

**COMPILATION OF
FREQUENTLY ASKED QUESTIONS AND ADDITIONAL GUIDANCE ON
ADDITIONAL TAX CREDITS, ADDITIONAL HOME FUNDS, TCAP AND EXCHANGE FUNDS PROGRAMS**

July 23, 2009

Guidance for completing 2009 Special Multi-Family Application:

On page 1 of the application there is a block asking for the “Year Placed in Service.” For those development buildings that have not Placed in Service, please fill in the anticipated Placed in Service year.

Question: What restrictions are there for requesting “Additional Tax Credits”?

Response:

- A. Written commitment from investor/syndicator that additional tax credits are being purchased for no less than \$.50 per credit;**
- B. Cannot be requesting Section 1602 Exchange Subaward;**
- C. Development buildings Place in Service in 2009 or thereafter, otherwise**
 - i. Building must be beyond 1st tax credit year;**
 - ii. Qualified basis in building increased due to increase in LIHTC units or square footage**
 - Board approval required**
 - Building had to be a low-income building at end of 1st tax credit year meaning it had low-income units. A building that has only market rate units is not eligible for conversion.**
 - iii. 2/3 rule of Section 42(f)(3) of the Internal Revenue Code applies.**

Question: What must be submitted to the State Clearing House?

Response:

- A. If applying for TCAP, a Standard Form 424 for the TCAP funds must be filed with the State Clearing House USE CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER 14.258;**
- B. If applying for additional HOME funds, a separate Standard Form 424 for the HOME funds must be filed with the State Clearing House USE CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER 14.239 ; and**
- C. Include a summary description of the development similar to the Narrative submitted with the Original Application.**

Question: Will ADFA be assessing a Compliance and Monitoring Fee? If yes, what amount?

Response: Yes, ADFA will be assessing a Compliance and Monitoring Fee. This will be in addition to any “Asset Management” fee that will be assessed for asset management in accordance with the American Recovery and Reinvestment Act. The amount will be based upon the applicable QAP. For those returning credits but receiving Exchange Funds, the amount will be based upon the original allocation using the 8% rate in the 2009 QAP.

Question: What amount should we use in annual Operating Expenses for Asset Management fees?

Response: At this time ADFA has not determined the 3rd party asset manager with which we will be contracting asset management services. It is recommended that you draw from your LIHTC experience on the amount you should use and, perhaps, be liberal with the amount you use.

JULY 16, 2009

Question: What are the loan terms for the “Additional HOME funds”?

Response: The loan terms will be 1% interest amortized and payable monthly over the period of affordability. Note, with regard to those LIHTC/HOME developments receiving an original HOME fund award in 2008, at ADFA’s discretion, the loan terms may be surplus cash payments as defined in the 2008 HOME Policy Manual, p. 33.

Question: Are there any restrictions to applying for “Additional HOME funds”?

Response: Yes. 1) In order to receive additional HOME funds, the maximum amount (\$500,000) of TCAP funds must be requested. 2) Additional HOME funds may not be committed to a development beyond one year of development completion (24 CFR § 92.503). Development completion is defined in the HOME program as the final disbursement of HOME funds and submission of development completion information to HUD electronically (i.e., IDIS system.) If the applicant has received all previously awarded HOME funds, it may need to contact ADFA’s HOME department to determine if it is eligible to receive additional HOME funds.

Question: If an applicant has previously submitted a Phase I Environment Site Assessment on the development site to ADFA, must it do anything more with regard to ADFA’s completion of an environmental review ?

Response: Applicant is not required to do anything more unless contacted by ADFA staff.

Question: What are the closing requirements for Additional HOME funds, TCAP and/or Exchange funds?

Response: Closing through a title company is required prior to any disbursement of Additional HOME funds, TCAP and/or Exchange Funds. A copy of ADFA’s closing information sheet is attached to this e-mail.

Question: If the development receives TCAP or Exchange funds, when can the developer be paid its fee?

Response: If the development is receiving TCAP or Exchange funds, the developer’s fee cannot be requested for payment until all other TCAP or Exchange funds’ disbursements have been made.

JULY 14, 2009

Question: What must be included in the sworn statement by applicant required at Section 2g.iii?

Response: The applicant must identify the names of the two nationally recognized investors/syndicators contacted, the name and title of the persons contacted and their telephone numbers and state that investor/syndicator representative rejected the purchase of any tax credits and made no offer or counter-offer to purchase any credits allocated at any price.

Question: Where should the official evidence, e.g., building permit or construction permit be included in the application?

Response: Attach the official evidence under a separate Tab, e.g., Tab #16.

Question: Where should the updated market study and updated highest elected official letter be included in the application?

Response: Attach each under a separate Tab, e.g., Tab #17 and Tab #18.

JULY 13, 2009

IRS Guidance: The IRS has provided guidance today regarding the requirements of updated Market Studies and Letters from the highest elected official, *Sections VI.B.7 and VI.B. 8 of the 2009 QAP*. The IRS has advised that updated versions of these requirements will be required because required by 26 U.S.C. § 42(m)(1).

Accordingly, please submit with your 2009 Special Multi-Family Application updated versions of the market study and highest elected official letter submitted with the Original Application. The updated Market Study will be accepted so long as there is an updated “Need Analysis” conducted by an approved market study analyst/firm in accordance with [Section VIII of the Market Study Guidelines](#) adopted by the Board of Directors on October 16, 2008.

Question: What is the interest rate for the TCAP loan?

Response: Zero Percent (0%).

Question: Are 2009 LIHTC applicants who filed applications on February 6, 2009 for 2009 tax credits required to file the 2009 Special Multi-Family Housing Application?

Response: 2009 LIHTC applicants should not file the 2009 Special Multi-Family Application at this time. Those receiving awards of 2009 federal low-income housing tax credits from the Board of Directors will be contacted following the awards of the availability of additional HOME funds, TCAP funds and/or Section 1602 Exchange funds.

Question: Are applicants required to submit Plans and Specifications with the 2009 Special Multi-Family Housing Application?

Response: 2009 Special Multi-Family Housing Application applicants are only required to submit Attachment G and the certifications specified in the 2009 Special Multi-Family Housing Application at this time. However, full plans and specifications reflecting compliance with the current ADFA Multi-Family Housing Minimum Design Standards will be required before a pre-construction conference between ADFA and applicant is held and prior to receipt of a “Notice to Proceed.”

**Arkansas Development Finance Authority
Closing Information Sheet for Additional HOME Funds, TCAP and Exchange Funds**

PROPERTY INFORMATION

Property Address:

Legal Description:

MORTGAGOR INFO

Mortgagor Name:

Address:

Federal Tax ID:

Type of Loan:

Loan Amount:

MORTGAGEE INFO

Mortgagee Name: **Arkansas Development Finance Authority**

Address: **423 Main Street Suite 500, Little Rock, AR 72203**

Federal Tax ID:

CLOSING INFORMATION

Closing Company:

Officer:

Address:

Phone #:

Fax #:

E-mail:

Survey Paid by: **Mortgagor**

CLOSING INSTRUCTIONS:

- Provide title commitment to ADFA at least 10 business days prior to closing
- Provide a title search for the property to ensure good and marketable title in the Mortgagor.
- Provide a title policy for the benefit of ADFA for the property.
- Mortgage from _____ to ADFA executed by principal of Mortgagor.
- Mortgagor to provide proof of Hazard Insurance at closing. Copy and submit original to ADFA.
- No funds to be disbursed at closing.
- Signatures on W-9's from Mortgagor
- Obtain signatures on the HUD-1 Settlement statement, Title Policy, and Lien Documents. (The enclosed lien documents include the Promissory Note, Mortgage and Deed Restrictions.)
- Record the Mortgage and Deed Restrictions within the appropriate county.
- ADFA Mortgage should be filed in second lien position.
- Return all original executed and recorded documents to ADFA via overnight delivery.
- Closing Agent to forward executed Note, recorded Mortgage and Deed Restriction and final Title Policy to ADFA within 30 days of closing.
- Provide copies of recorded ADFA lien documents to mortgagor
- Ensure that the legal description for each property is correct and is attached to all lien documents as attachment "A".

Please return the requested documents to:

Arkansas Development Finance Authority

Multi-Family Housing Programs

423 Main Street Suite 500

Little Rock, AR 72203

If you have any questions, please contact Bruce H. Bokony at (501) 517-3966 or bbokony@adfa.state.ar.us

EXHIBIT "A"
LEGAL DESCRIPTION