

**To: Potential ARRA Applicants**  
**Re: ARRA Q&A Session on April 15, 2009**

The following is a summary of questions that were asked at the Q&A session on April 15. DCA has provided answers based on information that we have at this time. Applicants will be required to check for any updates to policies and procedures as DCA receives additional guidance from the federal government.

**Q: Can non-profit TCAP funds be granted?**

A: It is possible, but DCA's program requires that all funds be considered loans.

**Q: Are today's hand outs specific to TCAP only?**

A: DCA has made some modifications to the application process handout so that it also applies to exchange projects. At this time, the other handouts also apply to both programs.

**Q: Can the Applicant hold on to their 08 credits and hope they get an investor in time to meet the PIS date?**

A: If an applicant elects to hold on to credits, there is no guarantee that he will be eligible for ARRA funding. DCA will reevaluate its resources in late summer to determine whether there are sufficient resources to open up another round of applications. The purpose of the ARRA statute is to give preference to those projects that are shovel ready.

**Q: Are we sticking to the 10% test deadline?**

A: HERA extended it to one year; however DCA retained the six month requirement. Any 2008 project owner who can meet the 10% test as required by the 2008 carryover is encouraged to submit the 10% test certification to DCA within 6 months after the carryover. However, if you need an extension, please notify Fenice Taylor at least one week before the 6-month deadline so that the carryover allocation document can be amended to extend the deadline to the fullest extent allowed by the statute. If you are going to return the credits by April 28 this year, you will not need to meet the 10% test.

**Q: Are Supplemental Set Aside credits available for 08 deals?**

A: DCA has been utilizing these funds for projects that have syndicators and are not requesting ARRA funds. There are very few credits left. Applicants are encouraged to consider ARRA funding for gaps.

**Q: What is "semi-firm"?**

A: Project must be beyond discussion stage with syndicator; they should be actively involved in their due diligence process; and the commitment should reflect some specific terms even if conditioned by approval of TCAP, and final approval. Application submission includes documents from the syndicator reflecting their analysis of pro forma numbers and documentation. If your syndicator has questions concerning these funds, they should contact DCA. We have had some discussions with syndicators to let them know of our intent to use these funds to get shovel ready projects under construction as early as late spring.

**Q: Can we use our \$.85 of Exchange in addition to TCAP?**

A: The Exchange at \$.85 is between DCA and Treasury. There is no guarantee that a project turning in credits will get the equivalent of \$.85 x 10. There is no guarantee that any project will receive exchange funds if credits are returned. Projects that turn in credits should carefully review their proforma to ensure that they have removed costs associated with tax credit financing.

**Q: For permanent financing, can we use assumed interest rate in 24 months?**

A: Applicants should use their best judgment in estimating interest rates. DCA may make an adjustment to a more conservative rate if we feel it is warranted for underwriting, but in view of current interest rates locking in is recommended.

**Q: Is there a dollar cut-off for each Round?**

A: No. DCA will review submitted projects in each round utilizing its competitive factors until all funds are committed.

**Q: Are new market studies due?**

A: DCA will require an update of its existing market study to reflect certain factors including rent increases, foreclosures, single family and other rental market changes. For occupied rehab projects with PBRA, applicants may request a waiver of the market study update requirement.

**Q: Do we contact DCA regarding the DCA commissioned market study?**

A: DCA will inform market analysts that they will be getting update requests; all 08 market studies are on our GORA webpage; if there are pricing or timing issues with market analysts, applicant may contact DCA for permission to accept an application without a market study. The GORA webpage for market studies is located at: [http://www.dca.state.ga.us/housing/HousingDevelopment/programs/OAH\\_GORAMarketStudies.asp](http://www.dca.state.ga.us/housing/HousingDevelopment/programs/OAH_GORAMarketStudies.asp).

**Q: Will DCA waive market study update for 100% PBRA?**

A: Applicants may request a waiver.

**Q: How can we get market study so quickly?**

A: DCA is not requesting a new market study. Just an update reflecting changed conditions. The update will not require a site visit and should be able to be done from existing data sources.

**Q: Will money really be available for 7/1/09 shovel ready date?**

A: DCA "believes that" TCAP funds will be ready for disbursement however HUD guidance has not been published.

**Q: How do I get TCAP without credits?**

A: A project must have been allocated credits to be eligible for TCAP.

**Q: Syndicators always have conditions, so if we hold credits and deal falls through after 4/28, what happens?**

A: If all funds are not allocated in the initial round, DCA may announce an additional round in late summer. However, this is not a guarantee that funds will be available.

**Q: If I turn in credits, can I get them back if things change?**

A: No. Once you turn them, DCA will utilize them immediately.

**Q: Does it help to have additional financing sources, even if they weren't available at the time of the 2008 Application Round?**

A: DCA always encourages the leveraging of resources.

**Q: What if you are 'shovel ready', but have no syndicator?**

A: The first round is limited to projects that have a syndicator. If you do not have a syndicator, an election needs to be made by April 28 to return the credits and request ARRA funding.

**Q: When do you come in if you are 'shovel ready' but you have no syndicator?**

A: If you return your credits, the project will be eligible for submission in the second round.

**Q: What if the project has no debt, just a FHLB grant?**

A: While DCA has put projects with only DCA financing at a lower priority than syndicator projects, these projects are eligible for funds.

**Q: What about housing preservation innovation?**

A: The Exchange program is more flexible than TCAP. There is language that allows DCA to utilize exchange funds for affordable housing purposes that increase its funding sources. DCA will publish guidance on this fund subsequent to receipt of guidance from HUD and Treasury.

**Q: Property tax increases are an issue too, can you help?**

A: Property tax assessment procedures are set by the local taxing jurisdiction and can only be standardized through a constitutional amendment. Requiring more energy efficient, feasible projects that can weather economic challenges is one way that DCA hopes to decrease the burden of increased taxes and utility costs on affordable housing development.

**Q: How quickly will the front end analysis be turned around?**

A: There is no timetable for turn around; however, DCA is committed to not slowing down the process. Further information on this process is forthcoming.

**Q: Is a final draft of limited partnership agreement 30 days before closing really doable?**

A: DCA will review whether this needs to be modified in our final program documents.

**Q: Insurance certificates probably aren't available at that time either.**

A: Some documents may need to go directly to John Grubb (closing attorney); and this may end up being a Phase IV of the process.

**Q: When is the next Davis-Bacon and Pre-construction conference scheduled?**

A: The next Davis-Bacon training is scheduled for April 30. A brochure will be posted on the website within the next week. Pre-construction conferences are generally scheduled by DCA when it believes the project is within thirty days of closing. You can also email Lynnette Watson to check scheduling.

**Q: If we use Exchange funds, will there be a limited partnership agreement between DCA and the Owner? Concern is related to nonprofit right of first refusal at end of 15 year compliance period.**

A: We don't think so, but we are still waiting for guidance. DCA also has questions regarding the applicability of eligible basis and other issues related to the code. Generally, DCA will have one closing for projects with both TCAP and Exchange funds. There would be one loan document but two underlying promissory notes.

**Q: Will there be a minimum/maximum developer fee release schedule for Exchange deals?**

A: Yes, DCA will review this issue in underwriting each loan.

**Q: What about cost of additional reserves?**

A: Include additional reserves and costs in revised total development cost.

**Q: Can we do additional reserves for anticipated increases to water and real estate taxes?**

A: That would be part of the operating deficit reserve. However, the amount should be reasonable.

**Q: When do we get our TCAP firm commitment? Can the debt and equity commitments be subject to "gap financing"?**

A: At the end of Stage I if we have completed our review. Commitments can contain standard contingencies, but DCA will be talking to lenders to confirm the status of each commitment.

**Q: Updated environmental Phase I has been turned in, what is the status?**

A: DCA encourages you to submit updated environmental phase I reports as soon as they are ready. We will review them as they come in. However, we will not be issuing approvals until we get guidance as to who can release the projects for funding. Note that you cannot close on land without approval. A list of projects with NEPA approval is on website. If you have NEPA approval from another government agency, you should provide that with your updated report.

**Q: Can we exceed TCAP permanent financing amount for construction funding?**

A: We will consider such requests. Before we finalize that kind of financing, we will have to receive HUD guidance that the funds can be reused if they are returned in 2009.

**Q: If there is a NEPA approval from AHA, is update required?**

A: Submit all information to DCA that was provided to AHA so we can review and hopefully concur; however, this is also subject to guidance.