

SUMMARY OF AMENDMENT TO THE ARKANSAS DEVELOPMENT FINANCE
AUTHORITY'S HOUSING CREDIT PROGRAM 2008 QUALIFIED
ALLOCATION PLAN

Pursuant to Section 42 of the Internal Revenue Code, 26 USC § 42, the Arkansas Development Finance Authority (the "Authority") must annually adopt a Qualified Allocation Plan ("QAP") that establishes selection and program criteria for the allocation of federal low-income housing tax credits from the State's annual ceiling. On July 19, 2007, the Board of Directors for the Authority adopted its QAP for 2008. On May 15, 2008, the Board of Directors selected twenty-two (22) developments to receive Arkansas' 2008 state ceiling in federal low-income housing tax credits.

Following adoption of the 2009 QAP, President Bush signed into law HR 3221 which, among other things, amends Section 42(b) and Section 42(h) Internal Revenue Code.

HR 3221 amends Section 42(b) by requiring the applicable percentage, in the case of any new building not federally subsidized placed in service between July 30, 2008 and December 31, 2013, to be no less than nine percent (9%). This revision appears to include those developments whose ownership previously elected to "lock-in" the credit percentage at a rate less than nine percent (9%) if the applicable state chooses to allow ownership the right to rescind the election. The Authority has determined to allow those development owners, including those receiving allocations prior to July 30, 2008, whose new buildings are not federally subsidized and will be placing in service between July 30, 2008 and December 31, 2013, that elected to lock-in the credit percentage at a rate less than nine percent (9%) to rescind such election upon request if allowed by HR 3221. However, those owners will receive no federal low-income housing tax credits in excess of the amount previously allocated to ownership for the construction or rehabilitation of the development.

HR 3221 amends Section 42(h) by increasing the dollar amount of state housing credit state ceiling for 2008 by \$.20. This increases the amount of state ceiling credits available for allocation in 2008 in Arkansas by \$566,959. On August 21, 2008, the Board of Director's determined that these additional credits, along with any returned or unused credits for 2008 (collectively the "2008 pro-rata credits"), should be allocated pro-rata among the twenty-two (22) 2008 state ceiling awardees. Because eight (8) of the 2008 awardees had received the maximum amount of federal low-income housing tax credits allowed under the Authority's 2008 QAP, the Board has adopted the following amendment which allows all awardees to receive a pro-rata share of the 2008 pro-rata credits even though that amount may exceed the original maximum amount allowed.

The following amends *Section III.A.* of the 2009 QAP to reflect: 1) the increase in the dollar amount of state housing credit ceiling to \$2.20; 2) the removal of the previous development credit caps, and 3) the right of those development owners, including those receiving allocations prior to July 30, 2008, whose new buildings are not federally subsidized and will be placing in service between July 30, 2008 and December 31, 2013, that elected to lock-in the credit percentage at a rate less than nine percent (9%) to rescind such election upon request:

Original:

A. AMOUNT

The base amount of annual credit authority is currently calculated at \$1.95 per capita. This per capita amount is based upon population estimates released each year by the Internal Revenue Service.

The maximum amount of Housing Credits that may be reserved for allocation to one individual development shall be no more than **\$400,000** of the annual Housing Credits available in the calendar year. **HOWEVER**, the maximum amount of Housing Credits that may be reserved for allocation to one individual development that is: 1) located in a Designated Low-Income County as defined in the 2005-2009 State Consolidated Plan, or 2) a development with a commitment letter from USDA Rural Development, or 3) a qualified Assisted Living development shall be no more than **\$425,000** of the annual Housing Credits available in the calendar year.

Amended:

The base amount of annual credit authority is currently calculated at 2.20 per capita. This per capita amount is based upon population estimates released each year by the Internal Revenue Service.

Deleted: \$1.95

The maximum amount of Housing Credits that may be reserved and allocated to any one individual development shall be set by the Authority based upon the Authority's determination of the amount necessary for the financial feasibility of the development.

If allowed by federal law, development owners, including those receiving allocations prior to July 30, 2008, whose new buildings are not federally subsidized and will be placing in service between July 30, 2008 and December 31, 2013, that elected to lock-in the credit percentage at a rate less than nine percent (9%) may request the Authority in writing to rescind such election. If allowed by federal law, the Authority will automatically approve of the rescission; however, owners will receive no federal low-income housing tax credits in excess of the amount previously allocated for the construction or rehabilitation of the development.