

Colorado Housing and Finance Authority
Low Income Housing Tax Credit

Allocation Plan
2007



Financing the Places Where People Live and Work

This plan, as amended, was adopted by the Colorado Housing and Finance Authority Board of Directors on December 7, 2006 and approved by the Governor of Colorado on December 26, 2006.

COLORADO HOUSING AND FINANCE AUTHORITY
 LOW-INCOME HOUSING TAX CREDIT ALLOCATION PLAN
 TABLE OF CONTENTS

	Page
Section 1.	Federal Requirements for the Qualified Allocation Plan 4
Section 2.	Guiding Principles and Priorities 4
Section 3.	Tax Credit Allocation Process 6
	A. Preliminary Reservation and Application Process 6
	B. Carryover Allocations of Federal Credit 11
	C. Final Allocation of Federal Credit 13
	D. Amount of Credit Available Annually 14
	E. Set-Asides 14
	F. Maximum Credit Award 15
	G. Determination of Tax Credit Amount 16
	H. Subsidy Layering 19
	I. Additional Federal Credits 19
	J. Sponsor Elections 20
	K. Land Use Restriction Agreement 21
	L. Administration of Plan 21
	M. Amendments 21
	N. Transfers of Reservations and Carryover Allocations 21
Section 4.	Underwriting Criteria 22
	A. Market Study Requirements 22
	B. Minimum Operating Reserve Requirements 23
	C. Minimum Replacement Reserve Requirements 23
	D. Minimum Pro Forma Underwriting Assumptions 23
Section 5.	Scoring Criteria 24
	A. Primary Selection Criteria 24
	B. Secondary Selection Criteria 28
Section 6.	Fees 31
	A. Preliminary Reservation 31
	B. Carryover Allocation 31
	C. Final Allocations 31
	D. Developments Financed with Tax Exempt Bonds 31
	E. Compliance Monitoring Fee 32
Section 7.	Developments Financed with Tax-Exempt Bonds 32
	A. Threshold Criteria for Non-Competitive (4%) Tax Credit Applications 33
	B. Final Application Requirements for Non-Competitive (4%) Tax Credit Applications 36
Section 8.	Energy Conservation and Green Communities Programs 38
Section 9.	Use of Home or NAHASDA Funds 40
Section 10.	Qualified Contract Process 41
Section 11.	Other Conditions 42
Section 12.	Section 42 Compliance Monitoring 43
	A. Record Keeping, Record Retention and Inspection Provisions 43
	B. Certification Provisions 44
	C. Inspection and Review Provisions 46
	D. Notification of Noncompliance Provisions 47
	E. CHFA Record Retention Provisions 47
	F. Monitoring Fee 47

COLORADO HOUSING AND FINANCE AUTHORITY
LOW-INCOME HOUSING TAX CREDIT ALLOCATION PLAN
TABLE OF CONTENTS – CONTINUED

	Page
Appendix A – Market Study Guide	48
Appendix B – Capital Needs Assessment Requirements	65
Appendix C – Instructions for Calculation of Qualified Contract Price	66

1. Federal Requirements for the Qualified Allocation Plan (the “QAP” or “Plan”)

Each year the state allocating agency for the Federal Low Income Housing Tax Credit (LIHTC) program is required to publish a Plan describing the process for allocation of the housing credit. In Colorado, the Colorado Housing and Finance Authority (the “Authority” or “CHFA”) is the State housing credit agency. CHFA is responsible for preparing the annual Plan and making it available for review by interested parties before approval by the Governor of Colorado and final publication.

Section 42 of the Internal Revenue Code is the federal statute governing the tax credit program. In accordance with Section 42, each state allocating agency must have a Plan:

- Which sets forth selection criteria to be used to determine housing priorities
- Which gives preference among selected projects to:
 1. Projects serving the lowest income
 2. Projects obligated to serve qualified tenants for the longest periods
- Which selection criteria must include:
 1. Project Location
 2. Housing Needs Characteristics
 3. Project Characteristics
 4. Sponsor Characteristics
 5. Tenant Populations with Special Housing Needs
 6. Tenant Populations of Individuals with Children
 7. Public Housing Waiting Lists
 8. Projects intended for Eventual Tenant Ownership

The 2007 QAP conforms to all of the Plan requirements summarized above.

For the 2007 Plan, CHFA encouraged suggestions and comments from the affordable housing industry and conducted special Tax Credit Advisory Committee meetings on important tax credit issues. Housing professionals and experts representing a wide range of interests and specialties participated in these discussions and contributed to the development of the 2007 QAP. CHFA wishes to publicly acknowledge their contribution and to thank them for their time and effort.

In addition, as required by the tax code, CHFA presented the draft allocation plan for public review and comment at a public hearing held on November 8, 2006.

2.Guiding Principles and Priorities

Demand for the housing credit often exceeds supply. In determining how, and where, to allocate the credit, CHFA must consider the need for affordable housing throughout the State of Colorado. The purpose of CHFA’s Plan is to reserve the federal tax credits for the creation and maintenance of rental housing units for low and very low-income households in the State of Colorado in such a way as to further the following principles and priorities:

- Reserve credits in order to provide a balance between the need to create new affordable housing units and the need to preserve the existing affordable housing stock;
- Reserve credits in order to provide an equitable distribution throughout the State and provide a reasonable mix of affordable housing projects, both in regards to the number of units and the populations served (family, elderly, special needs);

- Reserve credits to as many rental housing developments as possible, considering cost, size, location, and income mix of proposals.
- Reserve credits in order to provide opportunities to a variety of qualified sponsors, both for-profit and non-profit;
- Reserve only the amount of credit that CHFA determines to be necessary for the financial feasibility of a development and its viability as a qualified low-income housing development throughout the credit period;

Criteria for Approval

Many applications will fall within the parameters of the above principles and priorities. CHFA, therefore, will have difficult choices to make in the evaluation of applications and, as such, has developed the following criteria for approval of a reservation. These criteria are not listed in order of priority.

- **Market Conditions** – CHFA will consider the stability of both tax credit and market rate properties in the primary market area (PMA) of the proposed development, including vacancy rates, rent concessions or reduced rents. In reviewing development applications, CHFA will look more favorably on a development that is in a PMA where there are lower vacancy rates and fewer concessions or reduced rents. In addition, staff will carefully analyze the assumptions made in the market study regarding capture rates and overall demand. CHFA will look more favorably on a development that doesn't require high captures rates or that needs to assume high in-migration to achieve lower capture rates.
- **Proximity to Existing Tax Credit Developments** – CHFA must monitor the distribution of tax credit developments across the state as well as in particular sub-markets. In some cases, CHFA may need to make choices between two credible applications based on the number of tax credit developments in a particular market or area of the state. Attention will also be paid to any recent reservations made in a particular market or area of the state. Recently approved developments should be afforded the opportunity to lease up without direct competition from another tax credit development. Particular attention will also be paid to existing developments that are not achieving pro forma rents.
- **Readiness-to-Proceed** – The threshold requirements of readiness-to-proceed are outlined further in this Plan. As part of the overall evaluation of the development's readiness, CHFA will pay particular attention to the ability of the applicant to meet the deadline for the Carryover Allocation.
- **Site Suitability** - Sites will be evaluated on the basis of suitability and overall marketability, including, but not limited to, proximity to schools, shopping, public transportation, medical services, parks/playgrounds; conformance with neighborhood character and land use patterns; site suitability regarding slope, noise (e.g., railroad tracks, freeways), environmental hazards, flood plain or wetland issues.
- **Experience with the Development and Management of Multi-family, Rental Properties** –CHFA will evaluate experience in terms of the quality of the development and management experience, including the overall financial strength of the developer's current portfolio, the number of successful developments, compliance with any applicable regulatory requirements and property management track record.

- **Overall Financial Feasibility and Viability** – The tax code states that “The housing credit dollar amount allocated to a project shall not exceed the amount the housing credit agency determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period.” CHFA, therefore, will evaluate the overall financial strength of each development and consider such items as debt coverage ratios throughout the 15 year pro forma period, the ability to pay deferred developer fees from cash flows, operating reserve amounts and annual operating expenses. While still acknowledging that there are legitimate circumstances that allow for a waiver of certain underwriting criteria (lower vacancy rates for 100% occupied Section 8 deals, lower PUPA for independent senior deals), developments that exceed the underwriting criteria will be considered to be stronger deals.
- **Total Development Costs Per Unit** – CHFA recognizes the wide range of development costs throughout the state, including such items as land costs, zoning processes, tap fees, parking requirements, etc. Given the limited nature of this valuable resource, however, CHFA may ultimately need to make a judgment regarding the best use of the housing credit as it relates to the total development costs per unit and the requested annual tax credit per unit.

3. Tax Credit Allocation Process

Section 42 of the Code generally requires that federal tax credit allocations be made by the State housing credit agency at the time a qualified building is placed in service (available for occupancy). The Code also permits housing credit agencies to award carryover allocations (allows an additional two years to complete development) to developments which are not ready for placement in service by year-end but which have incurred, or will incur within a period of six months, more than ten percent of the total development costs. In addition, CHFA uses a process that permits sponsors to obtain a “preliminary reservation” of tax credits at an earlier stage in the development process than is required for an allocation.

Tax-exempt private activity bond financed developments are eligible for federal tax credits without having to compete for the State’s annual housing credit dollar amount (“housing credit ceiling”), but are also subject to review by the Authority and are required by the Code to satisfy the requirements for an allocation of federal credits under the Plan. See Section 7 for application instructions. Such developments are also subject to the compliance monitoring requirements as described in Section 12.

3.A. Preliminary Reservation and Application Process

Applicants for the competitive (9%) tax credit must submit, in writing, a notification of the intent to apply for tax credits no later than the submittal dates listed below or the application will not be accepted. In addition to the letter of intent, a letter of engagement with an approved market analyst must also be submitted at this time. The letter of notification must include the proposed date of formal application, number of units, the AMI mix, location of the development and estimated annual credit amount. Depending on market conditions, if a proposed development is located in the same market area as a tax credit development that has already received a tax credit reservation, consideration for a formal application may be postponed until the current tax credit development has received a carryover allocation and market conditions have improved.

The dates for application submittals for reservations of the competitive (9%) tax credits from the federal housing credit ceiling, along with the amount of annual credit available for that submittal date and the date for notification of intent to apply, are listed below. A total of \$10.4 million in annual credit is available for 2007, with \$1.1 million of that total set-aside for the Park Avenue HOPE VI development. The remaining \$9.30 million will be available in equal increments of \$3.10 million as listed below:

February 1, 2007 - \$3.10 million annual credit – Notification deadline is 1/2/07

May 1, 2007 - \$3.10 million annual credit – Notification deadline is 4/2/07

August 1, 2007 - \$3.10 million annual credit – Notification deadline is 7/2/07

All documents must be delivered to the CHFA offices no later than 5:00 pm Mountain Time on the above listed notification dates, without exception.

CHFA reserves the right to change the above dates and the annual credit amount available for a given submittal date by posting notice of such change on CHFA's website (www.colohfa.org) not less than 20 days prior to the affected submittal date. Notwithstanding the foregoing, CHFA reserves the right to increase the annual credit amount available for a given submittal date by 10%, or less, without any prior notice. If the full credit amount for any cycle is not reserved the remaining un-reserved amount will be divided equally among the subsequent 2007 cycles. If the total annual amount of \$10.4 million is not reserved in 2007 the remaining amount will be carried forward to 2008. Subject to CHFA's right to increase the annual credit amount available, it is anticipated the no more than \$10.4 million in annual credit will be reserved in 2007.

Applications for the non-competitive tax credit for developments financed with private activity bonds will be accepted throughout the year, except during the month of December. See Section 7. for more details regarding notification and application requirements.

Because applications will be accepted throughout the calendar year, all underwriting will be done with the underwriting requirements that are in place at the time of the application, including the rent and income limits and basis limits.

If an application does not receive a reservation due to a lack of available credit, it will be re-considered in the following application round. If there are no changes made from the previous submittal, the application fee for the second submittal will be reduced to \$1,000. No new notification of the intent to apply will be required.

If CHFA learns that any principal that is involved with a proposed development has serious and/or repeated performance or non-compliance issues in Colorado or any other state at the time of application, the application will be rejected. The prior performance considered might include, but is not limited to, progress made with previous tax credit reservations, development compliance and payment of monitoring fees.

The application and all materials submitted by applicants constitute public records within the meaning of 24-72-210, et. seq. of the Colorado Revised Statutes (the "Open Records Act"). As part of the Application Certification the applicant acknowledges and agrees that none of the exceptions to the right of public inspection and copying under the Open Records Act is applicable to the application and submissions and, accordingly, that CHFA will make it available for inspection and copying upon request of any person. A copying fee of \$1.00 per page will be charged for all requests.

3.A.1. Threshold Criteria for Tax Credit Applications – The first four items listed below MUST be provided at the time of the application submittal and are not subject to the 10 day cure period referenced in Section 3.A.2.

Threshold #1 – Minimum Score

All applications must score a minimum of 130 points under “Scoring” in order to be considered for a reservation. The minimum score threshold must be met at the time of application. Include documentation under the “Scoring” tab.

Threshold #2 – Site Control

The applicant must demonstrate full control of all land and buildings included in the development through a fully executed agreement such as an option agreement, a purchase or sale agreement or other similar instruments. Warranty deeds should be recorded. Site Control must be demonstrated at the time of application. Include 2 hard copies under the “Site Control” tab.

Threshold #3 – Market Study

The market study must be prepared by a CHFA-approved analyst who is totally unaffiliated with the developer and/or owner of the proposed development and has no financial interests in the proposed development. Prior to commencing a market study for the proposed development, the market analyst must notify CHFA (Kim Dillinger at kdillinger@colohfa.org or 303-297-7361) of the intent to undertake a market study and must follow the format and content requirements contained in the Market Study Guide (Appendix A). Failure to comply with market study requirements will result in a denial of the study and the application. Submit 2 hard copies and 1 pdf version via email.

At the time of application, the market study must match the submitted application regarding income targeting, unit mix and rents. If the market study and application do not match, the application will not be processed and will be returned to the applicant.

Threshold #4 – Outstanding Non-Compliance

Applications will not be accepted if there are any outstanding 8823's on any developments in which the applicant is a part of the general partnership. Consideration will be given to circumstances in which CHFA is required to issue an 8823 for occurrences outside the control of management, such as accidents or acts of nature.

Threshold #5 – Readiness-to-Proceed

- Evidence of current zoning status (New Construction); If the site is not properly zoned, provide evidence that the required change will be in place at the time the carryover application is due (approximately 14 months from the preliminary application date). If the site is zoned properly, provide evidence that other approvals, such as site plan approval, will be in place at the time the carryover application is due.
- Phase I Environmental
- Schematic Drawings (New Construction)
- Cost Estimate from Third Party Cost Estimator, Architect, or General Contractor (New Construction)
- Capital Needs Assessment (Acquisition/Rehabilitation)

Threshold #6 – Development Team Experience

The developer must provide evidence that the developer has multi-family, rental housing development experience and that the management company, the consultant, if any, the legal firm and the accounting firm engaged by the applicant have experience with low-income housing tax credit developments. Resumes must be provided. In addition, the management company must have experience related to population specific developments (i.e., independent senior, homeless, etc.).

Threshold #7 – 2007 Excel Spreadsheet Application

For application submittals in 2007, the applicant must provide the following:

- a. Completed spreadsheet application (found on the CHFA website at www.colohfa.org or a copy can be requested via e-mail at paulah@colohfa.org)
- b. legible location maps
- c. evidence of contact with financing sources
- d. utility allowances
- e. evidence of property tax exemption, if applicable
- f. narrative/timeline
- g. For acquisition/rehabilitation developments provide the following:
 - an attorney's opinion that the ten year rule requirements are met or evidence of an IRS waiver
 - a third-party Capital Needs Assessment (see Appendix B for Capital Needs Assessment requirements),
 - an appraisal with the land value calculated separately from the building value
 - for acquisition of un-restricted properties, a relocation plan for addressing the potential displacement of current residents. Such a plan must include a budget for providing moving and utility hook-up costs for all residents that wish to move or that are required to move. Evidence must be provided that all residents have been informed of the availability of such funds.

3.A.2. Site Evaluation – After review of the Preliminary Application, CHFA staff will conduct a site visit to determine general site suitability. Sites will be evaluated on the following: proximity to schools, shopping, public transportation, medical services, parks/playgrounds; marketability; conformance with neighborhood character and land use patterns; site suitability regarding slope, noise (e.g., railroad tracks, freeways), environmental hazards, flood plain or wetland issues.

3.A.3. Application Review Meeting - Upon submission by the applicant, and review by CHFA of the above information, CHFA staff will contact the applicant to discuss any issues or concerns with the information submitted or with the proposed site. In order for reservation decisions to be made in as timely a manner as possible, the applicant will have ten (10) business days to address any concerns or issues. If the requested information is not received by the deadline, staff decisions regarding a recommendation for a reservation will be made using only the information already submitted. If that results in a decision by staff that a reservation is not given to the development, a new application for that development can be submitted at the next application deadline.

3.A.4. Preliminary Reservation– After review of the items above and any additional requested information, staff will make a recommendation to the CHFA Tax Credit Committee for approval. Committee members will consist of the Chief Operating Officer, the Director of Commercial Lending, the Director of Asset Management, a member of CHFA's Senior Management Team, the Manager of Rental Finance Loan Production, the Manager of Credit Administration, the Manager of Tax Credit Compliance and, as a non-voting member, the General Counsel.

Developments that receive approval from the CHFA Executive Director are given a preliminary reservation of tax credits. Preliminary reservations are valid for twelve months from the date of the preliminary reservation letter and evidence the Authority's intention to allocate credits in the subsequent calendar year. For 2007, developments that receive a preliminary reservation in 2007 will receive an allocation in 2008. Developments that do not meet the allocation requirements within the 12-month period will lose the reservation and may not re-apply for a minimum of six (6) months. Preliminary reservations may be made subject to such conditions as CHFA determines necessary or appropriate to assure that the development will timely meet the goals of this Plan, including, without limitation, the development's progress toward completion and compliance with CHFA and federal tax credit requirements. If CHFA learns that any principal that is involved with a proposed development has serious and/or repeated performance or non-compliance issues in Colorado or any other state at the time of application, the application will be rejected. The prior performance considered might include, but is not limited to, progress made with previous tax credit reservations, development compliance and payment of monitoring fees.

3.A.5. CHFA Discretionary Authority - CHFA reserves the right, in its sole discretion, to (i) carry forward a portion of the current year's housing credit ceiling for allocation in the next calendar year and (ii) under certain conditions, issue a reservation or, in the case of developments that have already placed-in-service, a binding commitment for some portion of the next year's housing credit ceiling.

3.A.6. Jurisdiction Notification - The Code requires that the State allocating agency notify the chief executive officer of the local jurisdiction where each proposed development is located. A notification will be sent to the affected jurisdiction immediately after an application is submitted and deemed complete. The jurisdiction will then be given an adequate opportunity to comment on the proposed development. CHFA will consider the comments and may contact the local jurisdiction for additional information. CHFA will also send a notice to the local housing authority, if applicable.

3.A.7. Status Reporting - Developments receiving reservations may be required to provide reports, in a format prescribed by CHFA, outlining progress toward placement in service. Information requested will be development specific and may include, but is not limited to, such items as zoning and other local development approvals, firm debt, equity and/or gap financing commitments and construction progress towards development completion. Developments that will not be placed in service in the year that the reservation is given may also be required to provide information regarding the sponsor's ability to meet Code and CHFA requirements to obtain a carryover allocation.

3.A.8. Changes to Development - A reservation of tax credits is based upon information provided in each development application. Until a development is placed in service, any material changes to the development, such as changes in the site, scope, costs, ownership or design, as submitted in the application will require written notification to and approval by CHFA. Changes in development characteristics, which were the basis, in whole or in part, of CHFA's decision to reserve credits, may result in a revocation of the reservation, or a reduction in the amount of the tax credit reservation.

3.A.9. Revocation of Reservations - A preliminary reservation is subject to revocation should the development sponsor fail to timely comply with the conditions thereof, including failure to provide evidence, satisfactory to CHFA, of financial feasibility, sufficient progress toward placement in service or eligibility for a carryover allocation. CHFA may also, in its sole discretion, ask sponsors with preliminary reservations to pay an additional fee to retain their reservations. Such fee, if paid, would be credited towards the allocation fee.

3.A.10. Equitable Distribution of Unit and Affordability Mix - For mixed-income developments, CHFA requires that Low-Income set-aside units be distributed proportionately throughout each building, and to the extent possible, each floor of each building, of the development and throughout the bedroom/bath mix and type. Both market-rate and low-income units must have the same design regarding unit amenities and square footage. Amenities include, but are not limited to, fireplaces, covered parking, in-unit washer/dryers and mountain views.

For developments that are 100% low-income, CHFA requires that the units at different targeting levels (40% AMI, 50% AMI, etc) be distributed proportionately throughout each building, throughout the bedroom/bath mix and type and, to the extent possible, throughout each floor or each building of the development. All targeting levels must have the same design regarding unit amenities and square footage. Amenities include, but are not limited to, fireplaces, covered parking, in-unit washer/dryers and mountain views.

Regardless of the income mix of the property, Section 42 requires that charges for services other than housing will not be considered rent if the services are optional and practical alternatives exist. As an example, a project may offer a limited number of garages. The additional charge would not be considered in the maximum rent calculation if the garages were not included in basis and practical alternatives existed, in this case, free surface parking. CHFA interprets "practical alternatives" to mean that there would be at least one free surface space for each unit. Local codes may require more than one space. For projects that contain 100% structured parking, the number of spaces required would be that required by local code and the maximum rents for all low income units must include parking.

3.B. Carryover Allocations

Developments that receive a Preliminary Reservation must either place the development in service or meet the carryover allocation requirements listed below within twelve (12) months from the date of the Preliminary Reservation. Developments that meet the carryover allocation requirements must place in service not later than the close of the second calendar year following the calendar year of the allocation.

1. Carryover Application Requirements:

- a. Completed spreadsheet application with any revisions
- b. Applicant must provide evidence that enforceable financing commitments for all loans, grants and equity from the sale of tax credits have been secured. An "enforceable commitment" means that the authorized body (Investment Committee, Loan Committee, Board, etc.) of the funding source has given approval and the commitment is subject only to those conditions which are totally under the control of the sponsor to meet. The terms and conditions of the commitment must be clearly identified. Application and commitment fees shall have been paid or must be required to be paid upon closing. Documentation of

- owner equity (equity other than that obtained from the sale of tax credits) listed in the "Development Financing" worksheet of the Carryover Application;
- c. Updated documentation of Utility Allowance amounts
 - d. Detailed site-plan
 - e. Documentation of the ownership of the building(s) and/or land and the Certificate as to Ownership and Basis
 - f. Attorney's Opinion letter
 - g. Independent Auditor's Report for Carryover Allocation, including documentation that the 10% test has been met (Accountant's opinion letter with "10% Test for Carryover" worksheet from the Carryover Application)
 - h. Planning Approval (Applicant must provide evidence that an application for all required building permits has been submitted to the issuer of such permits.)
 - i. Architect Certification – Certification of the architect, who has designed the development, that the development has been designed to comply with the requirements of all applicable local, state or federal fair housing and other disability-related laws, however denominated. The certification must clearly state that the development will comply with the following laws: local building codes, Colorado Fair Housing Act, as amended, Colorado Standards for Residential Construction (C.R.S. Section 9-5-112), Federal Fair Housing Act, as amended, the Americans with Disabilities Act, and the Rehabilitation Act of 1973, as amended. The owner is required to certify to the above in the case of an acquisition/rehabilitation development that does not employ an architect.
 - j. For the tax credit equity commitment it means there is an executed entity document (i.e., partnership agreement) identifying the equity commitment, the equity factor and pay-in schedule. Please send the executed entity document as a pdf file via e-mail
 - k. Such other documents or certifications as CHFA determines necessary or useful in the determination that the development is eligible for a carryover allocation.

Sample enforceable commitments are an exhibit to the application.

If there are any issues or concerns from a staff review of the items submitted for the carryover allocation staff will document those concerns in writing and the developer will have an opportunity to address those issues. In order for carryover decisions to be made in as timely a manner as possible, the applicant will have ten (10) business days to address any concerns or issues. If the requested information is not received by the deadline, the preliminary reservation is subject to revocation.

A carryover allocation is for a specific credit amount; however, a sponsor may request allocation of additional credits in a subsequent year or cycle (see Section 3.1.). The carryover credit amount may be reduced, if warranted, at the time a final allocation is made. (Does not apply to developments financed with private activity bonds)

2. Recapture of Carryover Allocations

CHFA retains the right to recapture a carryover allocation of credits to a development prior to the end of the two-year carryover allocation period allowed under the Code. Each carryover allocation will be subject to a written agreement which will contain conditions, obligations and deadlines that are precedent to a final allocation of tax credits by the Authority. Should the development or owner fail to comply with all such terms and conditions, CHFA may, in its discretion, rescind the carryover allocation and make the recaptured credits available for other developments.

3.C. Final Allocations of Federal Credit

CHFA will make final allocations of tax credits no later than the end of the year in which an eligible building or development which has received a reservation or a carryover allocation is placed in service unless CHFA decides, in its sole discretion, to issue a binding commitment of the next year's housing credit ceiling. The credit amount which will be allocated is based on CHFA's final determination of the qualified basis for the building or development based on an accountant's certification of final costs provided by the sponsor and a final determination of the credit amount as outlined in Section 3.G. The credit amount allocated may be less than the amount reserved or allocated on a carryover basis. Also, a sponsor may request additional federal credit in accordance with Section 3.I.

The application for a final allocation is the same spreadsheet application used for the preliminary reservation and carryover allocation, updated by the applicant. Reasonable year-end deadlines for final allocation requests will be established in order to permit timely review and preparation of documents.

Sponsors must request a final allocation of federal tax credits by the deadline established by CHFA for the year in which an eligible development is placed in service. CHFA may establish deadlines, posted on the CHFA website, earlier than year-end in order to efficiently complete its reviews and documents.

1. Final Allocation Application Requirements

IRS Form 8609 will be issued no sooner than thirty (30) days after CHFA has received a final application, with all of the requirements listed below.

- a. Updated Excel spreadsheet application
- b. Project owner's certification of actual total project costs and eligible basis incurred, signed (original signatures) and attested ("Development Budget" worksheet)
- c. a completed Partial Subordination to the Land Use Restriction Agreement from every lien holder(s) with original signature
- d. legal description of property
- e. Updated documentation of Utility Allowance Amounts
- f. Updated Agreement with local housing authority OR notification of development completion to local housing authority
- g. a completed Accountant's Independent Auditor's Report by an independent tax accountant, including the correct tax identification number and legal ownership name
- h. a completed Owner's Attorney's Opinion; by independent tax attorney, including the correct tax identification number and legal ownership name
- i. Form C-1 for each building, Forms C-2, C-3 if applicable, and a completed "Final Building Profile" worksheet
- j. Certificate of Occupancy, or Temporary Certificate of Occupancy, for each building in the project (a certification of completion is required for all rehabilitation projects). For acquisition credits, proof of the date the project was placed in service for acquisition purposes.
- k. Photos of the completed building(s) identified by address and Building Identification Numbers
- l. a completed Form 8609 Certificate with original signature – the place-in-service date should match the date of the Certificate of Occupancy or Temporary Certificate of Occupancy and the "Final Building Profile" worksheet

- m. a check for the compliance monitoring fee, Compliance Training for both the owner and the management company and the Property Inspection must be scheduled with the Asset Management staff in order to receive the CHFA Compliance Training Certificate and a copy of the CHFA Property Inspection Report. The certificate and report will be forwarded from Asset Management to the Tax Credit Allocation staff.

2. Placed-In-Service Application (see Section 7.B for Private Activity Bond-financed deals)

Developments which received a carryover allocation of federal credits must be placed-in-service by the end of the second year following the year of the allocation ("Year 2") or the tax credits are subject to recapture. If a development places in service in Year 2, but the applicant will not have all of the required documentation completed by this time, 8609(s) will not be issued in Year 2. A written notification of the placed-in-service date must be provided to CHFA within fifteen (15) days of the actual placed-in-service date. Regardless of the placed-in-service date, a Placed-in-Service application, with the items below included, must be submitted no later than the first business day in November of Year 2, without exception. This is needed so that CHFA is able to record the Land Use Restriction Agreement prior to the end of Year 2:

- Certificate(s) of Occupancy or Temporary Certificate(s) of Occupancy
- Photographs of the completed building(s), identified by address and Building Identification Number(s) (BIN)
- Completed Form 8609 Certificate
- Legal Description of Property
- Partial Subordination to the Land Use Restriction Agreement from every lien holder
- Following completed worksheets of the Final Application: Development Information, Development Financing, Applicant Info – Development Team and Unit Mix and Rents
- For Rehabilitation developments: evidence that the place-in-service requirements for rehabilitation have been met

The remaining requirements for the final allocation must be received within six (6) months from the date of receipt of the Placed-in-Service application. Starting with the 7th month, a \$2,000 per month late fee may be assessed until the remaining requirements are received.

3.D. Amount of Credit Available Annually

The annual "per capita" federal tax credit amount available to Colorado for 2007 is \$1.95 for each state resident. CHFA is also permitted by the Code to carry forward any unused credits from the prior year for allocation in the current year ("carry forward credits"). CHFA may also have available for re-allocation, credits recovered from developments that have received carryover allocations in previous years and are no longer able to utilize them ("returned credits"). Should CHFA allocate the entire amount of annual federal credits available, Colorado may be eligible to receive additional credits from the national pool of credits not used by other states. (Does not apply to developments financed with private activity bonds)

3.E. Set-Asides

The Code requires that at least ten percent of the annual federal housing credit ceiling be set-aside for the entire year for developments in which 501(c)(3) or (c)(4) non-profit organizations (having an express purpose of fostering low-income housing) own an interest in the development and materially participate in the development and operation of the development throughout the compliance period. This could result in reserving tax credits to a lower ranking development in order to meet the non-profit set-aside requirement. Such non-profit organizations may not be affiliated with, nor controlled by, a for-profit organization. Material participation is defined in Section 469(h) of the Code as "involved in the operations of the activity on a basis which is regular, continuous and substantial." (The set-aside does not apply to developments financed with private activity bonds)

In 2007, CHFA is providing a set-aside of up to \$1.1 million in annual credit for the fourth phase of the Park Avenue HOPE VI development, sponsored by the Denver Housing Authority. The Park Avenue HOPE VI development represents a significant contribution of HUD funds for a severely distressed public housing development and has garnered a great degree of support from the City and County of Denver. The development is approaching the fourth phase out of a total of five phases and has already demonstrated a positive impact on the neighborhood, becoming a catalyst for new development and improvements to the area. In order to be eligible to access the HOPE VI set-aside, the HOPE VI application will be subject to the same application process as all other tax credit applications and must meet all aspects of this Plan including, but not limited to, minimum application threshold requirements, underwriting requirements and application deadlines.

3.F. Maximum Credit Award

Except for developments financed with private activity bonds, CHFA will accept applications for no more than \$1,100,000 of the annual "per capita" federal credit for any one development or any one applicant, or affiliate of such applicant. As long as an application is active, (meaning the applicant has not yet received an executed Carryover Allocation Agreement), the amount requested in the application will count against the \$1,100,000 cap.

For purposes of this Section, "Affiliate" means any Person (as defined below) who, (i) directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the applicant; or (ii) owns or controls any outstanding voting securities, partnership interests, membership interests or other ownership interests of the applicant; or (iii) is an officer, director, employee, agent, partner or shareholder of the applicant; or (iv) has an officer, director, employee, agent, partner or shareholder who is also an officer, director, employee, agent, partner or shareholder of the applicant.

"Person" means an individual, partnership, limited liability company, corporation, trust or other entity.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or other ownership interest, or otherwise.

Notwithstanding the forgoing provisions, a Person who provides consulting or turn-key development services to an applicant on a strictly fee for service basis and not for a share of revenues, ownership interest, or other incentive compensation will generally not be considered an Affiliate, provided that CHFA reserves the right to make such determination based on a review the facts and circumstances in individual cases.

3.G. Determination of Tax Credit Amount

The Code requires that CHFA not allocate to a development a housing credit dollar amount in excess of the amount of federal credit that CHFA determines necessary for the financial feasibility of the development and its viability as a qualified low-income housing development throughout the credit period. CHFA will evaluate each proposed development, taking into account such factors as it determines relevant, including, but not limited to, the following items:

1. Project cost, including the reasonableness of cost per unit, developer fees and overhead, consultant fees, builder profit and overhead, and syndication costs (For Acquisition/Rehabilitation developments or Rehabilitation only, hard costs for rehabilitation, not including costs for acquisition or any soft costs, must be at least \$7,600 per unit in order to be eligible for tax credits);
2. Sources and uses of funds and the total financing planned for the development, including the ability of the development to service debt;
3. Project income and expenses, including a determination of the reasonableness of the proposed operating costs;
4. The proceeds or receipts expected to be generated by reason of tax benefits;
5. The percentage of the credit dollar amount used for project costs other than the cost of intermediaries;
6. The use of federal funds and other assistance (applicable HUD subsidies will be subject to a subsidy layering review based on HUD's most current subsidy layering review guidelines as further explained in Section 3.H., below); and
7. Other factors which may be relevant to the economic feasibility of the development such as the area economy or the housing market.

Based on this evaluation, CHFA will estimate the amount of tax credits to be reserved for the development. This determination is made solely at CHFA's discretion and is in no way a representation as to the actual feasibility of the development. Rather, it will serve as the basis for making an initial determination of credit amounts with respect to a development financed by Private Activity Bonds or a reservation of tax credits for developments competing for credit from the federal housing credit ceiling. The amount of tax credits may change during the allocation process due to variations in cost, mortgage amount, tax credit percentage, syndication proceeds, etc.

This analysis to determine the tax credits necessary will be done (i) at the time of preliminary application, (ii) at the time a carryover allocation is approved (if applicable), and (iii) at the time the development is placed in service (after all project costs are finalized and a third party cost certification has been completed).

If there are changes in sources and/or uses of funds or other material changes at these times, CHFA will adjust the tax credit amount to reflect the changes and the tax credit amount may be reduced. See Section 3.I., Additional Credits, for the process required to receive an increase in the credit amount.

CHFA will limit developer and builder fees and overhead in calculating the amount of tax credits to be allocated to a proposed development as indicated below (a reduction in fees will result in a reduction of total project costs and eligible basis). HUD also restricts these fees for developments subjected to the subsidy layering review (See Section 3.H.).

Aggregate Builder's Profit, Overhead* as a Percent of Hard Construction Costs (not including Builder's Profit, Overhead, and General Requirements). General Requirements** will not be included in the limitation but may be included as a budget line item on the "Development Budget" worksheet. For those developments subject to the HUD subsidy layering review, this change is subject to approval by HUD.

Development Type	Number of Units	W/Identity of Interest***	W/O Identity of Interest***
Rehab and New	75 units +	6%	8%
Construction	31-74 units	8%	10%
	30 units or less	10%	12%

* Overhead must be project-related and may include a percentage for main office expenses for the job.

** General requirements include project-related site costs such as fencing, utilities to the site during construction, job site supervisor, job site office, etc.

*** Identity of Interest between sponsor, developer, builder and/or subcontractors - An identity of interest will be assumed if any of the following factors are present: common financial interest; any family members; individual and corporation where 50 percent or more of outstanding stock is owned by that individual; members of the same controlled group of corporations; a partnership and each of its partners; S Corporation and each of its shareholders.

Aggregate Developer Fee, (including Overhead and Profit) and Consultant* Fee Limits as a Percent of Certain Development Costs**

Development Type	Number of Units	Percent Allowed
Substantial Rehabilitation And New Construction	51 units or more	12%
	50 units or less	15%

* Consultant Fee (in lieu of, or as part of, the Developer Fee) is defined as a fee to a third party(ies) for performing tasks that a developer would normally perform, e.g., prepare tax credit application and loan application, manage local government approvals, act as owner agent during project construction.

** Certain Development Costs: Total cost to complete the development, minus the cost of land, developer fees, consultant fees and project reserves. In the case of Acquisition and Rehabilitation developments, this calculation requires documentation in the appraisal for the value of the land only.

An increase of the percent allowed, up to 5%, may be requested for homeless developments that are serving tenants at, or below, 30% of the Area Median Income (AMI). The increase in equity provided by the additional annual credit must be committed to provide supportive services or a rental subsidy for such tenants. Evidence of the commitment must be provided with the application and such commitments will be reflected in the Land Use Restriction Agreement (LURA). A minimum of 15% of the total units in the development must be at, or below, the 30% AMI. For those developments subject to the HUD subsidy layering review, this change is subject to approval by HUD.

CHFA will estimate the credit amount needed by a development using three calculation methods. The amount of credits reserved will be based on the smallest of the amounts resulting from these calculation methods. This determination is made solely at CHFA's discretion, and is not a representation of the feasibility or viability of the development. CHFA retains the right to reserve less than the amount produced by application of the three calculation methods. The calculation methods are as follows:

Method One: Qualified Basis Calculation

- Eligible Basis multiplied by the applicable fraction (the lesser of percentage of floor space allocable to the low income units or the percentage of the low income units out of total units in the development)
- Qualified Basis multiplied as follows:
Qualified acquisition costs multiplied by Applicable Percentage
= Annual Credit Amount
- Qualified new construction or rehab costs multiplied by Applicable Percentage
= Annual Credit Amount

For the federal credit, CHFA will use the applicable percentage published at the time of application. The applicable percentage prescribed by the Secretary of the Treasury, as published and distributed monthly, may be locked in by the sponsor at the time of carryover allocation by election under Code Section 42(b)(2)(A)(ii) and, for developments financed with private activity bonds, at the time the bonds are sold. If the election has not been made previously, the applicable percentage used at final allocation will be the percentage prescribed by the Secretary of the Treasury for the month in which the building(s) is placed in service. To find the current APR, cut and paste the following link:

http://www.novoco.com/low_income_housing/facts_figures/federal_rates.php

Method Two: Gap Calculation

- Total uses of funds minus total sources (excluding equity from the sale of tax credits) of funds = Gap (equity needed from tax credits)
- Gap divided by tax credit equity factor divided by 10 years = annual federal credit amount

CHFA will select, at least annually, an equity factor based on market conditions. At the time of the Preliminary Application, the equity factor to be used for this calculation is listed in the "Development Financing" worksheet of the Preliminary Application. If there is a firm equity commitment in place at this time use the equity factor contained in the commitment.

At the time of the Carryover Allocation there is a requirement that the development has an executed partnership entity document that clearly states the equity factor. That equity factor is to be used in the Gap Calculation for the Carryover Allocation.

The equity factor to be used at final allocation will be the actual equity factor contained in the executed taxpayer entity organizational documents (entity documents).

Method Three: Basis Limit Calculation

- This method compares project development costs with standards originally based on HUD's Maximum Mortgage Limits for the Section 221(d)(4) mortgage insurance program. These standards will be modified on an annual basis prior to the end of the calendar year based on ongoing reviews of construction cost resource publications. The unit mix and size, construction features, and location are considered as part of the analysis. The current year's limits will be listed in the application. Developments are limited to the basis limits in effect at the time of allocation.

The Code allows a greater amount of tax credits for developments located in one of the following areas.

- Qualified Census Tracts (listed in the application): Designated by HUD as areas where 50 percent or more of the households have an income of less than 60 percent of the area median; and
- Difficult Development Areas (listed in the application): Designated by HUD as areas experiencing high construction, land and utility costs relative to the area median income. (NOTE: Difficult Development Areas (DDA's) are re-designated annually). Developments in a DDA that receive a reservation may need to meet allocation requirements earlier than the deadline indicated in the Preliminary Reservation letter in order to retain the DDA designation.

3.H. Subsidy Layering Review

Section 911 of the Housing and Community Development Act of 1992 and Section 102 of the Department of Housing and Urban Development Reform Act of 1989 have placed limitations on combining Low Income Housing Tax Credits with certain HUD and other federal programs. The limitations currently apply to a number of programs under the jurisdiction of the HUD Office of Housing, including but not limited to, Section 221(d)(3), 221(d)(4), 223(f) and 542(c) mortgage insurance, flexible subsidy, and project based Section 8 assistance.

As part of a Memorandum of Understanding (MOU) between HUD and CHFA, developments combining federal Low Income Housing Tax Credits with these programs will be subject to a subsidy layering review by CHFA. The MOU requires that HUD and CHFA share information on the developer's disclosure of sources and uses of funds and on development costs for all developments financed with a combination of federal tax credits and HUD Housing assistance. This review is designed to ensure that such developments do not receive excessive assistance. Under the subsidy layering review, developer fees and contractor overhead, profit and general requirements are limited to those percentages listed in Section 3.G. HOME or CDBG funding, when combined solely with tax credits, do not trigger the subsidy layering review process.

3.I. Additional Federal Credits

Sponsors may apply for an increase in federal tax credit amounts in subsequent years if a development's eligible basis has increased. Regardless of the amount requested, additional credits may be awarded if (i) there are additional credits available, (ii) CHFA is satisfied that the additional amount is necessary for the financial feasibility and viability of the development, and (iii) the increased amount of credits does not exceed CHFA's basis limits for the year of allocation. Such applications will be subject to the same

competitive application process described above in Section 3.A., unless the request is for \$100,000 or less in annual credit.

De minimus increases due to changes in the Applicable Percentage Rate (APR) do not require a formal request. Staff is authorized to grant de minimus increases based on changes to the APR from Preliminary Application to Carryover (where applicable) to Final Application.

For developments financed with private activity bonds, additional credits may be awarded if (i) CHFA is satisfied that the additional amount is necessary for the financial feasibility and viability of the development, and (ii) the increased amount of credits does not exceed CHFA's basis limits for the year of allocation.

3.J. Sponsor Elections

1. Applicable Credit Percentage (APR) for Federal Credits – The APR for competitive, 9% credit developments may be “locked in” at two points in the allocation process, (i) the month in which such building is placed in service, or (ii) at the election of the taxpayer, at the time of a carryover allocation. The Authority's Carryover Allocation Agreement provides a space for such election.

For developments financed with tax-exempt bonds, the APR is established at either, (i) the month in which the building is placed in service, or (ii) at the owner's election, the month in which the bonds are issued. If the latter is desired, the Election Statement (form issued by CHFA) must be signed by the owner, notarized and submitted to CHFA before the close of the fifth calendar day following the month in which the bonds are issued.

2. Gross Rent Floor – Section 42(g)(2)(A) of the Code provides that a Low-Income unit is “rent restricted” if the gross rent for such unit does not exceed 30 percent of the imputed income limitation applicable to the unit. Under Revenue Procedure 94-57, the effective date of the income limitation used to establish the gross rent floor is the time the Authority initially allocates a housing credit dollar amount to the development (that is, the date of a carryover allocation, or if no carryover allocation is made, the date of final allocation) unless the sponsor designates a building's placed in service date as the effective date for the gross rent floor. Such designation must be made by advising the Authority in writing no later than the placed in service date. The Carryover Allocation Agreement provides a space for such designation. The gross rent floor for developments not seeking a carryover allocation will be the date of final allocation, which ordinarily closely follows the placed in service date. For developments financed with tax-exempt bonds, the effective date of the income limitation used to establish the gross rent floor is the date the Authority initially issues a determination letter to the building, unless the sponsor designates a building's placed in service date as the effective date for the gross rent floor. Such

designation must be made by advising the Authority in writing no later than the placed in service date.

3. Begin Credit Period – Section 42(f)(1) of the Code defines the credit period for federal tax credits as the ten (10) taxable years beginning with (i) the taxable year in which the building is placed in service, or (ii) at the election of the taxpayer, the succeeding taxable year.

3.K. Land Use Restriction Agreement

Section 42(h)(6) of the Code requires that a development be subject to “an extended low-income housing commitment”. The Authority complies with these requirements with the execution and recording of a Land Use Restriction Agreement at the time of the final allocation of credits. The Land Use Restriction Agreement sets forth, as covenants running with the land for a minimum of thirty (30) years (or additional years if the development owner has committed to a longer use period), the low-income unit set-asides, the percentages of median income to be served, the special housing needs units committed to (if any), and such other requirements as CHFA may apply based on the Plan.

The development owner will be required to have all lien holders of a development complete and sign a Partial Subordination to the Land Use Restriction Agreement which will subordinate their liens to certain provisions of the Land Use Restriction Agreement.

3.L. Administration of Plan

CHFA reserves the right to resolve all conflicts, inconsistencies or ambiguities, if any, in this Plan or which may arise in administering, operating or managing the reservation and allocation of credits or Colorado’s Low-Income Housing Tax Credit program and the right, in its sole discretion, to modify or waive, on a case by case basis, any provision of this Plan that is not required by the Code. All such resolutions or any such modifications or waivers are subject to written approval by the Executive Director and are available for review, as requested, by the general public.

3.M. Amendments

CHFA reserves the right to amend this Plan from time to time, pursuant to the Code, for any reason, including, without limitation (i) to reflect any changes, additions, deletions, interpretations, or other matters necessary to comply with Section 42 of the Code or regulations promulgated thereunder; (ii) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Plan; (iii) to insert such provisions clarifying matters or questions arising under this Plan as are necessary or desirable and are not contrary to or inconsistent with this Plan or Section 42 of the Code; (iv) to modify identified housing needs and selection criteria reflecting those needs, based upon continuing assessment of such needs, provided that no such amendment shall retroactively affect a reservation of credit previously made under this Plan; and (v) to facilitate the award of Credits that would not otherwise be awarded. All such amendments shall be fully effective and incorporated herein upon the Board’s adoption of such amendments. This Plan also may be amended as to substantive matters at any time following public notice and public hearing, and approval by the Board and by the Governor of the State.

3.N. Transfers of Reservations and Carryover Allocations

Initial Determinations, Reservations and Carryover Allocations may not be transferred or assigned by an applicant to a third party. However, an applicant may assign a reservation or carryover allocation to an entity in which the applicant is the managing general partner, managing member or such other capacity in which the applicant will exercise control of such other entity.

4. UNDERWRITING CRITERIA

CHFA has adopted minimum underwriting standards for all developments that wish to apply for tax credits under this Plan, including developments financed with private activity bonds that are applying for the non-competitive tax credit. These standards must be met at the time of preliminary application, carryover application (for competitive credits) and final application. Developments that do not meet the following minimum standards will not be considered for a reservation of tax credits. Implementation of these standards does not constitute a representation of the feasibility or viability of the development.

4.A. Market Study Requirements

Along with the Preliminary Application, the applicant must provide a market study (two hard copies and an e-mailed pdf file) prepared by an experienced market analyst, approved by CHFA, who is totally unaffiliated with the developer and/or owner of the proposed development and has no financial interest in the development. A letter of engagement with the market analyst must be submitted with the letter of intent to apply (see Section 3.A.) This requirement applies to new construction and acquisition/rehabilitation developments. The minimum requirements for analysts are as follows:

1. Five (5) years experience completing market studies for multi-family rental developments
2. Five (5) years experience completing market studies for population-specific multi-family rental developments (experience completing studies for senior housing if project is senior housing, etc.)
3. Submittal of a resume of the market analyst firm, as well as the firm's individual analysts, detailing affiliations, designations, credentials, certifications and licenses
4. Attend a market analysts meeting at CHFA to discuss the requirements in the CHFA Market Study Guide and expectations for retaining analysts on the Approved List (to be scheduled later in 2006)

A list of approved market analysts is in Appendix A of this Plan. The study must justify the need for the number, size, and type of rental housing proposed. The market analyst must follow the Market Study Guide in Appendix A of this Plan or the market study and the application will be rejected. In order to avoid the rejection of any study the market analyst must contact CHFA prior to the commencement of the study (Kim Dillinger at kdillinger@colohfa.org or 303.297.7631).

A favorable statement of conclusions about the strength of the market for the proposed development does not operate to vest in an applicant or development any right to a reservation or allocation of tax credits in any amount. CHFA reserves the right NOT to reserve or allocate tax credits to any applicant or development, regardless of that applicant's point ranking and CHFA will in all instances reserve and allocate tax credits consistent with its sound and reasonable judgment, prudent business practices, and the exercise of its discretion.

CHFA will accept a previously written study if the study has been written by an analyst that is on the list of approved market analysts is in Appendix A of this Plan, the study is amended to contain all of the elements of the market study guide, including formatting, and data older than six months are updated to present time. If any of the above items are not addressed in the market study, the study will not be accepted and the preliminary application will be rejected.

For the acquisition/rehabilitation of 100% project-based Section 8 developments, Public Housing with 100% rental assistance and RD 515 developments with 100% rental assistance, CHFA will accept the market study information that is provided in a complete appraisal, from a Colorado-certified general appraiser, that separates the value of the land from the building(s), a current rent roll and, if part of an OAP restructuring, the Rent Comparability Study.

4.B. Minimum Operating Reserve Requirements

The total development budget for the development must include minimum operating reserves equal to four (4) months of projected annual operating expenses and four months of debt service payments. This is a minimum requirement. However, market study results regarding lease-up projections may require a larger reserve amount. Reserves must remain with the development for a minimum of three years from the time the development is placed in service. These requirements, as well as provisions for reserve account reductions over time as development benchmarks are achieved, must be contained in the entity partnership agreement.

CHFA will consider developer/owner guarantees in lieu of the above requirements. Exceptions may be considered only after a review of the developer/owner's financial capacity and liquidity, developer track record of previous developments, and the number and amount of outstanding guarantees for other developments. Such guarantees must be in place at the time of the Carryover Allocation for competitive, 9% deals, and, therefore, referenced in the executed partnership agreement. For private activity bond-financed deals the guarantees must be in place at the time of initial determination.

4.C. Minimum Replacement Reserve Requirements

Minimum replacement reserves must equal \$250/unit annually for new construction senior developments and \$300/unit annually for rehabilitation and new construction family developments. CHFA will consider an adjustment to the rehabilitation replacement reserve based on the extent of the rehabilitation. Capitalized replacement reserves may also substitute for the annual per unit requirement depending on the amount to be capitalized.

4.D. Minimum Pro Forma Underwriting Assumptions

The following minimum underwriting assumptions must be used for the 15 year pro forma provided as part of the application. These are minimum requirements. Results of the market study may require different, more conservative assumptions.

1. Vacancy Rate – 7% on all development income; 10% vacancy rate for any retail/commercial income.
2. Annual Rental Income Growth – 2%
3. Annual Operating Expense Growth – 3%
4. Per Unit Per Annum Operating Expenses (PUPA) - \$3,600 excluding replacement reserves, higher for developments that are providing additional services; \$20,000 for licensed assisted living facilities. For senior-only developments a lower PUPA may be

accepted if documentation of actual expenses from an existing senior-only deal is made available. A lower PUPA may be accepted for developments that are exempt from real estate taxes if evidence of the exemption and county estimates of per unit taxes are provided.

5. Debt Coverage Ratio – Minimum 1.15 to 1.0 for all amortized debt throughout the initial 15-year pro forma period. Developments with debt coverage ratios that exceed 1.3 to 1.0 may be eligible for less credit than the amount calculated as per Section 3.G. of the Plan.

5. SCORING CRITERIA

Proposed developments that meet the Minimum Application and Underwriting requirements will be scored based on the criteria described below. Proposed developments must meet the minimum score of 130 points, the majority of which are earned in the primary and secondary criteria. These criteria are explained in more detail below.

1. Primary Criteria: A Proposed development must earn points in both of the primary criteria (low income targeting and low-income use period) to be eligible for credits in Colorado.
2. Secondary Criteria: Proposals earning points under both primary criteria will also be evaluated based on the secondary criteria, which relate to area housing needs, development characteristics, development location, sponsor characteristics, tenant population characteristics, public housing waiting lists.

Regardless of numerical ranking, the scoring does not operate to vest in an applicant or development any right or reservation or allocation of tax credits in any amount. CHFA will in all instances reserve and allocate tax credits consistent with its sound and reasonable judgment, prudent business practices, and the exercise of its discretion. Specifically, but without limiting the generality of the foregoing, CHFA reserves the right NOT to reserve or allocate tax credits to any applicant or development, regardless of that applicant's point ranking, if the CHFA Executive Director determines, in their sole and absolute discretion, that (i) a reservation or allocation for such applicant or development does not further the purpose and goals set forth in Section 2 hereof; (ii) the applicant's proposed development is not financially feasible or viable; or (iii) there is not a substantial likelihood that the development will be able to meet the requirements for carryover or final allocation in a timely manner. For purposes of these determinations, the information which may be taken into account includes, but is not limited to, comments of officials of local governmental jurisdictions, the market appropriateness of the development, market information from sources other than the submitted market study and the sponsor's (including any principal's) prior experience and performance with Colorado's and other states' tax credit programs and federal or other states' housing assistance programs. The prior performance considered would include, but is not limited to, progress made with previous tax credit reservations, development compliance and payment of monitoring fees.

5.A. Primary Selection Criteria

1. Low-Income Targeting

The Code mandates that to be eligible for Low Income Housing Tax Credits, a development must meet one of two minimum thresholds: either a minimum of 20 percent of the total development units must be rent restricted for and occupied by tenants with incomes of 50 percent or less of the area median income; OR a

minimum of 40 percent of the total development units must be rent restricted for and occupied by tenants with incomes of 60 percent or less of the area median income. The tenants of these rent-restricted units are to pay no more than 30 percent of the imputed income limitation applicable to the unit for both rent and utilities. The income and rent limits are adjusted for household size.

Low-Income Targeting Points Given as Follows (applicants must choose either threshold (a) or (b) below and may also choose (c), if the requirements therein are met; Developments located in counties with median incomes below \$46,750 will be allowed to use the weight factor of 60 instead of 40 for selecting the 60% of A.M.I. threshold, a weight factor of 80 instead of 60 for selecting the 50% of A.M.I. threshold and a weight factor of 100 instead of 80 for selecting the 40% of A.M.I. threshold. Because applications will be accepted throughout the calendar year, the current county median income at the time of the application will be used to determine eligibility for a weight factor adjustment. The median income amount will be updated when new A.M.I. levels are published by HUD.

(a) THRESHOLD 40% at 60% of area median

% of Median Income	# of Rent Restricted Units	% of Rent Restricted Units a ÷ b	Weight	Points
60%	(a) _____	_____	X _____ 40	= _____
50%	(a) _____	_____	X _____ 60	= _____
40%	(a) _____	_____	X _____ 80	= _____
NOTE: No more than 60 percent of total number of low-income units can be designated as serving tenants at or below 40% of the Area Median Income for purposes of determining the points in the 40% A.M.I. category unless the development has federally funded project-based rental assistance or operating subsidies.				
TOTAL of rent restricted units	(b) _____	_____	Total Points	= _____

(b) Threshold 20% at 50% of area median (the Code requires that if a sponsor elects the 20% at 50% threshold, any units in excess of the 20% that are intended to qualify for tax credits may not exceed the 50% of median income limit).

% of Median Income	# of Rent Restricted Units	% of Rent Restricted Units a ÷ b	Weight	Points
50%	(a) _____	_____	X _____ 60	= _____
40%	(a) _____	_____	X _____ 80	= _____
NOTE: No more than 60 percent of total number of the low-income units can be designated as serving tenants at or below 40% of the Area Median Income for purposes of determining the points in the 40% A.M.I. category unless the development has federally funded project-based rental assistance or operating subsidies.				
TOTAL of rent restricted units	(b) _____	_____	Total Points	= _____

(c) Targeting 30% of area median income or below. Additional points will be awarded for developments that target very, very low-income residents. This targeting is available only to Colorado-based non-profit entities that are developing housing for the homeless, as defined in Section 5.B.5 of the Plan, and for-profit or non-profit entities that are receiving points under section 5.B.3.d. The non-profit entity developing housing for the homeless must have at least five (5) years experience in the development and management of housing for the homeless. Developments providing housing for the homeless must provide a range of supportive services to the residents, at no cost to the residents, in order to receive the additional points. Supportive services might include, but are not limited to, case management, job training and/or placement, continuing education, transportation, child care and health care. These services must be provided by a service provider(s) with a minimum of three years experience in the related field of service provision. Documentation must be provided. Developments claiming points in this section cannot also claim points under Section 5.B.5.

Very, Very Low-Income Targeting (Select One)			Total Points
_____10% of total units at/or below 30% AMI - 5 Points	_____20% of total units at/or below 30% AMI - 10 Points	_____30% of total units at/or below 30% AMI - 15 Points	_____
NOTE: No more than 60 percent of total number of the low-income units can be designated as serving tenants at or below 40% of the Area Median Income for purposes of determining the points in the 40% A.M.I. category unless the development has federally funded project-based rental assistance or operating subsidies.			

2. Extended Low-Income Use

The Code requires that the low-income occupancy and rent restrictions be maintained during the initial compliance period of 15 years [Section 42(i)(1)]. In addition, the occupancy restrictions must be maintained for an extended use period of an additional 15 years [Section 42(h)(6)(D)] subject to termination by foreclosure and sale using a qualified contract [Section 42(h)(6)(F)]. The Code also requires that state allocating agencies give priority to developments with the longest low-income use period.

Colorado requires a minimum waiver of five (5) years of the rights to termination by sale using a qualified contract to be considered for evaluation. The CHFA requirements do not change the Code requirements (initial compliance period of 15 years plus 15 year extended use period), except that the Code provisions for termination in connection with a sale of the property do not apply during the period which the owner has committed to CHFA that it will maintain the occupancy and rent requirements.

CHFA will award points for developments that receive federal tax credits which waive any rights to terminate the Extended Use Period under Section 42(h)(6)(E)(i)(ii) of the Code in the following increments:

- 15 Years' Compliance + 5 Years' Waiver – 10 points
- 15 Years' Compliance + 10 Years' Waiver – 20 points
- 15 Years' Compliance + 15 Years' Waiver – 30 points
- 15 Years' Compliance + 20 Years' Waiver – 34 points
- 15 Years' Compliance + 25 Years' Waiver – 38 points

Home Ownership Options:

Developments wishing to convert to home ownership at the end of the 15-year compliance period may do so under the provisions of the Code. CHFA will accept no more than two (2) applications per calendar year that intend to convert to home ownership. Such developments are limited to a maximum of thirty-four (34) points under the scoring for this section. As these developments will be rental housing for a minimum of fifteen years, they will be underwritten as a rental development and are subject to the same underwriting criteria in Section 4 of this Plan.

The following conditions apply:

- The units must be single family detached or townhouse
- Intention to convert must be expressed in writing at the time of application
- Applicant must submit a comprehensive plan that includes, but is not limited to, provisions for repair or replacement of heating system, water heater and roof prior to sale, limitation on equity upon subsequent sales, homeownership classes for potential homebuyers and requirements for extent of stay in rental unit in order to be eligible for purchase.
- Purchaser must occupy unit as primary residence
- Units must be initially marketed to existing rental residents, including those that, at the time of sale, exceed 60% AMI. Remaining units not sold to existing renter households must be sold to households earning 80% or less of Area Median Income (AMI)

3. CHFA will award one (1) point for developments located in a Qualified Census Tract, the development of which contributes to a community revitalization plan (CRP)*

*Until such time as the Internal Revenue Service provides a definition for a community revitalization plan, CHFA defines such a plan as a published document, approved and adopted by the local governing body by ordinance or resolution, that targets local funds to specific geographic areas (the geographic area cannot be the entire town or city that has adopted the plan) for both commercial/retail and low-income residential developments (serving residents at, or below, 60% of the area median income, with additional consideration given to residents with children).

5.B. Secondary Selection Criteria

1. Housing Need Characteristics

Points may be earned under this category if the area where the proposed development is located is experiencing housing problems. Based on HUD's 1991 Comprehensive Housing Affordability Strategy (CHAS) regulations, households with housing problems include those that (1) occupy units with significant physical defects; (2) are overcrowded; and/or (3) have a cost burden of greater than 30 percent of annual income for gross housing costs, as determined by 1990 U.S. Census Data.

The C-1 table in the application is a listing, by county or metropolitan area, of the percentage of renter households with incomes below 51 percent of the area median income experiencing housing problems. The C-2 table in the application is a listing, by county or metropolitan area, of the number of renter households experiencing housing problems. Sponsors should review these exhibits, and identify the location of the proposed development (a city or, if the city is not listed, the county), to determine the appropriate number of points for that area.

Sponsors may submit additional data from local, state, area Council of Governments (COGS), a Community Housing Development Organization (CHDO) or credible independent study for CHFA's consideration. The data must be quantitative and specifically address the above-identified issues or, if the development will house special needs tenants, the data must address these needs.

2. Development Location

Five (5) points may be earned for proposed developments located in a community that has an identified community housing priority (e.g. supports a local, regional or state plan, a neighborhood plan, or some other community-sponsored need assessment, master plan etc.) Applicant must provide evidence, clearly demonstrating the development fits into the community's need;

3. Development Characteristics

Points may be earned for the following:

- a. (10 points) Development that provides housing for a mix of incomes (i.e. that have no more than 70% tax credit-eligible units) For mixed-income developments, including developments financed with private activity bonds, CHFA requires that Low-Income set-aside units be distributed proportionately throughout the bedroom/bath mix and type. Both market rate and low-income units must have the same design regarding unit amenities and square footage.(see section 3.A.10.)
- b. (5 points) Development of 50 or fewer units
- c. (5 points) Rehabilitation of blighted buildings OR locally or federally designated historic structures. Blighted buildings are buildings that are in severe disrepair, including, but not limited to, boarded up, abandoned, or uninhabitable buildings, all of which have serious building code violations. Rehabilitation expenditures must be at least \$7,400 in hard costs per unit to be eligible for rehabilitation credits. Substantial rehabilitation developments that are changing the buildings use to residential but do not fit the above description of a blighted building do not qualify for points under this category.
- d. (15 points) Preservation Developments: Preservation Developments are defined as existing tax credit developments that are eligible for acquisition/rehabilitation credits that are retaining their current income targeting, developments eligible for acquisition/rehabilitation credits that have federally subsidized rental assistance (HUD Section 8, Rural Development Section 515, etc.) and are within two years of mortgage pre-payment or contract expiration
- e. (1 point) Rehabilitation developments in an area that is part of a community revitalization plan (CRP)*. (Cannot score under this category if also scoring under Section 5.A.3. of the Allocation Plan)

*CHFA defines such a plan as a published document, approved and adopted by the local governing body by ordinance or resolution, that targets local funds to specific geographic areas (the geographic area cannot be the entire town or city that has adopted the plan) for both commercial/retail and low-income residential developments (serving residents at, or below, 60% of the area median income, with additional consideration to tenant populations of individuals with children).

Note: Entities, or any affiliates thereof, that successfully compete, or have successfully competed in 1995 or later, for a reservation and that receive points under section 3.b. above, cannot apply in any subsequent application round for new developments adjacent to the original development, or additional phases of a development, until the original development is completed and has received a final allocation.

4. Applicant Characteristics

Points may be earned for the following:

Five (5) points) Applicant is a Colorado-based, 501 (c) (3) or (4) tax-exempt organization, having an express purpose of fostering low-income housing, or a Colorado public housing authority, is the sole general partner (either itself or through its or a related subsidiary) and will from the time of application materially participate* in the development and operation of the development throughout the compliance period. A Colorado-based tax-exempt organization is defined as an entity that has a base of operations in Colorado, including offices and a full-time staff

whose responsibilities include the development of housing in Colorado. Entities that are merely registered with the Colorado Secretary of State as a non-profit, but whose staff works and lives in another state, do not meet the definition of a Colorado-based tax-exempt organization. Developments receiving points under this category will be considered as part of the non-profit set-aside under Section 3.E. Applicants must provide the Non-Profit Questionnaire, Articles of Incorporation, By-Laws, The IRS Determination letter, Certificate of Good Standing from the Colorado Secretary of State and the list of the Board of Directors with dates of appointment and other organizational affiliation.

*Materially participate is defined in Section 469(h) of the Code as "involved in the operation of the activity on a basis which is regular, continuous and substantial".

5. Tenant Populations with Special Housing Needs

Eight (8) points may be earned for the set-aside of at least 33 percent of the units for special needs tenant populations listed below. Applicant must provide evidence of a client source (e.g. letters from referring agencies, marketing plans, etc.). A sample agreement is included in the "Scoring" worksheet in the application. This agreement must be typed on the entity's letterhead, must be signed and dated by both parties and a copy must be included with the application in order to receive points. Documentation must be provided that demonstrates previous experience for the entities that will be providing services and managing the property. These units must be held available and rented only to these populations. (The minimum set-aside of 33% may be waived if any State regulations restrict the number of special needs units in a development. Waivers will be considered on a case by case basis and only with documentation of State imposed restrictions.) Developments claiming points in this section cannot also claim points under Section 5.A.1.(c).

Homeless◆ Supportive Housing■
For Non-Elderly Special
Needs Tenants

- ◆ Eligible Individual or Family (under Section 42 of the tax Code) who: a) Lacks a fixed, regular and adequate nighttime residence; and b) Has a primary nighttime residence that is: 1) A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing); 2) An institution that provides a temporary residence for individuals intended to be institutionalized; or 3) A public or private place not designed for, or ordinarily used as a regular sleeping accommodation for human beings. The term "Homeless Individual" does not include any individual imprisoned or otherwise detained under an Act of the Congress or a State law.

The development must provide services, such as job counseling, transportation, education, etc., to the homeless clients in order to receive points under this section.

- Supportive Housing – Housing facilities serving persons with chronic, sometimes severe, disabilities (e.g. developmental, mental illness, AID's, physical handicap). The focus is on providing a stable, long term living environment, access to appropriate services and in many cases, meals and assistance with tasks of daily living.

6. Subsidized Housing Waiting List

Two (2) points may be earned by applicants who enter into a written agreement with the local public housing representative to give priority to households on waiting lists for subsidized or public housing. The information required in the written agreement is included in the "Scoring" worksheet, Exhibit F, in the Application.

6. FEES

6.A. Preliminary Reservation Fees

1. Application fee – An application fee of \$2,500 is due when the Preliminary Application is submitted. The fee is non-refundable and must be submitted with the application at the time of submittal.
2. Reservation Fee – After a development has received a preliminary reservation, a reservation fee of three percent of the actual federal tax credit amount for which the development is eligible must be paid prior to the issuance of the Reservation Letter. The applicant will have 10 days in which to pay the reservation fee and maintain the tax credit reservation. This fee is non-refundable and will not be adjusted if the final tax credit amount is reduced or the tax credits are returned or unused.
3. Reservation Hold Fee – CHFA may also charge an additional one percent fee to hold a reservation for a specific period which otherwise is subject to revocation as provided in Section 3.A.9.

6.B. Carryover Allocation Fees

1. Developments requesting carryover allocations of federal credits will be charged two percent of the federal tax credit carryover amount for which the development is eligible. This is due at the time the carryover application is submitted. This fee is non-refundable and will not be adjusted if the final tax credit amount is reduced, or the tax credits are returned or unused.

6.C. Final Allocation Fees

1. Final Allocation Fee – A final allocation fee of two percent of the federal tax credit amount for which the development is eligible is payable at the time of application for a final allocation of tax credits. If a development has paid a two percent fee at the time of carryover, the final allocation fee will be waived.
2. Recording Charge – A recording charge equal to \$5 per page plus \$1 per document will be due when the executed LURA is returned to CHFA for recording.

6.D. Fees for Developments Financed with Tax Exempt Bonds

1. An application fee of one percent of the annual tax credit amount requested, or \$2,500, whichever is greater, is due at the time an application is submitted for review.
2. An additional two percent of the annual tax credit amount determined (minimum \$1,500) is due at the time an initial determination letter is issued.
3. A final allocation fee of two and one-half percent of the annual tax credit amount allocated (minimum \$2,500) is payable at the time of application for a final allocation of tax credits.
4. Recording Charge – A recording charge equal to \$5 per page plus \$1 per document will be due when the executed LURA is returned to CHFA for recording.

6.E. Compliance Monitoring Fee

A compliance-monitoring fee will be assessed to cover the costs of the compliance monitoring program. This fee will be assessed to cover the initial 15 years of the compliance period in a lump sum, at the time of final allocation. This fee (which will be determined in the year the development receives a final allocation of credit) will be based on the number of low-income units, any designated manager and/or maintenance units, the compliance time period, and then present valued. The payment of this fee will be required prior to the issuance of the 8609(s). The amount of the compliance-monitoring fee for the remainder of the contractual extended use period will be determined in year 15.

There are no clear rules establishing whether or not this lump sum fee can be included in the eligible basis. If a sponsor obtains an opinion from a tax attorney and an accountant stating that the requirements have been met to include this fee in the eligible basis, CHFA may allow the sponsor to do so. This will be done on a case-by-case determination.

7. DEVELOPMENTS FINANCED WITH TAX-EXEMPT BONDS

Applications for developments financed with tax-exempt, private activity bonds will be accepted throughout the year, except for the month of December.

The following sections of this Plan do not apply to developments financed with tax-exempt bonds:

Sections 3.A.4-5., 3.A.9., 3.B., 3.D.-F., 3.N. Unless otherwise stated, all other provisions of this Plan apply to developments financed with tax-exempt bonds.

Under Section 42(h)(4) of the Code, developments financed with tax-exempt bonds may be entitled to 30% present value tax credits outside the federal housing credit ceiling. The bonds must have received an allocation of private activity bond cap pursuant to Section 146 of the Code, and principal payments on the bonds must be applied within a reasonable period to redeem the bonds. Credits are allowed for that portion of a development's eligible basis that is financed with the tax-exempt bonds. If 50% or more of a development's aggregate basis (land and building) is so financed, the development is entitled to credits for up to the full amount of qualified basis.

Developments financed with tax-exempt bonds are required by the Code to apply through the state credit agency for an allocation and for a determination that the development satisfies the requirements of this Plan. CHFA may accept the underwriting criteria of the permanent lender and/or the provider of credit enhancement if a summary of the financial analysis performed by the lender that addresses the criteria of Section 4. of this Plan is provided to CHFA. Otherwise, the criteria in Section 4. of this Plan will be applied. CHFA has established 60 points as the minimum number of points which a tax-exempt bond financed development will have to score under the Scoring worksheet in the application to be considered for tax credits in Colorado. Sponsors may submit an application at any time, except for the month of December, in accordance with the following process.

The applicant must notify CHFA, in writing, that an application has been submitted to the issuer of bonds. The applicant must also notify CHFA if the development is seeking mortgage insurance through the Federal Housing Administration (FHA), or credit enhancement from another source.

7.A Threshold Criteria for Non-Competitive (4%) Tax Credit Applications

Threshold #1 – Minimum Score

All applications must score a minimum of 60 points under “Scoring Criteria” in order to be considered for an initial determination. The minimum score threshold must be met at the time of application.

Threshold #2 – Site Control

The applicant must demonstrate full control of all land and buildings included in the development through a fully executed agreement such as an option agreement, a purchase or sale agreement or other similar instruments. Warranty deeds should be recorded. Site Control must be demonstrated at the time of application. Include 2 hard copies under the “Site Control” tab.

Threshold #3 – Market Study

The market study must be prepared by a CHFA-approved analyst who is totally unaffiliated with the developer and/or owner of the proposed development and has no financial interests in the proposed development. A letter of engagement with the market analyst must be submitted with the letter of intent to apply (see Section 3.A.). Prior to commencing a market study for the proposed development, the market analyst must notify CHFA (Kim Dillinger at kdillinger@colohfa.org or 303-297-7361) of the intent to undertake a market study and must follow the format and content requirements contained in the Market Study Guide (Appendix A). Failure to comply with market study requirements will result in a denial of the study and the application. Provide 2 hard copies and 1 pdf version via email.

At the time of application, the market study must match the submitted application regarding income targeting, unit mix and rents. If the market study and application do not match, the application will not be processed and will be returned to the applicant.

Threshold #4 – Outstanding Non-Compliance

Applications will not be accepted if there are any outstanding 8823's on any developments in which the applicant is a part of the general partnership. Consideration will be given to circumstances in which CHFA is required to issue an 8823 for occurrences outside the control of management, such as lightning strikes.

Threshold #5 – Readiness-to-Proceed

- Evidence of current zoning status, plus a schedule for any other required approvals, such as special entitlements (New Construction)
- Phase I Environmental
- Schematic Drawings (New Construction)
- Cost Estimate from Architect or General Contractor (New Construction)
- Capital Needs Assessment (Acquisition/Rehabilitation)

Threshold #6 – Development Team Experience

The applicant must provide evidence that the applicant has multi-family, rental housing development experience and that the management company, the consultant, if any, the legal firm and the accounting firm engaged by the applicant have experience with low-income housing tax credit developments. Resumes must be provided. In addition, the management company must have experience related to population specific developments (i.e., independent senior, homeless, etc.).

Threshold #7 – 2007 Excel Spreadsheet Application

For application submittals in 2007, the applicant must provide the following:

- a. 2007 Excel spreadsheet application that can be found on our website. The applicant may also request a copy via e-mail.
 - b. legible location maps
 - c. evidence of contact with financing sources
 - d. utility allowances
 - e. evidence of property tax exemption, if applicable
 - f. narrative/timeline
 - g. Certification of the architect, who has designed the development, that the development has been designed to comply with the requirements of all applicable local, state or federal fair housing and other disability-related laws, however denominated. The certification must clearly state that the development will comply with the following laws: local building codes, Colorado Fair Housing Act, as amended, Colorado Standards for Residential Construction (C.R.S. Section 9-5-112), Federal Fair Housing Act, as amended, the Americans with Disabilities Act, and the Rehabilitation Act of 1973, as amended. The owner is required to certify to the above in the case of an acquisition/rehabilitation development that does not employ an architect;
 - h. For acquisition/rehabilitation developments provide the following:
 - For acquisition/rehabilitation developments that are claiming acquisition credits, provide an attorney's opinion that the ten year rule requirements are met, or will be met within 6 months of the date of the opinion letter, or provide evidence of an IRS waiver
 - a third-party Capital Needs Assessment (see Appendix B for Capital Needs Assessment requirements)
 - an appraisal with the land value calculated separately from the building value
 - for acquisition of un-restricted properties, a relocation plan for addressing the potential displacement of current residents. Such a plan must include a budget for providing moving and utility hook-up costs for all residents that wish to move or that are required to move. Evidence must be provided that all residents have been informed of the availability of such funds.
- Bond Documents: Items i. and j. are not due at the time of application but must be provided prior to the issuance of the Initial Determination letter. Items k., l., and m. are due when the bonds are issued.
- i. Bond Inducement Resolution: this document is not required at Preliminary Application but must be submitted prior to the issuance of the Initial Determination letter by CHFA.
 - j. Agreement for Section 42(m)(2)(D) Determination: this document is not required at Preliminary Application but must be submitted prior to the issuance of the Initial Determination letter by CHFA. It is not needed if CHFA is the Bond Issuer.
 - k. Issuer Certificate: due when bonds are issued. This will be provided by CHFA if CHFA is the Issuer of the Bonds. (complete all blanks)
 - l. Election of Applicable Percentage Documentation (must be signed by the owner, notarized and submitted to CHFA before the close of the fifth calendar day following the month in which the bonds are issued.)
 - m. Designation of Gross Rent Floor (must be signed by the owner, notarized and submitted to CHFA before the close of the fifth calendar day following the month in which the bonds are issued.)

7.A.1. Site Evaluation – After review of the Preliminary Application, CHFA staff will conduct a site visit to determine general site suitability. Sites will be evaluated on the following: proximity to schools, shopping, public transportation, medical services, parks/playgrounds; marketability; conformance with neighborhood character and land use patterns; site suitability regarding slope, noise (e.g., railroad tracks, freeways), environmental hazards, flood plain or wetland issues.

7.A.2. Application Review Meeting - Upon submission by the applicant, and review by CHFA of the above information, CHFA staff will contact the applicant to discuss any issues or concerns with the information submitted or with the proposed site. In order for determination decisions to be made in as timely a manner as possible, the applicant will have ten (10) business days to address any concerns or issues. If the requested information is not received by the deadline the application will not be processed any further.

7.A.3. Initial Determination – After review of the items above and any additional requested information, staff will make a recommendation to the CHFA Tax Credit Committee for ultimate approval by the CHFA Executive Director. Committee members will consist of the Chief Operating Officer, the Director of Commercial Lending, the Director of Asset Management, a member of CHFA's Senior Management Team, the Manager of Rental Finance Loan Production, the Manager of Credit Administration, the Manager of Tax Credit Compliance and, as a non-voting member, the Director of the Legal Division.

Developments that receive approval from the CHFA Executive Director are given an initial determination of tax credits. The determination as to compliance with the Allocation Plan shall remain valid and effective through the end of the second year after the issuance of the determination letter. Because the Allocation Plan may be amended from time to time, if the Project is not placed in service by that date, it will be necessary to re-determine compliance with the then-current Allocation Plan.

7.A.4. Jurisdiction Notification - The Code requires that the State allocating agency notify the chief executive officer of the local jurisdiction where each proposed development is located. A notification will be sent to the affected jurisdiction immediately after an application is submitted and deemed complete. The jurisdiction will then be given an adequate opportunity to comment on the proposed development. CHFA will consider the comments and may contact the local jurisdiction for additional information. CHFA will also send a notice to the local housing authority, if applicable.

7.A.5. Status Reporting - Developments receiving determinations may be required to provide reports, in a format prescribed by CHFA, outlining progress toward placement in service. Information requested will be development specific and may include, but is not limited to, such items as zoning and other local development approvals, firm debt, equity and/or gap financing commitments and construction progress towards development completion.

7.A.6. Changes to Development - A determination of tax credits is based upon information provided in each development application. Until a development is placed in service, any material changes to the development, such as changes in the site, scope, costs, ownership or design, as submitted in the application will require written notification to and approval by CHFA. Changes in development characteristics, which were the basis, in whole or in part, of CHFA's decision to issue an initial determination of credits, may result in a revocation of the determination.

7.A.7. Equitable Distribution of Unit and Affordability Mix - For mixed-income developments financed with private activity bonds, CHFA requires that Low-Income set-aside units be distributed proportionately throughout each building, and to the extent possible, each floor of each building, of the development and throughout the bedroom/bath mix and type. Both market-rate and low-income units must have the same design regarding unit amenities and square footage. Amenities include, but are not limited to, fireplaces, covered parking, in-unit washer/dryers and mountain views.

For developments that are 100% low-income CHFA requires that the units at different targeting levels (40% AMI, 50% AMI, etc) be distributed proportionately throughout each building, throughout the bedroom/bath mix and type and, to the extent possible, throughout each floor or each building of the development. All targeting levels must have the same design regarding unit amenities and square footage. Amenities include, but are not limited to, fireplaces, covered parking, in-unit washer/dryers and mountain views.

Regardless of the income mix of the property, Section 42 requires that charges for services other than housing will not be considered rent if the services are optional and practical alternatives exist. As an example, a project may offer a limited number of garages. The additional charge would not be considered in the maximum rent calculation if the garages were not included in basis and practical alternatives existed, in this case, free surface parking. CHFA interprets "practical alternatives" to mean that there would be at least one free surface space for each unit. Local codes may require more than one space. For projects that contain 100% structured parking, the number of spaces required would be that required by local code and the maximum rents for all low income units must include parking.

7.A.8. Election of Applicable Percentage Rate - The Applicable Percentage Rate is established at either, (i) the month in which the building is placed in service, or (ii) at the owner's election, the month in which the bonds are issued. If the later is desired, the Election Statement (form issued by CHFA) must be signed by the owner, notarized and submitted to CHFA before the close of the fifth calendar day following the month in which the bonds are issued (see Section 3.J.).

7.B. Final Application Requirements for Non-Competitive (4%) Tax Credit Applications

In the year in which the development is placed in service, the owner must request a final allocation of credits no later than the end of the year. CHFA will provide an application package for final allocation requests. Reasonable year-end deadlines for final allocation requests will be established in order to permit timely review and preparation of documents.

IRS Form 8609 will be issued no sooner than thirty (30) days after CHFA has received a final application, with all of the requirements listed below.

- a. Updated Excel spreadsheet application, including an updated "Development Financing" worksheet with the current lender(s) and loan commitments.
- b. Project owner's certification of actual total project costs and eligible basis incurred, signed (original signatures) and attested ("Development Budget" worksheet)
- c. A completed Accountant's Independent Auditor's Report by an independent tax accountant, including the correct tax identification number and legal ownership name
- d. A completed "Final Building Profile" worksheet

- e. Form C-1 for each building
- f. Forms C-2 and C-3, if applicable
- g. A completed Owner's Attorney's Opinion; by independent tax attorney, including the correct tax identification number and legal ownership name
- h. Certificate of Occupancy, or Temporary Certificate of Occupancy, for each building in the project (a certification of completion is required for all rehabilitation projects). For acquisition credits, proof of the date the project was placed in service for acquisition purposes.
- i. Photos of the completed building(s) identified by complete street address
- j. A completed Form 8609 Certificate with original signature – the place-in-service date should match the date of the Certificate of Occupancy or Temporary Certificate of Occupancy and the "Final Building Profile" worksheet
- k. A completed Partial Subordination to the Land Use Restriction Agreement from every lien holder(s) with original signature
- l. Legal description of the property
- m. A check for the final allocation fee and a check for the compliance monitoring fee
- n. Compliance Training for both the owner and the management company and the Property Inspection must be scheduled with the Asset Management staff in order to receive the CHFA Compliance Training Certificate and a copy of the CHFA Property Inspection Report. The certificate and report will be forwarded from Asset Management to the Tax Credit Allocation staff.
- o. Updated documentation of Utility Allowance Amounts
- p. Updated Agreement with local housing authority OR notification of development completion to local housing authority
- q. Copy of executed entity documents (partnership agreement) in pdf file

Placed-In-Service Application

A written notification of the place-in-service date must be provided to CHFA within fifteen (15) days of the actual place-in-service date. Regardless of the place-in-service date, a Placed-in-Service application, with the items below included, must be submitted no later than the first business day in November, without exception. This is needed so that CHFA is able to record the Land Use Restriction Agreement prior to the end of the year in which the development places in service.

- Certificate(s) of Occupancy or Temporary Certificate(s) of Occupancy
- Photographs of the completed building(s), identified by address and Building Identification Number(s) (BIN)
- Completed Form 8609 Certificate
- Legal Description of Property
- Partial Subordination to the Land Use Restriction Agreement from every lien holder
- Following completed worksheets of the Final Application: Development Information, Development Financing, Applicant Info – Development Team and Unit Mix and Rents
- For Rehabilitation developments: evidence that the place-in-service requirements for rehabilitation have been met
- Copy of executed partnership agreement (pdf version sent via e-mail)

The remaining requirements for the final allocation must be received within six (6) months from the date of receipt of the Placed-in-Service application. Starting with the 7th month, a \$2,000 per month late fee may be assessed until the remaining requirements are received.

8. Energy Conservation and Green Communities Programs

8.A. The Office of Energy Management and Conservation Program (OEMC)

CHFA is working in conjunction with OEMC to provide financial incentives for certain energy conservation measures to developers of low-income housing. These measures are specified in the 2007 Excel spreadsheet application under the "OEMC" tab. Through CHFA, OEMC will fund the differential between base measures and increased energy efficiency measures. The "OEMC" worksheet in the 2007 application provides a description of the measures and calculates the incentive. Developers that choose any measures will be awarded the incentive amount calculated. In return for the incentive the developer must agree to provide data on utility usage after the development is completed. Funds are limited to units serving households at, or below, 60% of the state median income.

8.B. The Enterprise Green Communities Program

Funds are also available for building green through the Enterprise Green Communities Program. Developers interested in this program must apply directly with Enterprise. Below is a description of the program and contact information.

Green Communities Charrette and Sustainability Training Grant

Overview

To assist housing developers with integrating green building systems in their developments and engage in a serious discussion of green design possibilities, Enterprise will award planning grants to affordable housing developers to coordinate green charrettes.

Enterprise encourages green goals to be established as early as possible so that the most cost-effective strategies in meeting those goals can be integrated throughout the development. Engaging in an integrated approach to the design of affordable homes allows for the full exploration of best possibilities so that the development is designed to respond to the environment, the cultural context of the existing neighborhood, and the needs of the residents. Enterprise seeks to encourage this approach in all affordable housing developments by providing grants to coordinate a Green Communities Charrette.

A Green Communities Charrette will involve an intense working session that will bring together a diverse group of housing development professionals as well as funders, policymakers and community stakeholders, where possible, to integrate sustainable green design principles into affordable housing developments. Charrettes will take into consideration the existing community context by using a holistic and total-systems approach to the development process to promote health and livability throughout the life cycle of the development. The initial charrette should be followed by a series of regular meetings to continue fostering an integrated approach to design and development.

Enterprise will award grants to cover the cost of facilitating a charrette during pre-development and to cover the cost of facilitating a post-construction sustainability training session. Specifically, pre-development grants will offer affordable housing developers the opportunity to explore green strategies during the schematic design phase of development. Post-construction grants will offer affordable housing developers the opportunity to transfer the knowledge of how the homes or apartments were designed to the residents and the operations and maintenance staff so that the full benefits of the green features are realized, sustained and enhanced throughout the development's life cycle.

Eligible Uses

Grant funds may be used to cover the cost of facilitating a Green Communities Charrette or Sustainability Training session utilizing the steps outlined in the Charrette Grant Guidelines provided by Enterprise. The guidelines will highlight facilitator qualifications, identify key stakeholders to involve in the process, and provide an outline of green goals, objectives and design items to be discussed in the charrette.

Outcome

A Green Communities Pre-development Charrette will inform an organization's decision to develop green affordable housing. The charrette will assist a development team in creating a Green Development Plan that will guide the design and construction process. This development plan will assign responsibility to various members of the development team to ensure that all goals agreed upon during the charrette process are met. Upon completion of the pre-development charrette, Enterprise will require grantees to submit in writing the results and ultimately the Green Development Plan that grew out of the charrette. The outcome of the charrette will be an intentional development process that will result in sustainable, healthy, environmentally responsive and affordable homes.

At the same time, a Green Communities Post-construction Sustainability Training Session will help to encourage proper operations and maintenance of the development while informing residents of ways to take care of, sustain and enhance the green features of their apartment or house. Upon completion of the post-development training session, Enterprise will require grantees to submit in writing a summary of the session and ultimately the owner and resident manual. The outcome of the training session will be green developments that are properly maintained and sustained as healthy, environmentally responsive communities over time.

GREEN COMMUNITIES RESOURCES

Technical Assistance

Green Communities™ Criteria Hotline

Call **404-391-5857** anytime with questions related specifically to items within the Green Communities™ Criteria.

Need assistance getting started or going greener?

Call Enterprise at **410-715-7433**

Green Charrette Grant

Up to \$5,000 to assist housing developers integrate green building systems into their developments and engage in a serious discussion of green design possibilities.

For More Information:

<http://www.greencommunitiesonline.org/Charrettes.asp>

Grants

Available nationally in response to Requests for Applications issued by Enterprise. Awards are made to projects committing to meet the Green Communities Criteria. Grants funds of up to \$50,000 per project can be used for planning and/or construction.

Planning funds may cover expenses related to the integrated design process including the any additional costs of architectural work, design Charrettes, engineering, site surveys, analysis of energy use, and environmental reviews.

Construction funds may be used for costs related to green construction items, architect's certification that Green Communities™ Criteria have been met, or other third party verification/commissioning, costs of tracking the incremental cost of implementing individual items in the Criteria; third party costs of establishing systems and tools for property management and resident education, to maximize the benefits of the green measures once the property is operating.

For more information:

<http://www.greencommunitiesonline.org/about-essentials-grants.asp>

For More Information on Green Communities™ in Colorado:

Contact:

Terry Barnard

Enterprise Community Investment

Phone: (303) 376-5413

Email: tbarnard@enterprisecommunity.com

9. USE OF HOME or NAHASDA FUNDS

The federal statute governing the HUD HOME program permits participating jurisdictions to use HOME funds to assist in the development of eligible housing. The use of a federal HOME grant will generally result in a development being classified as "federally subsidized" and, thus, ineligible for the seventy (70%) percent present value tax credit. However, the Code provides that below-market loans, funded with HOME or NAHASDA dollars, will not result in a tax credit development being classified as "federally subsidized", if the sponsor contractually commits that at least 40 percent of the dwelling units will be occupied by individuals whose incomes are 50 percent or less of the area median gross income. Such a development would therefore qualify for the nine-percent tax credit.

Careful, detailed documentation and CPA certification of the use of the HOME or NAHASDA funds will be required by CHFA at the time of final allocation.

The increase in eligible basis allowed for developments situated in "qualified census tracts" and "difficult development areas" is not allowed for properties using below market HOME or NAHASDA loans and the nine-percent credit.

10. Qualified Contract Process

Section 42(h)(6)(E)(II) of the Code allows the extended use period for any building which is a part of a qualified low-income housing project to terminate if the housing credit agency (CHFA) is unable to present a qualified contract ("QC") for the acquisition of the low-income portion of the building by any person who will continue to operate such portion as a qualified low-income building. CHFA has a one-year period ("1YP") to respond to a formal request ("Request") from the owner and submission by the owner of all requirements outlined below. The process for the owner to make a formal request to CHFA for a qualified contract is detailed below.

- a. CHFA will require advance notice, in the form of a letter of intent, before an owner may submit a Request to produce a QC under IRS Code Section 42(h)(6)(E)(i)(II). This notice will not bind owners to submit a Request and does not start the 1YP. The 1YP will not begin until CHFA determines that the owner has met all of the submission requirements.
- b. CHFA will assess owners a non-refundable fee of \$2,500 for processing Requests. All necessary third party costs will be passed on to owners. CHFA may require an owner to fund a deposit of up to \$30,000 to cover such costs. CHFA may establish additional rules regarding withdrawal of a Request and/or the number of times an owner may submit a Request for a particular project.
- c. In determining when a project is eligible, CHFA will only consider the latest date for projects with multiple credit periods or allocations. Owners may not submit a Request until after the 14th year of:
 - a) the last credit period for projects with buildings that were placed in service different years, or
 - b) the most recent of multiple allocations to the same project.

For example, if five buildings in the project began their credit periods in 1990 and one started in 1991, the 15th year for the purposes of a Request would be 2006. If the project received its first allocation of \$500,000 in 1990 and a subsequent award of \$25,000 in 1992, the 15th year for the purposes of a Request would be 2007.

- d. CHFA will not consider a Request until the owner secures a complete, unconditional waiver of all purchase options, including a nonprofit general partner's right of first refusal.
- e. Projects that do not meet the basic physical compliance standards that are (or would be) necessary to claim credits are ineligible for consideration. Owners must correct all such violations prior to submitting a Request.
- f. CHFA will not consider a Request until after receipt of all supporting documentation. Owners will need to submit the following items along with the Request:
 1. first year 8609s,
 2. annual partnership tax returns for all years of operation since the start of the credit period ("all years"),
 3. annual project financial statements for all years,
 4. loan documents for all secured debt during the credit period,
 5. partnership agreement (original, current and all interim amendments),
 6. physical needs assessment for the entire project,
 7. appraisal for the entire project,

8. market study for the entire project,
 9. title report, and
 10. Phase I environmental (Phase II if necessary),
 11. A completed "Calculation of Qualified Contract Price" including Worksheets A-E (in Appendix C of the Plan),
 12. A thorough narrative description of the property, including all project and unit amenities,
 13. A detailed set of photographs of the project, including the interior and exterior,
 14. Audited financials of the most recent 12 months of operating expenses,
 15. A current rent roll for the entire project, and
 16. Copies of any leases, if any portion of the land or improvements are leased
- g. Owners who expect to take advantage of the QC option have a corresponding duty to maintain the records necessary to allow the computation required under IRS Code Section 42(h)(6)(F). There are three options where owners have not met this duty:
1. CHFA deems the property ineligible,
 2. an accountant deduces missing information (interpolation), or
 3. the owner agrees to accept a three year period and fair market value.

An example of item (b) is to re-create what would have been the project's financial statement with accountant work papers. CHFA, in its discretion, will determine which option(s) are available.

- h. Once CHFA presents a contract for the QC price, the project is bound to the extended use agreement. There is no requirement in the IRS Code that the prospective buyer actually purchase the property. Whether or not the seller actually executes the contract and closes the transaction is a separate, legally unrelated question. Under IRS Code Section 42(h)(6)(E)(i)(II), CHFA's only obligation is to "present" a contract for the QC price. Once this occurs the owner may not terminate the extended use period.
- i. CHFA will create a standard form contract that includes basic real estate transaction terms (i.e. costs, due diligence period). This form simply establishes what the buyer needs to accept in order for CHFA to meet its statutory obligation of presenting a contract. Once a buyer agrees to the standard terms and QC price, the owner cannot terminate the extended use period. The parties would be free to negotiate different terms prior to closing
- j. Every case of doubt or interpretation in determining value will be resolved in favor of a lower QC price. Any time spent by the owner questioning or challenging CHFA's calculation of the QC price or of CHFA questioning or challenging documentation presented by the owner will not count against the 1YP.

11. OTHER CONDITIONS

In making reservations or allocations, CHFA relies on information provided by or on behalf of the sponsor. CHFA's review of documents submitted in connection with the tax credit allocation process is for its own purposes. In making reservations or allocations, CHFA makes no representations to the sponsor or anyone else as to compliance of the development with the Internal Revenue Code, Treasury regulations, or any other laws or regulations governing federal tax credits or with the state housing tax credits.

No member, director, officer, agent or employee of CHFA shall be personally liable on account of any matters arising out of, or in relation to, the allocation of Low Income Housing Tax Credits.

MISREPRESENTATIONS OF ANY KIND WILL BE GROUNDS FOR DENIAL OR LOSS OF THE TAX CREDITS AND MAY AFFECT FUTURE PARTICIPATION IN THE TAX CREDIT PROGRAM IN COLORADO.

12. SECTION 42 COMPLIANCE MONITORING PROCESS

The State Tax Credit Act sunset on December 31, 2002 and state tax credits are no longer available for applications submitted after that date. Any reference to state tax credits in the QAP apply only to developments that received state credits in 2001 and 2002.

Section 42(m)(1)(B)(iii) of the Code mandates that state housing credit agencies monitor all placed in service tax credit developments for compliance with the provisions of Section 42. The Code also mandates that the Internal Revenue Service be notified, by the state housing credit agencies, of any instance of noncompliance. The State Tax Credit Act also requires that CHFA monitor compliance with the Act. CHFA will also monitor for compliance with Land Use Restriction Agreement provisions which contain any additional owner commitments made to secure points in the development selection process, e.g. additional low income units or an extended low-income use period. CHFA has assembled and will make available to development owners, a Compliance Manual explaining the LIHTC monitoring process in detail. All owner representatives and their management agent representatives will be required to successfully complete a compliance training session conducted or approved by CHFA prior to the release of IRS Form 8609 for federal tax credits or the Allocation Certificate for state tax credits.

In general, CHFA will monitor the following for compliance, all of which are also applicable to developments receiving state tax credits:

12.A. Record Keeping, Record Retention and Inspection Provisions

1. The owner of a low-income housing development is required to keep records for each qualified low-income building in the development showing:
 - a. 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)
 - b. The percentage of residential rental units in the building that are low-income units
 - c. The rent charged on each residential rental unit in the building (including any utility allowances)
 - d. The number of occupants in each low-income unit
 - e. The low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented
 - f. The annual income certification of each low-income tenant per unit
 - g. Documentation to support each low-income tenant's income certification
 - h. The eligible basis and qualified basis of the building at the end of the first year of the credit period
 - i. The character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d) of the Code (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 development) and

- j. Copies of all correspondence with the IRS or with the Colorado Department of Revenue.
- 2. The Owner is required to retain the records described in paragraph A.1 of this section for each building in the development for at least six (6) years after the due date (with extensions) for filing the federal or state income tax return for that year. The records for the first year of the credit period must be retained for at least six (6) years beyond the due date (with extensions) for filing the federal or state income tax return for the last year of the compliance period of the building.
- 3. The Owner is required to retain any original health, safety or building code violation reports or notices that were issued by the State or local government unit for CHFA's inspection under Section 12. C. Retention of such original reports or notices is not required once CHFA reviews them and completes an inspection, unless the violation remains uncorrected.

12.B. Certification Provisions

- 1. In accordance with Section 42(1)(1) of the Code, following the close of the first taxable year in the credit period with respect to any qualified low-income building with federal tax credits, the owner must certify to the Secretary of the Treasury (i) the taxable year and calendar year in which such building was placed in service, (ii) the adjusted basis and eligible basis of such building as of the close of the first year of the credit period, (iii) the maximum applicable percentage and qualified basis of such building, (iv) the election made for the low-income targeting threshold as defined in Section 42(g)(1) of the Code, and (v) such other information as the Secretary may require. This certification is accomplished by completing Part II of the 8609(s). A copy of the completed 8609(s) must also be submitted to CHFA.
- 2. Following the close of the first taxable year in the credit period with respect to any qualified low-income development with state tax credits, the owner must certify to CHFA (i) the taxable year and calendar year in which such development was placed in service, (ii) the adjusted basis and eligible basis of such development as of the close of the first year of the credit period, (iii) the maximum applicable percentage and qualified basis of such development, (iv) the election made for the low-income targeting threshold as defined in Section 42(g)(1) of the Code, and (v) such other information as CHFA may require. This certification is accomplished by completing the Allocation Certificate and submitting it to CHFA.
- 3. The owner of a low-income housing development with federal or state tax credits is required to certify annually, by January 15th of each year, in a form to be provided by CHFA, that for the preceding 12-month period:
 - a. The development met the requirements of the 20-50 or 40-60 test as defined in Section 42(g)(1) of the Code, whichever minimum set-aside is applicable to the development, and, if applicable to the development, the 15-40 test under Section 42(g)(4) for "deep rent skewed" developments;
 - b. There was no change in the applicable fraction (as defined in Section 42(c)(1)(B)) of any building in the development, or that there was a change and a description of the change;
 - c. The owner has received an annual income certification from each low-income tenant and documentation to support that certification;
 - d. Each low-income unit in the development was rent-restricted under Section 42(g)(2);

- e. All units in the development were for use by the general public and no finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619, has occurred for the development. [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];
- f. Each building and low-income unit in the development 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 report of a violation for any building or low income unit in the development. [If the governmental unit issued a violation report or notice, the Owner must attach to the certification a statement summarizing the violation report or notice or a copy of the violation report or notice. In addition, the Owner must state whether the violation has been corrected];
- g. There was no change in the eligible basis (as defined in Section 42(d)) of any building in the development, or that there was a change, and the nature of the change;
- h. All tenant facilities included in the eligible basis under Section 42(d) of any building in the development, such as swimming pool, other recreational facilities, and parking areas, were provided on a comparable basis without charge to all tenants in the building;
- i. If a low-income unit in the development became 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 in the development were, or will be, rented to tenants not having a qualifying income;
- j. If the income of tenants of a low-income unit in the development increased above the applicable income limit allowed in Section 42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the development was, or will be, rented to tenants having a qualifying income;
- k. An extended low-income housing commitment, as described in Section 42(h)(6), was in effect, including the requirement under Section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the development 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. 1437s and the Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher or certificate;
- l. 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));
- m. The development meets the additional Owner agreements contained in Section 6 of the Land Use Restriction Agreement;
- n. There was no change in the Owner entity (for example, transfer of general partnership interest);
- o. If the Owner received its credit allocation from the portion of the State's ceiling set-aside for developments involving "qualified non-profit organizations" under Section 42(h)(5) of the Code, the non-profit organization has materially participated in the operation of the development (within the meaning of Sec. 469(h) of the Code).

4. The federal tax credit certifications referenced in paragraphs B.1 and B.3 of this section are required to be made at least annually through the end of the 15-year compliance period under Section 42(i)(1) of the Code and the certifications are to be made under penalty of perjury.
5. The state tax credit certifications referenced in paragraphs B.2 and B.3 of this section are required to be made at least annually through the end of the 15-year compliance period.
6. The owner is required to provide to CHFA a copy of the Completed 8609(s) and Schedule A(s) that is submitted to the IRS for federal tax credits or a copy of the Allocation Certificate that is submitted to the Colorado Department of Revenue for state tax credits.
7. The owner is required to provide to CHFA, as it occurs, copies of all correspondence with the IRS or Colorado Department of Revenue.

12.C. Inspection and Review Provisions

1. CHFA will review the owner certifications submitted pursuant to paragraph B.3 of this section for compliance with the requirements of Section 42 of the Code.
2. Between the time a building is placed in service and applies for a final allocation of credit, and prior to the issuance of an 8609 or Allocation Certificate, CHFA will physically inspect the property. Within 2 years after placement in service, CHFA will conduct on-site inspections of all buildings in the development and, for at least 20% of the development's low-income units, inspect the unit and review the tenant income certification, supporting documentation and rent records.
3. At least once every 3 years, CHFA will conduct on-site inspections of all buildings in the development and, for at least 20% of the development's low-income units, inspect the unit and review the tenant income certification, supporting documentation and rent records.
4. CHFA will randomly select which low-income units and tenant records are to be inspected and reviewed by CHFA.
5. For the building and unit inspections referred to in paragraphs C.2 and C.3 of this section, CHFA will review any local health, safety, or building code violation reports or notices retained by the Owner and will determine whether the buildings and units are suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards) or whether the buildings and units satisfy the uniform physical condition standards for public housing established by HUD (24CFR 5.703). The HUD physical condition standards do not supersede or preempt local health, safety, and building codes. The development must continue to satisfy these codes and, if the CHFA becomes aware of any violation of these codes, CHFA must report the violation to the IRS.
6. CHFA has the right to perform an audit of any low-income housing development during the term of the Land Use Restriction Agreement. An audit includes a physical inspection of any building in the development, as well as a review of the records described in section 10.A. The auditing provision of this paragraph C.6 is in addition to any inspection of low-income certifications and documentation under paragraphs C.1 through C.5 of this section.

12.D. Notification of Noncompliance Provisions

1. CHFA will provide prompt written notice to the owner of a low-income housing development if CHFA does not receive the certifications described in section 12.B or does not receive, or is not permitted to inspect, the tenant income certification, supporting documentation and rent records described in section 12.C, or discovers on audit, inspection or review, or in some other manner, that the development is not in compliance with the provisions of the Land Use Restriction Agreement. The owner shall have a period of time designated by CHFA (30 to 90 days) from the date of such notice (the "Cure Period") to supply any missing certifications and bring the development into compliance with the Land Use Restriction Agreement. CHFA may extend, in its sole discretion, the Cure Period for up to six months for good cause.
2. CHFA must file Form 8823 (Low-Income Housing Tax Credit Agency's Report of Noncompliance) with the IRS or State Noncompliance Form to the Colorado Department of Revenue no later than 45 days after the end of the Cure period whether or not the noncompliance or failure to certify is corrected. CHFA will explain on Form 8823 or State Noncompliance Form the nature of the noncompliance or failure to certify and indicate whether the owner has corrected the noncompliance or failure to certify. Any change in either the applicable fraction or eligible basis that results in a decrease in the qualified basis of the development as defined in Section 42(c)(1)(A) is an event of noncompliance that must be reported under this paragraph.
3. If the noncompliance or failure to certify is corrected within 3 years after the end of the correction period, CHFA will file Form 8823 to the IRS or State Noncompliance Form to the Colorado Department of Revenue reporting the correction of the noncompliance.

12.E CHFA Record Retention Provisions

CHFA will retain records of noncompliance for 6 years beyond CHFA's filing of the respective Form 8823 or State Noncompliance Form. In all other cases, CHFA will retain the certifications and records for 3 years from the end of the calendar year CHFA receives the certification and records.

12.F. Monitoring Fee

A monitoring fee will be assessed to cover the costs of the compliance monitoring program. A compliance monitoring fee will be assessed to cover the initial 15 years of the compliance period in a lump sum, at the time of final allocation. This fee (which will be determined in the year the development receives a final allocation of credit) will be based on the number of low-income units, any designated manager and/or maintenance units, and the compliance time period, and then present valued. The payment of this fee will be required prior to the issuance of the 8609(s) or Allocation Certificate. The amount of the compliance monitoring fee for the remainder of the contractual extended use period will be determined in year 15.

There are no clear rules establishing whether or not the up front fees can be included in the eligible basis. If a sponsor obtains an opinion from a tax attorney and an accountant stating that the requirements have been met to include these fees in the eligible basis, CHFA may allow the sponsor to do so. This will be done on a case-by-case determination.

Appendix A

MARKET STUDY GUIDE

As part of the formal application process, each applicant must provide a comprehensive and detailed market study that is prepared by an experienced, CHFA-approved, market analyst. At a minimum, the market study must substantiate the need for the number of units proposed, the unit type and size, and the pricing of the rental housing development proposed.

Analyst Qualifications and Responsibilities

The market study must be prepared by a CHFA-approved analyst who is totally unaffiliated with the developer and/or owner of the proposed development and has no financial interests in the proposed development. A letter of engagement with the market analyst must be submitted with the letter of intent to apply (see Section 3.A.). Prior to commencing a market study for the proposed development, the market analyst must notify CHFA (kdillinger@colohfa.org or 303.297.7361) of the intent to undertake a market study and must follow the format and content requirements contained in this Market Study Guide. Failure to comply with market study requirements will result in a denial of the study and the application.

The market analyst must:

- Visit the site of the proposed project and all existing projects examined in the Comparability Analysis section.
- Provide demographic data on the market area that is updated to the anticipated place-in-service date. Demographic and other relevant data must be referenced in the report with the information sources clearly identified.
- Provide demand and capture rates that are calculated based on the anticipated project completion date. Information on existing and planned projects must not be older than 90 days from the time that the preliminary LIHTC application is submitted. Market studies written previously or prepared for other agencies (i.e. HUD) must be prepared by a CHFA-approved analyst and amended to meet all of the elements of this Market Study Guide, including format.
- Sign a certification that the report was prepared according to CHFA's Market Study Guide, that the information included is accurate, and that the report can be relied upon by CHFA to present a comprehensive assessment of the market for the proposed project. The certification must include the market study completion date, and must also indicate that the document is assignable to lenders and/or syndicators that are parties to the development's financial structure. The market analyst must also certify that the market study may be shared with the Department of Housing and Urban Development (HUD) as part of HUD's assistance to CHFA in the analysis of the market study.
- Prepare an update to the study in the form of an amendment letter, for instances in which the applicant makes changes to the project that differ from the details presented in the market study. This amendment must detail the changes and indicate how the changes impact captures rates and marketability.

Organization of the Report

The market study must adequately address, and the table of contents must clearly identify, the items 1 through 9 below in the order in which they are listed:

1. Market Study Synopsis
2. Project Description
3. Location Analysis
4. Identification of Market Boundaries
5. Overview of Market Conditions
6. Comparability Analysis
7. Demographic Data
8. Demand Analysis
9. Recommendations and Conclusions

1. Market Study Synopsis

Project Name:

Project Description: A description of the development that includes the number of units, unit type and size, unit rent and income targeting, project and unit amenities, project design, location, parcel size, age of project (if acq/rehab)

Unit Number, Mix, Size and Type

	30% AMI	40% AMI	50% AMI	60% AMI	Mkt	Total Units	% of Total	Size*	Type (flat, TH, SF)
1 BR									
2 BR/1 BA									
2 BR/2BA									
3 BR									
4 BR									
Total									
% of Total							100%	N/A	N/A

Rent Comparison

Per Unit	30% AMI	40% AMI	50% AMI	60% AMI	Market
1 BR					
2 BR/1 BA					
2 BR/2BA					
3 BR					
4 BR					
Total					
Comp. Rents*	30% AMI	40% AMI	50% AMI	60% AMI	Market
1 BR					
2 BR/1 BA					
2 BR/2BA					
3 BR					
4 BR					
Total					

* Provide the range and the weighted average.

Comparability Analysis

Rate the proposed project relative to the comparables. Use the symbols -, =, + to indicate if the comparables projects are – lower/inferior, = equal to, or higher/superior to the proposed project.

(Note: replace “Comp 1”, “Comp 2”, etc with the name of the apartment complex that is listed in this section.)

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Rents						
Unit Size						
Unit Mix						
Quality						
Amenities						
Location						

Demand and Capture Rates

	30%	40%	50%	60%	Total
Income Qualifying Households in Market Area					
In migration of Households (if any)					
Total Qualifying Households/Demand					
Existing Units					
Capture Rate – Existing					
Under Construction/Planned Units					
Total Existing & Planned Units					
Capture Rate – Required					

Recommendations and Conclusions

On a scale of 1 to five where 1 = not strong/good and 5 = very strong/good, rate the following:

Market Demand	1	2	3	4	5
Project Location	1	2	3	4	5
Proposed Unit Mix	1	2	3	4	5
Proposed Unit Sizes	1	2	3	4	5
Proposed Rents	1	2	3	4	5
Overall Marketability – as proposed	1	2	3	4	5
Marketability with recommended changes	1	2	3	4	5

Succinctly summarize key recommendations:

Examples:

1. Reduce rent on two-bedroom units by an average of \$50.
2. Move playground from site near one-bedroom units to site near three-bedroom units.
3. Shift AMI targeting to serve more households at 40% AMI.

2. Project Description

A description and analysis of the proposed development that covers:

- project design (number of floors, way by which units are accessed, quality of interior finishes)
- site plan;
- number of units by unit type and size;
- contract rent per unit and per square foot;
- income targeting by AMI and income range served to be served by the proposed project based on the maximum incomes allowed and the minimum incomes needed to afford the proposed rents assuming that 40% of income goes toward the maximum allowed tax credit rent;
- project and unit amenities;
- parking;
- utilities (what is included in rent versus the responsibility of residents) and type of heat.
- development or acquisition/rehabilitation schedule and anticipated date for delivery of units

For Acquisition/Rehabilitation projects, the developer must also provide answers to the following questions: (may be presented as an addendum to the market study)

- What is the estimate of the numbers of existing residents that will be displaced due to income restrictions?
- What will be the impact to occupancy levels as a result of the displacement of non-qualifying households?
- What will be the impact to occupancy levels as a result of the rehabilitation work?
- What, if any, actions will the owner take to sustain current occupancy levels?

3. Location Analysis

A description and analysis of the proposed site and its location that covers:

- Location – Provide the street address (if assigned to the site), the name of the closest street boundaries including the side of the street or corner on which the project is located, the approximate size of the parcel and a physical description of the site (flat or sloped, undeveloped or in use, vegetated or barren, views, etc).
- Maps and Photos - Include clean legible maps of both the local neighborhood and citywide showing the proposed development location), photos of the site and photos of the adjacent parcels in all four directions. Maps and photos may be included in an appendix.
- Location Amenities – Describe the proximity in blocks or miles from the proposed site services and facilities including neighborhood shopping, drug stores, schools, public transit, hospitals, highways or other major traffic arteries, churches, cultural attractions, and recreational facilities.
- Surrounding Land Use -- Describe the type of development located on all sides of the proposed property and in the nearby vicinity of the site (e.g., vacant land, commercial/business, industrial, housing). Indicate distance to the proposed site, present condition, zoning and likely changes in use. Also indicate any impacts such as noise, odor, unsightliness, etc from adjacent uses that might detract from the site's suitability for residential development.
- Infrastructure -- Indicate if there are any road or infrastructure improvements planned or under construction near the proposed project that might impact its marketability.
- Marketability – Evaluate how the site and its location will enhance or detract from development marketability. Be specific (3-acre park across the street, electric utility sub-station on the corner).

4. Identification of Market Boundaries

Provide a reasonable rationale for delineation of the primary market area from which the proposed project is expected to draw the majority of its residents. Radius boundaries are not allowed. The designation should instead take into account such things as:

The market analyst should be prepared to discuss the market area designation with CHFA when contacting CHFA, as required, prior to commencing work on the study.

Provide a legible map outlining the primary market area which shows the site of the proposed project and if applicable, the secondary market area.

5. Market Conditions and Comparability Analysis

Market Rate Conditions and Analysis

This section of the study must incorporate data on market rate rent and vacancy rates in the market area to the extent that it is available. For projects within the market area, reference the Denver Metro Apartment Vacancy and Rent Survey. Projects in communities covered by the Colorado Division of Housing's survey must reference it (<http://www.dola.colorado.gov/housing/vacintro.html>). In both cases, use the most recently published quarter at the time of report preparation (keeping in mind that the market study must be dated no more than 90 dates prior to submission). Provide detailed information on current rent and vacancy rates by unit type and at least two years of historical information on average rents and the overall vacancy rate. Site all data sources.

Tax Credit Conditions and Analysis

The analyst must prepare an inventory of all existing tax credit projects, both the competitive 9% developments and the non-competitive 4% developments using status reports on CHFA's website (http://www.colohfa.org/pdf/tc_developmentsbycounty.pdf). The market analyst should retrieve that information from the website rather than through a request to CHFA staff. In order to calculate capture rates by AMI, the inventory must state the number of units serving each AMI level. The inventory should include other income-restricted projects that serve the same income levels as targeted by the proposed project. If there are no income-restricted projects in the market area, state so.

Selection of Comparables

The analyst must select projects from the inventory that are most similar to the proposed project for an in-depth analysis. The selection should be based on project size, unit mix, income restrictions, design, rents and location. If there are numerous projects in the market area, at least six should be selected. Unless market rates are significantly higher than the proposed rents as evidenced by information provided in the Market Overview section, at least two projects should also be included that offer free-market units. In rural areas where few multifamily developments exist, provide information on mobile homes and single-family homes that are rented on a long-term basis to assess the competition. Include a legible map showing the location of all comparable properties and color photos of all properties.

Comparative Analysis

The market study must present information in the same format as the tables provided. Rows can be deleted for unit types not offered or AMI levels not targeted by the proposed project. If you have units types not specified in the sample tables, like a three-bedroom unit with 1.5 bathrooms, add them. Narrative analysis of the information is required.

General Description (Note: replace “Comp 1”, “Comp 2”, etc with the name of the apartment complex that is being analyzed in this section.)

	Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Name of project							
Address							
Property Type							
Unit Type							
Year Built							
Total Units							
# Inc. Restricted							
# Free Market							
General condition							

Amenities

Utilities							
AC							
Water							
Sewer							
Heat Type							
Unit Amenities							
Balcony/Patio							
Dishwashers							
Exterior Storage							
Microwave							
Washer/dryer hookups							
Washers/dryers in unit							
Other _____							
Other _____							
Project Amenities							
Central laundry							
Basketball Court							
Clubhouse							
Elevators							
Exercise Equip							
Garage (\$ extra)							
Hot tub							
Swimming pool							
Playground							
On-site management							
Security systems							
Other _____							
Other _____							

Unit Size

Provide a row for each unit type by size. If there are more than two unit sizes for any unit type, for example, five different floor plans for two-bedroom apartments, provide the range and the weighted average.

	Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
1 BR							
2 BR/1 BA							
2 BR/2 BA							
3 BR/2 BA							
4 BR/2 BA							

Unit Mix

	Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
1 BR							
Inc. Restricted							
Mkt.							
2 BR/1 BA							
Inc. Restricted							
Mkt.							
2 BR/2 BA							
Inc. Restricted							
Mkt.							
3 BR/2 BA							
Inc. Restricted							
Mkt.							

Rent Comparison

The rents shown should reflect the rates that would be charged to new residents moving into vacant units, not the discount rents for renewing leases. If rent reductions or concessions are offered, state the net rent. Rent concessions and other types of incentives such as waivers of security deposits should be described and analyzed.

Rent per Unit	Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
1 BR							
30%							
40%							
50%							
60%							
Mkt.							
2 BR/1 BA							
30%							
40%							
50%							
60%							
Mkt.							
2 BR/2 BA							
30%							
40%							
50%							
60%							
Mkt.							
3 BR/2 BA							
30%							
40%							
50%							
60%							
Mkt.							

Rent per Sq. Ft.	Proposed Project	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
1 BR							
30%							
40%							
50%							
60%							
Mkt.							
2 BR/1 BA							
30%							
40%							
50%							
60%							
Mkt.							
2 BR/2 BA							
30%							
40%							
50%							
60%							
Mkt.							
3 BR/2 BA							
30%							
40%							
50%							
60%							
Mkt.							

Vacancies and Wait Lists

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Total/Overall
Total Units							
Vacant Units							
% Vacant							
Vacancies by Unit Type							
1 BR							
2 BR/1 BA							
2 BR/2 BA							
3 BR/2 BA							
4 BR/2 BA							
# on Wait List							

Absorption

Information on the performance of comparables that is insightful about the rate at which the proposed units will be absorbed should be included. Consider the lease-up experience of projects completed in the last year or two, the rate by which comparable properties are able to fill vacated units and evidence of pent-up demand.

Upcoming Competition

In order to determine what new developments will likely compete with the proposed project, a careful examination of upcoming competition is necessary. In addition to checking with local governments and other public or private agencies, analysts should also check with CHFA for information on tax-exempt-bond-financed projects and new tax credit or HOME-funded developments that are currently under consideration. The market study should include information on the availability and proximity of land in the proposed market area that is zoned, or could be zoned, for multifamily use.

Information on upcoming competition should include the following, if available:

- Name of project.
- Address/location.
- Name of developer/owner.
- Property type.
- Proposed number of units, unit type (flat, TH, etc.), bedroom mix, unit size and amenities.
- Income restrictions and rental rates.
- Estimated unit delivery date.
- For projects that are in lease up, number of units occupied by unit type and AMI and rate at which units were leased.

7. Demographic Data

Data describing household and housing unit characteristics in the market area must be provided in table format that is easily referenced. It is to be used to gauge the size of the proposed project in relationship to the total inventory of rental housing in the market area, assess the appropriateness of the proposed bedroom mix and complete the "Demand Analysis Calculation" in section VIII. The numbers that will be referenced in the Demand Analysis Calculation section must be easily identified.

As a minimum requirement, the following data from the 2000 Census must be provided for all projects. Census file and table numbers are provided. They can be found at <http://factfinder.census.gov>. It is not necessary to make projections to the place-in-service date for the bulleted information below:

- Total housing units, number renter occupied and percent renter occupied (SF1 H4)
- Renter household size, both average and by persons in household (SF1 H15, SF3 H18)
- Age of renter occupied units (SF3 H 36)
- Number of bedrooms in renter occupied units (SF3 H42)
- Rent as a percentage of income (SF 3 H69)

For senior independent living projects, the following is also required:

- Renter households by age of householder (SF1 H16)
- Household type by age – living alone versus as a couple (SF3 H19)

Other data that might be relevant, particularly to projects that are focused on serving special market niches, may be included. Examples of insightful data are race/ethnicity, number of households with disabled member, vehicles per renter-occupied unit, etc.

Projecting Households at Delivery Date

Generate an estimate of the number of renter households that will be residing in the market area upon completion of the proposed project. This estimate should not take into account in migration that the project might be able to achieve, which can be addressed in the Demand Analysis Calculation. The rate of growth in population or households between 2000 and the anticipated date of project completion should be specified. Apply the rate of growth in the city or county in which the project is located as published by the Colorado Demography Office to the market area to derive an estimate of the number of renter households that will be residing in the area as of unit delivery. If any source other than the Colorado Demography Office is used, document the source and justify its applicability. Households that will not be served by the proposed project due to size should be subtracted. If the project will offer only one- and two-bedroom units, large families must be excluded. If the project will not offer one-bedroom units, one-person households must be subtracted.

Income

Estimate the number of income-eligible households residing in the market area. , This may be done using the special tabulations developed by HUD from the 2000 Census data -- <http://www.huduser.org/datasets/spectabs.html> . The special tabulations are also available from private vendors and provide data on households by income, size, tenure and age at the census tract level. As long as 2000 census data is used in these tabulations, this data is acceptable to use for the analysis.

8. Demand Analysis

Demand and capture rates should be estimated for each AMI category that the proposed project will target since, in many cases, demand may be strong for one income category while the market might be saturated for another. Information from the Demographic Data and Comparability Analysis sections will be required to complete necessary calculations. Indicate the page numbers for the location of the numbers used in the calculations.

Multi-family - New Construction and Acquisition/Rehab

Demand estimates and capture rate calculations must be based on the following:

- The number of forecasted renter households that will be residing within the primary market area at the time of unit delivery.
- The assumption that tenants are paying no more than 40% of their income for contract rent.

- One-bedroom units have 1 occupant, two-bedroom units have no more than 3 occupants, three-bedroom units have no more than 5 occupants.
- A justifiable assumption for in migration that takes into consideration the experience of comparable projects within the market area and/or anticipated job growth in the area.
- Inclusion of all tax credit units and other income restricted units targeting the same income categories as the proposed project. Units occupied by Section 8 voucher holders should be subtracted.
- Exclusion of households that the proposed project will not serve based on size. For example, if no one-bedroom units are to be offered, one-person households should be subtracted from the demand estimate.

Demand and Capture Rate Calculation

	Page #	30%	40%	50%	60%	Mkt units	Total
Total Renter Households in Market Area							
- Unserved Households based on Size (if any)							
= Size-eligible Renter Households							
x Percent Income Qualifying Households							
= Income Qualifying Households in Market Area							
+ In migration of Households (if any)							
= Total Qualifying Households/Demand							
Existing Units							
Capture Rate – Existing (existing units/qualifying households)	N/A						
Under Construction/Planned Units							
Proposed Projects							
Other Projects (name)							
Total Existing & Under Construction/Planned Units							
Capture Rate – Required (total units/qualifying households)	N/A						

Senior Independent-Living - New Construction and Acquisition/Rehab

Demand estimates and capture rate calculations must be based on the following:

- The number of forecasted renter households that will be residing within the primary market area at the time of unit delivery with a householder age 62 or older.
- The assumption that tenants are paying no more than 40% of their income for contract rent.
- one-bedroom units have 1 occupant and two-bedroom units have no more than 2 occupants.
- A justifiable assumption for in migration that may take into consideration the experience of comparable projects within the market area and the presence of householders in the prime care- giver age range (45 to 64).

- Inclusion of all age-restricted units financed with tax credits or other sources that have income restrictions targeting the same income categories as the proposed project. Units occupied by Section 8 voucher holders should be subtracted.

Demand and Capture Rate Calculation – Senior Independent Living Projects

	Page #	30%	40%	50%	60%	Mkt Units	Total
1 and 2 Person Senior Households - Total							
X Percent Income Qualifying Households							
= Total Demand from 1 & 2 person qualifying households living in the Market Area							
In migration adjustment factor (if any)							
Total Qualifying Households							
Existing Units							
Capture Rate	N/A						
Under Construction/Planned Units							
Proposed Projects							
Other Projects (name)							
Total Existing & Under Construction/Planned Units							
Capture Rate Required	N/A						

9. Recommendations and Conclusions

In this section, explicitly state your opinion regarding the marketability of the proposed development and whether or not development of the project as proposed is warranted. This should include your evaluation of overall market conditions as well as the specific project that is being proposed. All conclusions must be supported by data contained in the market study. If potential demand is sufficiently strong to justify additional units but the proposed project does not appear to be responsive to the demand, provide recommendations on how marketability could be improved.

At a minimum for all projects, the market study for all projects must:

Assess the demand for the proposed development. Address the achievability of the required capture rate. If the increase between existing capture rates and the rates required to absorb planned units is significant, justify how this is or is not acceptable. Please note any unusual circumstances or conditions that should be considered, particularly the timing for the construction/delivery of competing units and the impact that it might have on absorption of the proposed project.

Evaluate the competitiveness of the proposed project relative to comparable projects. Address the age or condition of properties in the area that might make the proposed project more or less competitive. Address whether the proposed project, in light of vacancy and absorption rates for the local market area, is likely to result in a higher vacancy rate for comparable, tax credit units within the market area.

Provide a review of the proposed unit mix, unit sizes, unit type(s) and make a recommendation regarding unit mix and sizes. Include a rationale for these recommendations.

Evaluate rents on a per-unit and per-square-foot basis in relationship to comparable properties, the free market and LIHTC maximums. Make recommendations if adjustments are needed to increase competitiveness or the size of the market from which the project can draw residents. The recommendation should also state whether or not utilities should be included in the rent.

Evaluate the location of the proposed development including access to the site, amenities in the area and surrounding land use and state how these will enhance or detract from marketability.

Address absorption of the project under current conditions.

Evaluate the proposed amenities, including those that are being considered at an additional cost and make recommendations about amenities that would enhance lease-up or are not needed when compared to other units in the market area.

Note any unusual conditions or opportunities that need to be considered. For example, the development may be located in an area that has significant job growth and may need to focus marketing to new employees.

For Acquisition/Rehabilitation Projects, also assess the historical occupancy level of the property, plans for displacement of current residents, the impact that displacement of ineligible households on vacancy rates and the impact that rehabilitation will have on occupancies.

2007 Approved Market Analyst List

<p>Byron Lea 509 1/2 Fernleaf Ave. Corona Del Mar, CA 92625 (816) 582-1772 (949) 673-7126 fax byronlea@sbcglobal.net</p>	<p>Allen & Associates Consulting Jeff Carroll 3116 Glen Summit Drive Charlotte, NC 28270 (704) 905-2276 (704) 708-4261 fax jcarroll@allenadvisors.com</p>
<p>Apartment Appraisers & Consultants MAI Cary W. Bruteig 900 E. Louisiana Ave., Suite 201 Denver, CO 80210 (303) 722-4222 (303) 744-3759 fax Cary.Bruteig@ApartmentAppraisers.com</p>	<p>Burlig Forbes Rick Lewis 1310 E. Coronado Rd. Phoenix, AZ 85006 (602) 307-5385 (302) 307-5427 fax burforb@cox.net</p>
<p>Economic & Planning Systems, Inc. Brian Duffany 730 17th Street, Suite 630 Denver, CO 80202-3511 (303) 623-3557 (303) 623-9049 fax bduffany@epsdenver.com</p>	<p>Economic & Planning Systems, Inc. Andrew Knudtsen 730 17th Street, Suite 630 Denver, CO 80202-3511 (303) 623-3557 (303) 623-9049 fax aknudtsen@epsdenver.com</p>
<p>Gill Companies, The Casey Gill P.O. Box 784 Dexter, MO 63841 +1 (800) 428-3320 fax cash.gill@gillgroup.com</p>	<p>Gill Companies, The Sam Gill +1 (800) 428-3320 fax sam@gillgroup.com</p>
<p>Gill Companies, The Angie Burch P.O. Box 784 Dexter, MO 63841 +1 (800) 428-3320 fax angie.burch@gillgroup.com</p>	<p>Highland Group, Inc., The Elisabeth Borden 1113 Spruce Street Boulder, CO 80302 (720) 565-0966 (720) 294-9663 fax eborden@thehighlandgroupinc.com</p>

2007 Approved Market Analyst List
(continued)

<p>Integra Realty Resources Tim Baltakis 2000 S. Colorado Blvd., #250 Annex Denver, CO 80222 (303) 300-3320 (303) 300-3789 fax tbaltakis@irr.com</p>	<p>J & K Enterprises, Inc. James Young P.O. Box 4335 Bella Vista, AR 72715 (800) 272-0622 (479) 876-1684 fax jandkentpr@aol.com</p>
<p>James Coil Reserach & Consulting, LLC Jim Coil 247 Red Rim Drive Grand Junction, CO 81503 (970) 245-2486 (970) 245-6099 fax jcrc@bresnan.net</p>	<p>James Real Estate Services, Inc. Stephen Ross 90 Madison St., Suite 300 Denver, CO 80206-5412 (303) 316-6761 (303) 471-6238 fax sross@jres.com</p>
<p>Novogradac & Company LLP Rebecca Arthur 7227 Metcalf Ave., Suite 250 Overland Park, KS 66204 (913) 262-3500 x14 (913) 262-3501 fax rebecca.arthur@novoco.com</p>	<p>Prior and Associates John Prior 1900 Grant St., SUite 720 Denver, CO 80203 (303) 861-2728 fax jprior@priorandassociates.com</p>
<p>Property Dynamics Greg Fahey 15625 NE 191st St. Woodinville, WA 98072 (425) 489-9780 (425) 806-0760 fax gmfahey@comcast.net</p>	<p>Rees Consulting, Inc. Melanie Rees P.O. Box 3845 Crested Butte, CO 81224 (970) 349-9845 (970) 349-6458 fax Melanier@interserv.com</p>

Appendix B
CAPITAL NEEDS ASSESSMENT REQUIREMENTS

Developments applying for a preliminary reservation of tax credits for rehabilitation must submit a capital needs assessment (CNA) conducted by a third party architect or engineer with CNA experience (provide a resume). The assessment should include a site visit and physical inspection of the interior and exterior of units and structures, building material deficiencies and material building code violations as well as an interview with available on-site property management and maintenance personnel to inquire about past repairs/improvements, pending repairs, and existing or chronic physical deficiencies. The assessment should also consider the presence of hazardous materials on the site.

The assessment should include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. The assessment should also include a projection of recurring probable expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, to determine the appropriate replacement reserve deposits on a per unit per year basis. The following components should be examined and analyzed for a capital needs assessment:

- site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas and electric utilities and lines;
- structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, and drainage;
- interiors, including unit and common area finishes (carpeting, vinyl tile, plaster walls, paint condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixture, and common area lobbies and corridors; and
- mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, and elevators (mechanical systems must be inspected by a qualified engineer)
- any non-compliant component or issue relative to the applicable accessibility guidelines of ADA, Section 504 and/or Fair Housing Guidelines
- detailed description of the scope of work and budget for the scope of work
- photographs of typical building characteristics and deficiencies

Issues identified by the capital needs assessment should be addressed during the rehabilitation process and considered in establishing replacement reserve accounts.

Appendix C
Instructions for Calculation of Qualified Contract Price

Before CHFA will commence marketing your project, you must complete the Calculation of Qualified Contract Price form attached to these instructions (the "Calculation Form"). This calculation will establish the minimum price at which CHFA will market your project and present an offer for its purchase.

To complete the Calculation Form, you must complete Exhibits A through D and, if the project has market rate units, Exhibit E. The results of Exhibits A through E are transferred to the Calculation Form to determine the Qualified Contract Price for the project.

The Calculation Form is derived from a statutory formula set forth in Section 42(h)(6)(F) of the Internal Revenue Code. The statutory formula divides the purchase price between the low-income portion of the project and the market rate portion of the project, if any. Qualified Contract Price for the low-income portion of the project is equal to the sum of project indebtedness (Worksheet A), investor equity (Worksheet B), and other capital contributions (Worksheet C) **reduced** by the total cash that has been distributed, or is available for distribution, from the project (Worksheet D). If the project has any market rate units, the Qualified Contract Price is increased by the fair market value of those units (Worksheet E).

Please remember that the twelve-month period for finding a buyer will not commence until the Calculation, and Exhibits A through E, are completed and returned to CHFA with the notification letter and other required materials. The Calculation must be prepared, approved or reviewed by the accountant for the project owner or similarly qualified professional.

**Calculation of Qualified Contract Price
Pursuant to Section 42(h)(6)(F) of the Internal Code
As of _____, 2005**

A. Calculation of Low-Income Portion of Payment:

- | | | | |
|--------|--|----------|----------|
| (i) | Outstanding Indebtedness secured by, or with respect to the Buildings (from <i>Worksheet A</i>) | \$ _____ | |
| (ii) | Adjusted Investor Equity (from <i>Worksheet B</i>) | \$ _____ | |
| (iii) | Other Capital Contributions not reflected in (i) or (ii) (from <i>Worksheet C</i>) | \$ _____ | |
| (iv) | Total of (i), (ii) and (iii) | \$ _____ | |
| (v) | Cash Distributions from or available from, the Project (from <i>Worksheet D</i>) | \$ _____ | |
| (vi) | Line (iv) reduced by Line (v) | \$ _____ | |
| (vii) | Applicable fraction (as set forth in the Tax Credit Regulatory Agreement) | _____ % | |
| (viii) | Low-Income Portion of Qualified Contract Price (Line (vi) multiplied by Line (vii)) | | \$ _____ |

B. Fair Market Value of Non Low-Income Portion of Building(s) (from *Worksheet E*) \$ _____

Qualified Contract Price
(Sum of Line A(viii) and Line B) \$ _____

WORKSHEET A
Outstanding Indebtedness
With Respect to Low-Income Building(s)
Code Section 42(h)(6)(F)(i)(I)

Instructions

The Qualified Contract Price includes the unpaid balance of all secured and unsecured indebtedness with respect to the low-income buildings. Worksheet A requires you to set forth certain information with respect to each mortgage loan and other project indebtedness: The name of the lender, the unpaid principal balance, the accrued interest, the maturity date, and other relevant information.

In the section marked "Other Information" (subsection (v) with respect to each loan), please set forth any information with respect to the loan that may be relevant to the CHFA c's efforts to market the project. Examples of relevant information include whether the loan has a "due-on-sale" clause or if any portion of the loan is payable from net cash flow (i.e., is "soft" debt). Please also attach to the worksheet an amortization schedule for each loan, if available.

In addition to mortgage indebtedness, you should also list any unsecured, long-term debt the proceeds of which were used directly in the construction, rehabilitation, or operations of the project.

The unpaid principal balance and accrued interest for each loan set forth on this worksheet should be totaled and that total should be transferred to Section A(i) of the Calculation Form.

Worksheet

1. First Mortgage Loan:

- (i) Lender: _____
 - (ii) Principal Balance \$ _____
 - (iii) Accrued Interest \$ _____
 - (iv) Maturity Date: _____
 - (v) Other Information: _____
- _____
- [attach amortization schedule, if available] _____
- Subtotal \$ _____

2. Second Mortgage Loan:

- (i) Lender: _____
 - (ii) Principal Balance \$ _____
 - (iii) Accrued Interest \$ _____
 - (iv) Maturity Date: _____
 - (v) Other Information: _____
- _____
- [attach amortization schedule, if available] _____
- Subtotal \$ _____

3. Third Mortgage Loan:

- (i) Lender: _____
- (ii) Principal Balance \$ _____
- (iii) Accrued Interest \$ _____
- (iv) Maturity Date: _____
- (v) Other Information: _____

[attach amortization schedule, if available]

Subtotal \$ _____

4. Fourth Mortgage Loan:

- (i) Lender: _____
- (ii) Principal Balance \$ _____
- (iii) Accrued Interest \$ _____
- (iv) Maturity Date: _____
- (v) Other Information: _____

[attach amortization schedule, if available]

Subtotal \$ _____

5. Other Indebtedness with Respect to Low-Income Building(s):

- (i) Lender: _____
- (ii) Principal Balance \$ _____
- (iii) Accrued Interest \$ _____
- (iv) Maturity Date: _____
- (v) Other Information: _____

[attach amortization schedule, if available]

Subtotal \$ _____

Total Indebtedness with respect to Low-Income Portion of the Building(s) (Sum of 1-5 subtotals above) \$ _____

WORKSHEET B
Calculation of Adjusted Investor Equity
In the Low-Income Building(s)
Code Section 42(h)(6)(F)(i)(II)

Instructions

The Qualified Contract Price includes the sum of the “Adjusted Investor Equity” with respect to the project. “Adjusted Investor Equity” means, with respect to each calendar year, the aggregate amount of cash that taxpayers invested with respect to the low-income buildings, increased by the applicable cost-of-living adjustment, if any.

Not all capital contributions with respect to the project qualify as “Adjusted Investor Equity.” Specifically, cash invested in the project should be included in this Worksheet B only if **each of the following are true**:

- (i) The cash is contributed as a capital contribution and not as a loan or advance;
- (ii) the amount is reflected in the adjusted basis of the project (until there is further guidance from the Internal Revenue Service, CHFA will interpret this to mean cash contributions used to directly fund adjusted basis and cash contributions used to pay off a construction or bridge loan, the proceeds of which directly funded adjusted basis); and
- (iii) there was an obligation to invest the amount as of the beginning of the credit period (until there is further guidance from the Internal Revenue Service, CHFA will interpret this to include cash actually invested before the beginning of the credit period and cash invested after the beginning of the credit period for which there was an obligation to invest at the beginning of the credit period).

With respect to Worksheet B, subsection (i) for each calendar year requires you to set forth the identity of the investor. Typically, this will be the tax credit investor (i.e., the investor limited partner); however, it may include a general partner if the cash investment by a general partner otherwise satisfies the requirements set forth above.

Subsection (ii) requires you to set forth the amount of qualifying cash equity that was invested in the project for that calendar year. This amount should include only cash that was actually contributed to the project that year; it should not include amounts for which there was a mere obligation to invest.

Subsection (iii) sets forth the cost-of-living adjustment for each calendar year. Investment amounts qualifying as investor equity are entitled to a cost-of-living adjustment. The applicable cost-of-living adjustment for each year is based on the Consumer Price Index – All Urban Consumers available through the U.S. Department of Labor, Bureau of Labor Statistics

For each calendar year, the amount of “Adjusted Investor Equity” is the sum of the qualifying investment amount and the cost-of-living adjustment. After calculating the investment amount and cost-of-living adjustment, if any, for each year, these amounts must be totaled and set forth in column 15 of the worksheet. This total is then transferred to Section A(ii) of the Calculation Form.

Worksheet (Change the dates below as appropriate)

1. 1990 Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$ _____	
(iii) Cost-of-living Adjustment	\$ _____	
	Subtotal (ii) plus (iii)	\$ _____

2. 1991 Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$ _____	
(iii) Cost-of-living Adjustment	\$ _____	
	Subtotal (ii) plus (iii)	\$ _____

3. 1992 Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$ _____	
(iii) Cost-of-living Adjustment	\$ _____	
	Subtotal (ii) plus (iii)	\$ _____

4. 1993 Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$ _____	
(iii) Cost-of-living Adjustment	\$ _____	
	Subtotal (ii) plus (iii)	\$ _____

5. 1994 Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$ _____	
(iii) Cost-of-living Adjustment	\$ _____	
	Subtotal (ii) plus (iii)	\$ _____

6. 1995 Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$ _____	
(iii) Cost-of-living Adjustment	\$ _____	
	Subtotal (ii) plus (iii)	\$ _____

7. 1996 Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$ _____	
(iii) Cost-of-living Adjustment	\$ _____	
	Subtotal (ii) plus (iii)	\$ _____

8.	1997 Adjusted Investor Equity			
	(i) Investor: _____			
	(ii) Investment Amount		\$ _____	
	(iii) Cost-of-living Adjustment		\$ _____	
		Subtotal (ii) plus (iii)		\$ _____
9.	1998 Adjusted Investor Equity			
	(i) Investor: _____			
	(ii) Investment Amount		\$ _____	
	(iii) Cost-of-living Adjustment		\$ _____	
		Subtotal (ii) plus (iii)		\$ _____
10.	1999 Adjusted Investor Equity			
	(i) Investor: _____			
	(ii) Investment Amount		\$ _____	
	(iii) Cost-of-living Adjustment		\$ _____	
		Subtotal (ii) plus (iii)		\$ _____
11.	2000 Adjusted Investor Equity			
	(i) Investor: _____			
	(ii) Investment Amount		\$ _____	
	(iii) Cost-of-living Adjustment		\$ _____	
		Subtotal (ii) plus (iii)		\$ _____
12.	2001 Adjusted Investor Equity			
	(i) Investor: _____			
	(ii) Investment Amount		\$ _____	
	(iii) Cost-of-living Adjustment		\$ _____	
		Subtotal (ii) plus (iii)		\$ _____
13.	2002 Adjusted Investor Equity			
	(i) Investor: _____			
	(ii) Investment Amount		\$ _____	
	(iii) Cost-of-living Adjustment		\$ _____	
		Subtotal (ii) plus (iii)		\$ _____
14.	2003 Adjusted Investor Equity			
	(i) Investor: _____			
	(ii) Investment Amount		\$ _____	
	(iii) Cost-of-living Adjustment		\$ _____	
		Subtotal (ii) plus (iii)		\$ _____
	Total Adjusted Investor Equity (Sum of 1-14 subtotals above):			\$ _____

WORKSHEET C
Other Capital Contributions
Code Section 42(h)(6)(F)(i)(III)

Instructions

The Qualified Contract Price includes the amount of other capital contributions made with respect to the project. For this purpose, "other capital contributions" are not limited to cash (at least until there is contrary guidance from the Internal Revenue Service) and, therefore, include "in-kind" contributions such as land. However, if you include any non-cash contributions in this worksheet, please describe in detail the type of contribution, the value you have assigned to the contribution, and your justification for assigning that value.

Do not include in this Worksheet C any amounts included in Worksheets A or B. Further, all amounts included in this worksheet must constitute contributed capital and not be a debt or advance.

After setting forth the required information with respect to each contribution, please total the contribution amounts and then transfer the total to Section A(iii) of the Calculation Form.

Worksheet

1. Investment Amount \$ _____

(i) Name of Investor: _____

(ii) Date of Investment: _____

(iii) Use of Contributions/ Proceeds: _____

(iv) Other Information: _____

2. Investment Amount \$ _____

(i) Name of Investor: _____

(ii) Date of Investment: _____

(iii) Use of Contributions/ Proceeds: _____

(iv) Other Information: _____

3. [Add as needed.]

Total of Other Contributions (1 - _____) \$ _____

WORKSHEET D
Cash Distributions
From, or available from the Project
Code Section 42 (h)(6)(F)(ii)

Instructions

The Qualified Contract Price is reduced by the total of all cash distributions from, or available from, the project. To assist you in this calculation, we have divided Worksheet D into three sections.

In Section A, set forth all cash distributions with respect to the project for the appropriate calendar years. Generally, this will include all cash payments and distributions from net operating income (i.e., “below the line” distributions and payments, after the payment of operating expenses, debt service, and reserve). Distributions set forth in Section A of the worksheet will include, but not be limited to, (i) amounts paid to partners or affiliates as fees (including investor fees, partnership management fees, incentive management fees and guaranty fees) and (ii) amounts distributed to partners as a return of capital or otherwise. Until guidance is provided by the Internal Revenue Service, CHFA will not reduce the Qualified Contract Price by payments of deferred Developer Fee to the extent the amount of fee was within the CHFA’s guidelines. We require, however, that you list all payments and distributions from net cash flow. If you believe any portion of a payment or distribution should be excluded from the calculation (such as deferred Developer Fee), please identify such payments or distributions and provide an explanation of why it should be excluded.

Section A of the worksheet provides for up to five (5) types of distributions of net operating income for each year (items (i)-(v)). If there were more in any calendar year, you will need to attach an addendum to the worksheet setting forth the recipient, characterization and amount of such distribution.

The Qualified Contract Price is reduced not only by cash distributions made with respect to the project but also all cash that is available for distribution. In Section B you are required to set forth amounts held in reserve and other project accounts and the amounts thereof that are available for distribution. Until such time as guidance is provided by the Internal Revenue Service, CHFA will interpret “available for distribution” to mean all cash held in project accounts the distribution of which is not prohibited by mortgage restrictions, regulatory agreements or similar third-party contractual prohibitions. An amount currently held in a project account that will become unrestricted and available for distribution on or before the expiration of the one-year qualified contract period should be listed as available for distribution in Section B.

Finally, Section C requires you to set forth and describe all non-cash distributions that have been made with respect to the project. Absent unusual circumstances, the amount of “non-cash distributions” will not be applied to reduce the Qualified Contract Price (until contrary guidance from the Internal Revenue Service).

To complete Worksheet D, please total the qualifying cash distributed for all calendar years under Section A and the cash available (or that will be available) for distribution in Section B. The total of Sections A and B should be transferred to Section A(v) of the Calculation Form.

Worksheet

A. Cash Distributed (Change the dates below as appropriate)

1. 1990 Distributions

(i)	Recipient and characterization: _____	
	Amount	\$ _____
(ii)	Recipient and characterization: _____	
	Amount	\$ _____
(iii)	Recipient and characterization: _____	
	Amount	\$ _____
(iv)	Recipient and characterization: _____	
	Amount	\$ _____
(v)	Recipient and characterization: _____	
	Amount	\$ _____
Total Distributions		\$ _____

2. 1991 Distributions

(i)	Recipient and characterization: _____	
	Amount	\$ _____
(ii)	Recipient and characterization: _____	
	Amount	\$ _____
(iii)	Recipient and characterization: _____	
	Amount	\$ _____
(iv)	Recipient and characterization: _____	
	Amount	\$ _____
(v)	Recipient and characterization: _____	
	Amount	\$ _____
Total Distributions		\$ _____

3. 1992 Distributions

(i)	Recipient and characterization: _____ _____	Amount	\$ _____
(ii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iv)	Recipient and characterization: _____ _____	Amount	\$ _____
(v)	Recipient and characterization: _____ _____	Amount	\$ _____
Total Distributions			\$ _____

4. 1993 Distributions

(i)	Recipient and characterization: _____ _____	Amount	\$ _____
(ii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iv)	Recipient and characterization: _____ _____	Amount	\$ _____
(v)	Recipient and characterization: _____ _____	Amount	\$ _____
Total Distributions			\$ _____

5. 1994 Distributions

(i)	Recipient and characterization: _____ _____	Amount	\$ _____
(ii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iv)	Recipient and characterization: _____ _____	Amount	\$ _____
(v)	Recipient and characterization: _____ _____	Amount	\$ _____
Total Distributions			\$ _____

6. 1995 Distributions

(i)	Recipient and characterization: _____ _____	Amount	\$ _____
(ii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iv)	Recipient and characterization: _____ _____	Amount	\$ _____
(v)	Recipient and characterization: _____ _____	Amount	\$ _____
Total Distributions			\$ _____

7. 1996 Distributions

(i)	Recipient and characterization: _____ _____	Amount	\$ _____
(ii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iv)	Recipient and characterization: _____ _____	Amount	\$ _____
(v)	Recipient and characterization: _____ _____	Amount	\$ _____
Total Distributions			\$ _____

8. 1997 Distributions

(i)	Recipient and characterization: _____ _____	Amount	\$ _____
(ii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iv)	Recipient and characterization: _____ _____	Amount	\$ _____
(v)	Recipient and characterization: _____ _____	Amount	\$ _____
Total Distributions			\$ _____

9. 1998 Distributions

(i)	Recipient and characterization: _____ _____	Amount	\$ _____
(ii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iv)	Recipient and characterization: _____ _____	Amount	\$ _____
(v)	Recipient and characterization: _____ _____	Amount	\$ _____
Total Distributions			\$ _____

10. 1999 Distributions

(i)	Recipient and characterization: _____ _____	Amount	\$ _____
(ii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iii)	Recipient and characterization: _____ _____	Amount	\$ _____
(iv)	Recipient and characterization: _____ _____	Amount	\$ _____
(v)	Recipient and characterization: _____ _____	Amount	\$ _____
Total Distributions			\$ _____

11. 2000 Distributions

(i)	Recipient and characterization: _____	
	Amount	\$ _____
(ii)	Recipient and characterization: _____	
	Amount	\$ _____
(iii)	Recipient and characterization: _____	
	Amount	\$ _____
(iv)	Recipient and characterization: _____	
	Amount	\$ _____
(v)	Recipient and characterization: _____	
	Amount	\$ _____
Total Distributions		\$ _____

12. 2001 Distributions

(i)	Recipient and characterization: _____	
	Amount	\$ _____
(ii)	Recipient and characterization: _____	
	Amount	\$ _____
(iii)	Recipient and characterization: _____	
	Amount	\$ _____
(iv)	Recipient and characterization: _____	
	Amount	\$ _____
(v)	Recipient and characterization: _____	
	Amount	\$ _____
Total Distributions		\$ _____

13. 2002 Distributions

(i)	Recipient and characterization: _____	
	Amount	\$ _____
(ii)	Recipient and characterization: _____	
	Amount	\$ _____
(iii)	Recipient and characterization: _____	
	Amount	\$ _____
(iv)	Recipient and characterization: _____	
	Amount	\$ _____
(v)	Recipient and characterization: _____	
	Amount	\$ _____
Total Distributions		\$ _____

14. 2003 Distributions

(i)	Recipient and characterization: _____	
	Amount	\$ _____
(ii)	Recipient and characterization: _____	
	Amount	\$ _____
(iii)	Recipient and characterization: _____	
	Amount	\$ _____
(iv)	Recipient and characterization: _____	
	Amount	\$ _____
(v)	Recipient and characterization: _____	
	Amount	\$ _____
Total Distributions		\$ _____

Total 1990-2003 Distributions (Sum of Lines 1(i) – 14(i)) \$ _____
(Change dates as appropriate)

B. Cash Available for Distribution:

- | | | | |
|----|--|----------|----------|
| 1. | Amounts Held in Replacement Reserve Account(s) | \$ _____ | \$ _____ |
| | a. Amount available for Distribution | | \$ _____ |
| 2. | Amount(s) Held in Operating Reserve Account(s) | \$ _____ | \$ _____ |
| | a. Amount available for Distribution | | \$ _____ |
| 3. | Amounts Held in Other Reserve Accounts (identify each account, the terms thereof, and amount held therein) | \$ _____ | \$ _____ |
| | a. Amount available for Distribution | | \$ _____ |
| 4. | Amounts Held in Partnership Accounts Other than Reserves | \$ _____ | \$ _____ |
| | a. Amount available for Distribution | | \$ _____ |

Total Amount Available for Distribution
(Sum of Lines 1a – 4a) \$ _____

Total Cash Distributed and Available for Distribution
(Sum of Sections A and B) \$ _____

C. List of All Non-Cash Distributions (identify asset distributed, recipient value, and characterization of distribution)

1. **Asset Distributed:** _____
(i) Recipient: _____
(ii) Date of Distribution: _____
(iii) Estimated Value of Asset When Distributed: \$ _____
(iv) Reason For and/or Characterization of Distribution: _____

2. **Asset Distributed:** _____
(i) Recipient: _____
(ii) Date of Distribution: _____
(iii) Estimated Value of Asset When Distributed: \$ _____
(iv) Reason For and/or Characterization of Distribution: _____

3. **Asset Distributed:** _____
(i) Recipient: _____
(ii) Date of Distribution: _____
(iii) Estimated Value of Asset When Distributed: \$ _____
(iv) Reason For and/or Characterization of Distribution: _____

WORKSHEET E

Fair Market Value on Non-Low-Income Portion of Building(s)

The fair market value of the non-low income portion of the project buildings is: \$ _____.

Set forth or attach to this worksheet the appraisal, study, methodology proof or other support for the fair market value of the non-low-income portion of the building(s). The fair market value set forth above should be transferred to Section B of the Calculation Form.