

QAP Amendments for 2010

1. Section III.A

The eligible basis of any new building will be increased by thirty (30%) if located in: 1) any low-income county designated in the currently applicable State Consolidated Plan, or 2) one of the following “disaster” counties: 1) Arkansas; 2) Benton; 3) Cleburne; 4) Conway; 5) Crittenden; 6) Grant; 7) Lonoke; 8) Mississippi; 9) Phillips; 10) Pulaski; 11) Saline; and 12) Van Buren.

2. Section VI.B.5(b)

If evidence of site control is by Purchase or 99-year leasehold Option, Contract or Agreement, the applicant must submit a copy of the recorded deed evidencing Seller’s, or Lessor’s, ownership. The Option, Contract or Agreement must be in the name of an existing entity or person, that is in a position of control over the Applicant. The Option, Contract or Agreement must indicate that the existing entity or person, that is in a position of control over Applicant, has the exclusive right to purchase or lease the property for a period not to expire prior to September 1, 2010.

3. Section VI.B.10

When plans and specifications conflict with Attachment G, the certification by the architect or licensed engineer reflected on Attachment G shall control. When the development consists of both new construction units and rehabilitation of existing units, the plans and specifications must delineate between those types.

For new construction: ADFA requires that all new construction buildings be certified by a HERS rater as 1) ENERGY STAR ® qualified; and 2) a HERS Index score of 70 if located in any county other than Baxter, Benton, Boone, Carroll, Fulton, Izard, Madison, Marion, Newton, Searcy, Stone and Washington or a HERS Index Score of 78 if located in any of the foregoing identified counties. It is applicant’s responsibility to engage a HERS rater and, if funded, to work closely with the HERS rater to ensure that the development is built as represented in the application. A signed, written certification from the HERS rater, certifying that the development has received Energy Star ® certification and a HERS Index score as represented in the application must be submitted to ADFA before ADFA will issue any IRS Form 8609 for the development.

4. Section VI.B.11

The Capital Needs Assessment must include a physical inspection of the interior and exterior of **each** unit and each building. Failure to meet the requirements set forth in the QAP will result in a rejection of the Capital Needs Assessment submitted, thereby terminating the application from consideration for federal low-income housing tax credits.

5. Section VI.B.13

The total development budget shall include:

- (1) The funding of an Operating Reserve Fund equal to the greater of
 - a. Four (4) months of:
 - i. Projected annual operating expenses;

- ii. Annual debt service payments; and
- iii. Annual replacement reserve deposits

OR

- b. The amount of operating reserves required by Applicant's lender(s) or equity investor(s).

(2) The funding and maintenance of a Replacement Reserve Fund equal to the greater of:

- a. \$250.00 per unit per year; OR
- b. The amount of replacement reserves required by Applicant's lender(s) or equity investor(s).

6. Section VI.B.16

Developer Fee Standard. The developer's fee, which is defined to include developer fee plus developer's overhead and profit plus consultant's fee, must meet the following standards:

- a. New Construction. The developer fee cannot exceed fifteen percent (15%) of the "Net Development Costs."
- b. Acquisition/Rehabilitation. The developer fee for acquisition/rehabilitation is limited to ten percent (10%) of the cost of the land and building plus no more than fifteen percent (15%) of the remaining "Net Development Costs."

"Net Development Costs" is defined as the total uses of funds, less syndication-related costs, developer's fee and development reserves.

For purposes of applying the developer's fee to eligible basis, eligible basis must be proportioned separately reflecting that amount of the developer's fee attributed to the acquisition of existing buildings from that amount attributed to the rehabilitation costs. The amount attributed to the acquisition of existing buildings must be equal to or greater than the percentage that the acquisition costs of existing buildings is to the total development costs.

7. Section VI.B.19

The development will be required to establish a minimum debt coverage ratio that is the greater of:

- a. 1.10; or
- b. The minimum DCR that Applicant's lender(s) or equity investor(s) require(s)

8. Section VII.A.8

Applicants shall be eligible for advanced energy efficiency points based upon certification from a HERS rater based upon review of applicant's plans and specifications, that the development's building(s) will exceed the minimum HERS rating requirement set forth in the Minimum Design

Standards. The HERS rater must specify the HERS Index score to which applicant will be held accountable.

9. Section VII.A.10

“...; proximity to nuisances (e.g., railroad tracks, **highly travelled roads, streets, highways or interstates**; ...“ to replace the current language of “(e.g. railroad tracks, major highway/interstates; ...)”.

A road, street or highway that is not an interstate will be considered highly travelled if its average daily traffic is 10,000 or above, as determined by the most recent State, County and City Annual Average Daily Traffic Maps published by the Arkansas State Highway and Transportation Department. An interstate is per se highly travelled.

10. Section VII.A.11

Delete five “Bonus Points” from market study points criteria.

11. Section VIII. A.

All developments with a valid reservation of Housing Credits will be required to obtain a Placed-in-Service Allocation or Carryover Allocation by December 6, 2010. All developments that receive a Carryover Allocation must incur by November 4, 2011 more than ten percent (10%) of its reasonably expected basis in the Development as of December 31, 2011.

Minimum Design Standards Amendments for 2010

1. Section I. Include new paragraph which provides:

New Construction: No waivers or other exceptions will be made for the inability to meet any standard set forth herein due to “terrain or unusual characteristics of site...”

2. Section IV.A.4

Washer and dryer connections must be furnished in all Single Family Detached units. Accordingly, Single Family Detached Unit developments are not required to meet the community laundry facility requirements set forth in Section IV.A.1. No amenities points will be awarded to a Single Family Detached Unit development for the provision of washer and dryer connections or the provision of a single car attached garage. Single Family Detached Unit developments are eligible for amenities points for the provision of washers and dryers in each unit and the provision of a double car attached garage.

3. Section IV.B.2.m

All areas disturbed during construction must be sodded.

4. IV.B.5.j

Gas or oil heated systems shall have a minimum AFUE rating of 90% with a minimum 14.5 SEER rated air conditioning system.

5. IV.B.5.k

Heat pump systems shall have minimum HSPF rating of 8.2 with a minimum 14.5 SEER rated air conditioning system.

6. IV.B.5.l

Windows shall have a U-Factor of not greater than 0.39

7. VI. Advanced Energy Star Requirements (“Rehabilitation Developments” will become VII)

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It is applicant’s responsibility to engage a HERS rater and, if funded, to work closely with the HERS rater to ensure that the development is built as represented in the application. A signed, written certification from the HERS rater, certifying that the development has received Energy Star ® certification and a HERS Index score as represented in the application must be submitted to ADFA before ADFA will issue any IRS Form 8609 for the development.

Applicants shall be eligible for advanced energy efficiency points based upon certification from a HERS rater based upon review of applicant's plans and specifications, that the development's building(s) will exceed the foregoing requirement. The HERS rater must specify the HERS Index score to which applicant will be held accountable.