minimum standards.

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.

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

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

COMMUNITY FACILITIES: Facilities which are functionally related and subordinate to a Project and which are intended to primarily benefit tenants of a Project but which are available to neighborhood residents without charge or a fee.

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

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

CONSTRUCTION START: The date on which construction work pursuant to a construction contract may begin.

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; provided that no such person may be any professional who will render any independent and/or unqualified professional opinion to the Agency or who will represent in a professional manner any party other than the Developer.

CONTRACTOR: Means 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 50% or more of the board or management of an entity.

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 person, company, firm, staff or development team member or employee thereof, who 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.

DEBARMENT CAUSES: Providing fraudulent documents or committing fraudulent acts, failing to fulfill reasonable Agency requests in a proscribed 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.

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 help develop 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 buildings and facilities functionally related and subordinate to such buildings as certified in a GAAP Audit by an independent certified public accountant in accordance with generally accepted auditing standards utilizing generally accepted accounting principles as of the placed in service date of the building or as of the end of the first year of the credit period for the building.

DEVELOPMENT PLAN OF ACTION: A plan of action to redevelop an area defined by a local governmental unit in accordance with the requirements of Section 42 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 was 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.

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

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.

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 persons sixty two (62) years of age or more at the time of initial occupancy; provided that a lower age may apply only if such household qualifies as an elderly household pursuant to the Fair Housing Act.

ELDERLY PERSON: A household composed of one or more persons at least one of whom is 62 years of age or more at the time of initial occupancy.

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

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: 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

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.

GAAP AUDIT: An audit performed by an independent certified public accountant containing at a minimum:

- (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 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); and
- (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.

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.

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.

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

HANDICAPPED EQUIPPED UNITS: Units which are accessible and in which certain building spaces and elements, such as kitchen counters, sinks and grab bars have been added or attached so as to accommodate the needs of a Handicapped Household.

HANDICAPPED HOUSEHOLD: A household composed of one or more persons at least one of whom is considered to have a physical, mental or emotional impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes the ability to live independently and (iii) is of such a nature that such ability could be improved by more suitable housing conditions. A person shall be considered handicapped if (a) such person has a developmental disability as defined in Section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 60001(7)) or (b) such person is infected with the human acquired immunodeficiency virus (HIV) who is disabled as a result of infection with the HIV or (c) such person has a severe and persistent mental or emotional impairment that seriously limits his or her ability to live independently, and whose impairment could be improved by more suitable housing conditions.

HARD COSTS: Line 49 of the Estimate and Certificate of Actual Costs (Appendix VIII) reduced by any amount which reduces the Builder Fee Base.

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 HOUSEHOLD: A household in which all members are Homeless Persons.

HOMELESS PERSON: A person who lacks a fixed, regular nighttime residence and an individual whose primary nighttime residence is (i) a shelter for temporary accommodation, including welfare hotels, congregate shelters and transitional housing for the mentally ill, (ii) an institution providing temporary residence for individuals intended to be institutionalized or (iii) a public or private place not designed for, or ordinarily used as a regular sleeping accommodation for human beings.

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

HQS STANDARDS: The Housing Quality Standards promulgated in HUD Regulations at 24 CFR 882.109, including the basic “performance requirements” with respect to the following: (i) sanitary facilities, (ii) food preparation and storage space, (iii) space and security, (iv) thermal environment, (v) illumination and electricity, (vi) structure and materials, (vii) interior air quality, (viii) water supply, (ix) lead-based paint, (x) access, (xi) site and neighborhood, and (xii) sanitary condition.

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 corporation 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.

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

INDEPENDENT QUALIFIED HOUSING CONSULTANT: A professional housing consultant 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.

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

LOUISIANA DEVELOPER: Any Managing General Partner 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.

LDED AREAS: Areas specified by the Agency in accordance with data transmitted to the Agency by the Louisiana Department of Economic Development and listed in the Application.

LOCAL NONPROFIT 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 nonprofit and at least seventy-five percent of the governing board are domiciled within the Market Area of the Project or is a State certified Community Housing Development Organization ("CHDO") with a service area encompassing the market area of the Project.

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.

MANAGING GENERAL PARTNER: The entity or individual(s) which controls or owns an entity which is designated in the Application as the managing general partner or the primary sponsor/operator of the Project, provided that such entity(s) or individual(s) retains an ownership or controlling interest in excess of 50% of such entity.

MARKET AREA: In rural areas or municipalities with a total population of less than 75,000, an area encompassing at least the parish within which the project is located; and in municipalities of 75,000 or more, an area encompassing only the municipality if the housing consultant certifies that such a limitation is appropriate in view of demographic and mobility factors permitting the limitation of the market areas only to the municipality.

MATERIAL CHANGE: Any change in an application or project deemed by the Agency to require a new feasibility/viability review. The Agency considers the following to be examples of material changes:

- change in managing general partners,
- bankruptcy,
- change in site,
- change in unit design (increase or decrease in number of units, unit mix, square footage etc. greater than 7%),
- applicant's inability to comply with the project schedule with respect to Construction Start by more than six months and Completion Date by more than nine months,
- any decrease in net equity by 7%, or
- any increase in maximum interest rate on any debt of 2% per annum or more, or any increase in debt service of more than fifty dollars per unit per year.

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

MINIMUM ANNUAL OPERATING AND MAINTENANCE RESERVE REQUIREMENT: Assume at least six (6) months of projected operating and maintenance expenses plus the required deposit to Reserves for Replacement and Repair for such year.

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 within the five (5) 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, there shall not be taken into account under clause (ii) any additional tax attributable to the application of clause (ii).

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 and other property the use of which is not related to residential rental use, e.g., commercial office space, owner-occupied residences, etc.

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.

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.

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

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.

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, ie., located on a single tract of land; and
- (iii) are owned by the same person and are financed pursuant to a common plan.

PROJECT SCHEDULE: The time frame within which certain activities must be completed with respect to the development of the Project.

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.

QUALIFIED CENSUS TRACT: Any census tract which is designated by HUD on which 50% or more of the households have an income which is less than 60% of the area median gross income.

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 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 of a building and in which the hard costs of such rehabilitation equal or exceed the greater of \$3,000 per low-income unit in the building or ten percent (10%) of the adjusted basis of the building.

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

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

REDEVELOPMENT PROJECT: A Project in which all units are either (i) Distressed Properties, (ii) Urban Redevelopment Properties or (iii) Owner-Occupied buildings covered by a Development Plan of Action.

REDEVELOPMENT PROPERTIES: Units which are located within an inner city or older neighborhood as part of a redevelopment area defined by a local governmental unit or units located in a downtown development area, inner city area or older neighborhood defined by a local governmental unit through the creation of a special district or units located in a tax-increment financing district created by a local governmental unit pursuant to state law.

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 in excess of 2%, (ii) increases or decreases in the number of units, unit mix, square footage, etc. greater than 3%, (iii) 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 (iv) 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 in the Application Checklist.

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.

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

RIGHT OF FIRST REFUSAL: An option offered to facilitate the transfer of a low-income building at the end of the compliance period (notwithstanding the extended uses agreement) to a nonprofit sponsor of the project, tenants, a resident management corporation, or government agency and generally for an amount equal to any outstanding investor indebtedness as well as any appropriate exist taxes.

REVITALIZATION POOL: Pool established to reserve tax credits exclusively for Redevelopment Properties.

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.

SERVICES: Actions or benefits made available to the occupants of a Project.

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.

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

SPECIAL NEEDS HOUSEHOLD: A household which constitutes either an Elderly Household or a Handicapped Household or a Homeless Household.

SPECIAL NEEDS PROJECTS: A Project in which at least twenty percent (20%) 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 satisfies the requirements of the Fair Housing Act.

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.

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

SUBSTANTIAL REHABILITATION: Any rehabilitation in which the Hard Costs equal or exceed \$15,000 per unit.

SUPPORTIVE HOUSING: Housing designed to meet the special needs of the targeted special needs group and providing Supportive Services targeted to the special needs group.

SUPPORTIVE SERVICES: The range of services tailored to the needs of the category or categories of persons with special needs occupying the housing in which such services are provided. For purposes of this definition, Supportive Services are presumed to be provided if such services 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:

- health and mental health assessment
- permanent housing placement
- drug and alcohol abuse treatment and counseling
- day care
- personal assistance
- nutritional services
- intensive care when required
- assistance in moving individuals from welfare to work, gaining access to jobs and/or local, State and Federal government benefits and services
- homeownership training

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 an 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.

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: The greater of (i) \$100,000 or (ii) value of assets or amounts other than equity 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.

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.

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.