

Subject to Change upon Receipt of Guidance

**Georgia Tax Credit Assistance Program (“TCAP”) and
Tax Credit Monetization Program (“Exchange”)
Application Process and
Minimum Documentation Submission Requirements**

(Applicants should review the DCA ARRA Implementation Plan for information on Eligible Projects)

Overview

DCA will hold three initial application rounds for the funding of ARRA resources under the TCAP and Exchange programs (collectively referred to as ARRA financing):

- Round I:
- Round II:
- Round III:

Additional Rounds may be added at DCA’s discretion if there are resources still available after the completion of these three rounds.

Competitive Factors

DCA will review the applications submitted in each round based on the availability of resources, and the priorities, objectives and competitive factors which are provided in the Implementation Plan including but not limited to:

- Projects that maximize the best value and use of resources.
- Projects that spur immediate economic activity by quickly starting construction
- Firmness of financing structure
- Amount of financing required
- Improve the quality, sustainability, energy efficiency and long term impact of affordable housing
- Competitive pricing of credits (if applicable)
- Reasonableness of costs
- Proven capacity, experience and track record of Applicant
- Projects that are financially sustainable
- Projects that do not adversely affect a particular market
- Risk associated with allocation of funds

Projects will be deemed “shovel ready” when they have completed all three levels of DCA review and can be closed within thirty days.

Subject to Change upon Receipt of Guidance

Round Schedule and Eligibility

Round I: Projects must be shovel ready on or before July 1.

Eligible Projects:

- 2007 and 2008 projects which were selected in the competitive round.
- 2009 projects which have received an allocation from the 2009 supplemental set aside. (DCA may adjust the submission schedule for these projects depending on when an allocation of credits is made)

Applicants must already have a Credit allocation and a semi-firm commitment from a syndicator.

Initial Submission:	Due May 1
Second Submission:	Due May 15
Third Submission:	Due June 1

Projects must be ready to be submitted to the DCA closing department on or about July 1.

Round II: Projects must be shovel ready on or before August 1.

Eligible Projects:

- 2007 and 2008 projects which were selected in the competitive round (semi firm commitment required).
- 2009 projects which have received an allocation from the 2009 supplemental set aside (semi firm commitment required).
- 2009 projects which have received an allocation from the 2009 supplemental set aside. (DCA may adjust the submission schedule for these projects depending on when an allocation of credits is made)
- 2007 and 2008 projects that have returned credits by the April 28th deadline.
- Projects on the 2008 waiting list that have received an allocation of credits (semi firm commitment required). DCA will make a determination by this due date whether to award credits or release projects.

Initial Submission:	Due May 15
Second Submission:	Due June 1
Third Submission:	Due June 15

Projects must be ready to be submitted to the DCA closing department on or about August 1.

Subject to Change upon Receipt of Guidance

Round III: Projects must be shovel ready on or before September 1.

Eligible Projects:

- 2007 and 2008 projects which were selected in the competitive round (semi firm commitment required).
- 2007 and 2008 projects that have returned credits by the April 28th deadline and received confirmation that they are eligible for Exchange funding from DCA.
- 2009 projects which have received an allocation from the 2009 supplemental set aside. (DCA may adjust the submission schedule for these projects depending on when an allocation of credits is made)
- Projects on the 2008 waiting list that have received an allocation of credits (semi firm commitment required).

Applicants may begin submitting Tax exempt bond financed projects for DCA review during this third round. It is unclear whether there will be sufficient TCAP funds available to provide gap financing for these projects. DCA will publish additional guidance and direction for Tax Exempt bond projects as this date approaches. If a letter of determination has not been issued for a project, all information required for a 4% determination must be submitted as well as the information related to ARRA financing. If DCA has issued a letter of determination, an updated 4% application will need to be provided along with the information related to ARRA financing. DCA anticipates that the competition between tax exempt bond projects for available TCAP will be stiff. Preservation projects will generally be given priority. However, additional competitive factors relating solely to these deals may be published to ensure that applicants understand the selection process. Applications that do not appear to have semi firm syndicator financing or credit enhancement will likely not be selected. **Applications should not be submitted to DCA until this date.** If additional funds become available for gap financing through any ARRA program, DCA will publish additional guidance and notice for tax exempt bond applicants.

Initial Submission:	Due June 1
Second Submission:	Due June 15
Third Submission:	Due July 1

Projects must be ready to be submitted to the DCA closing department on or before September 1.

Subject to Change upon Receipt of Guidance

Document Requirements

Each Round has three (3) document submission deadlines that must be strictly adhered to by an Applicant. The failure to submit documents by the stated deadline will cause the application to be moved to the next Round. There will be no exceptions to this policy. **Generally, DCA will not request clarification on items that are incorrect, not complete, or missing. The entire submission will be returned to the Applicant.**

The following are the documents that must be submitted by each Round's submission deadline

Phase I - Initial Submission

- Revised 2007 or 2008 Core Application (whichever was originally utilized in the tax credit application). The amount of ARRA financing requested should be entered into the Sources and in the amount requested.
- Applications should be structured in accordance with the QAP policies with the following exceptions:
 - TCAP Construction Loans. Applicants should assume that requests for TCAP funds proposed for construction have a maximum term of 24 months at 0% interest. In general, the maximum TCAP funds for construction financing will be limited to \$3,000,000. However requests in excess of this amount or any amount in excess of the permanent TCAP funding will be reviewed based, in part, on other construction fund sources and terms.
 - DCA will review maximum ARRA fund requests for construction and/or permanent financing applications that do not have a syndicator based, in part, on the reasonableness of the total development costs.
 - All ARRA permanent loans should be structured as a 0% balloon loan that matures in 30 years. Generally, these loans will be structured with an excess cash flow reserve which will be paid quarterly based on financial statements as more fully set out in the loan documents. The percentage of excess cash flow that will be required for the reserve will be determined during DCA underwriting. For proforma purposes, assume 50% of available cash flow. This reserve will be held by DCA and will be used to either pay down the ARRA loan or to ensure that the property remains affordable for the required period of time. This reserve account will be analyzed at 5 year intervals to determine if it should be adjusted. The balance in the reserve at loan maturity will be used to reduce the unpaid balance of the loan.
- Narrative on Applicant's letterhead including but not limited to the following information:
 - Amount of assistance requested.
 - Feedback from syndicator(s) regarding risk and beneficial factors considered in pricing.
 - (Exchange projects only) Detailed list of syndicators that reviewed the deal, dates that deals were reviewed, contact names and phone numbers. (attach any other documentation received as a result of these contacts).
 - The purpose of ARRA funds is to fill the gaps in financing resulting from reduced equity pricing or inability to secure an investor relating to current economic conditions. Changes in income, expenses, cost budgets, etc. are generally not allowed unless they are accompanied by supportable, detailed justification contained in the Narrative.
 - A statement regarding any change that would impact the score from the original Application submission.

Subject to Change upon Receipt of Guidance

- Detailed Project Schedule on DCA's construction time line form (at a minimum) which clearly outlines the project's ability to commence construction on the appropriate Round's "shovel ready" date. The project schedule must address each step of the process which will lead to the commencement of construction. Note all incomplete documents or processes in the schedule. DCA will utilize this schedule as bench mark for successful development of the project and to stage our work flow. Therefore, Applicant's will be responsible for meeting the deadlines that they develop in this project schedule. It is imperative that the schedule be accurate and complete.
- Current commitment(s) for tax credit equity (if applicable). The priority with respect to processing and funding will be dependent upon the firmness of your equity commitment(s). The commitment must have the name and phone number of your contact. Direct syndication of credits is allowable, but an investor must be in place for the commitment to be considered semi firm. A copy of the syndicator's underwriting model must be attached, along with a statement from the syndicator as to the status of the project in their approval process, and when a Firm Commitment can be delivered. Normal contingencies will not necessarily mean that a commitment is not firm.
- Current commitment(s) for debt financing (construction and permanent) if such financing is part of your financial structure. Again, the priority with respect to processing and funding will be dependent upon the firmness of debt commitment(s). The commitment must have the name and phone number of your contact.
- If not already submitted, fully completed Design-Development Plans and Specifications.
- Phase I environmental assessment update that meets DCA HOME requirements dated not more than six months from date of submission. (This is only required if you have not already received a DCA NEPA release. A list of projects that do not have to submit an updated assessment is posted on the DCA website). Projects that have a NEPA release from another entity can provide all of that information to DCA. DCA will determine whether an additional full review is necessary.
- HUD Environmental Questionnaire.
- Request for Approval of Contractor form and all documentation required for the request (see website for requirements).
- If available, copy of the proposed Owner-Contractor Agreement, Schedule of Values and preliminary construction schedule. The Schedule of Values must be prepared by the contractor based upon a quantity take-off of the design development/construction documents, and must be sufficiently detailed so as to permit a cost analysis evaluation.
- If the contractor's Schedule of Values is not available, Applicant must provide an itemized breakdown of construction costs prepared by owner, owner's construction consultant, if applicable, and owner's architect, based upon a quantity take-off of the design development/construction documents sufficiently detailed so as to permit a cost and energy analysis evaluation. (Applicant's should review DCA's requirements for cost and energy analysis)
- If the project involves new construction, geotechnical soils report.

Subject to Change upon Receipt of Guidance

- Narrative description of the “energy efficiency” scope of your construction plans with details as to how the project will achieve the national goal of green building and energy efficiency. If construction techniques which would reduce utility costs or alternative energy sources have been considered, but determined that the current project structure makes inclusion cost prohibitive, please provide a detailed narrative of those considerations and their anticipated cost and expense saving, if available.
- Up-dated 2008 Market Study from original DCA analyst addressing changes proposed from original application. Guidelines will be posted on the DCA website. Copies of the 2008 market studies are also posted on the website. The update must include the following in Updated Executive Summary form with supporting documentation, if applicable:
 - Rent advantage – Proposed rents versus max allowable rents
 - Rent advantage – Proposed rents versus unrestricted market rents
 - Adverse change in local economic conditions
 - Current unemployment rates
 - Adverse change in rents, occupancy and economic vacancy in PMA due to economic changes
 - Analysis of impact of foreclosures, vacant properties and additional rentals attributed to foreclosure crises in primary market areas. Market analysts are encouraged to utilize the extensive data collected by HUD and DCA in the Neighborhood Stabilization Program.

Applicants that have difficulty meeting this requirement by the initial application date should contact DCA to discuss the possibility of an extension of time for submission of the market update. DCA may elect to have the update prepared by another DCA retained analyst. It is not DCA's intention to require a new market study. The parameters of the update will be limited to the above items. Any Applicant that believes that the price for a proposed update is high should also contact DCA for alternatives.

- HUD Environmental and Relocation Notice
- Revised or updated Relocation Plan (if occupied rehab)
- Executed Contract Addendum Form (See ARRA Federal Compliance Manual for additional information on this form)

(Project will be submitted for front end analysis and energy audit upon receipt of these items. Applicant's should consult the ARRA website for additional information on this process.)

Phase II - Second Submission

- Draft of final Owner-Contractor Contract, including all attachments. Construction amount must coincide with total on Schedule of Values
- Revised pro forma reflecting changes requested by DCA.
- Current ALTA survey
- Current title report on property
- Detailed list of expected job creation and term of employment (i.e. part time temporary; full time temporary; permanent full or part time, etc.)
- Section 3 Hiring Plan
- Final Relocation Budget and Plan reflecting any changes requested by DCA
- Acknowledgement of required reporting procedures

Subject to Change upon Receipt of Guidance

Phase III - Final Submission

- Firm Commitment(s) for debt financing from all lenders
- Final "For Construction" or "Permit" Plans and Specifications, if no changes relating to the front end analysis and/or the energy audit were required.
- Final proposed Owner-Contractor Contract with all relevant attachments, including final Schedule of Values and final Project Schedule (updated from Phase I). The Schedule of Values must be prepared by the contractor based upon a quantity take-off of the design development/construction documents, and must be sufficiently detailed so as to permit a cost analysis evaluation..
- Proof that all required parties have attended a Pre-Construction Conference held by DCA. (This conference will be scheduled by DCA when it is determined that the project is within 30 days of closing)
- Proof that all required parties have participated in Federal Compliance/Davis Bacon training provided by DCA.
- Any other documentation requested by DCA as a condition of funding.

Once an Applicant has provided all information and been assigned to closing, copies of documentation from the DCA due diligence list for loan closings will also need to be provided. (Applicants will be provided with an expedited due diligence list of documents required for closing. It is strongly recommended that your closing attorney begin work on these documents as soon as your application is submitted to DCA).

Subject to Change upon Receipt of Guidance

Project Delivery Costs

Applicants will be responsible for costs associated with the required inspection of the property including front end analysis, energy audit, draw inspections and accessibility inspections. DCA estimates that these costs will be approximately \$10,000 per project. These costs should be included in the development budget submitted with the application and identified as such.

Applicants will be responsible for reimbursing DCA for attorney fees associated with the closing of the ARRA financing. DCA estimates that these costs will be approximately \$7,500 per project. These costs should be included in the development budget submitted with the application and will be due at loan closing.

Applicants will be responsible for reimbursing DCA for fees associated with the General Contractor Audit which will be generally be performed by DCA retained auditors. DCA estimates that these fees will be approximately \$7,000 per project. These fees should be included in the development budget submitted with the application and labeled for TCAP or tax credit monetization, and be due at loan closing. DCA may elect to have its own auditing staff perform these audits.

Asset Management Costs- These costs will cover DCA's asset management over the 15 year period including, costs of underwriting, Davis Bacon Oversight, Relocation Oversight, Construction Management, Draw analysis, and other asset management of the loan:

Projects with Syndicated Credits

- Two percent (2%) of the total Loan amount to be paid at loan closing.
- \$3,000 non refundable application fee to be paid at application submission. This fee will be applied to 2% fee if funded.
- Construction financing only will have a reduced asset management fee of one percent (1%.)

For Projects without Syndicated Credits

- Three percent (3%) of the Total Loan Amount to be paid at loan closing.
- \$3,000 non refundable application fee to be paid at application submission. This will be applied to the 2% fee if funded).

Applicants are responsible for reviewing updates posted on the DCA website and implementing any changes in their applications. HUD and Treasury guidance is not yet available to DCA.

DCA reserves the right to make changes to this process at any time as it receives additional guidance and direction from the federal government.