Illinois Housing Development Authority's

QUALIFIED CONTRACT PROCESS AND GUIDELINES

Qualified Contracts

Properties awarded Low Income Housing Tax Credits (LIHTC) between 1987 and 1989 were required to provide affordable housing over a compliance period of 15 years. In subsequent years, a change in federal law required newly awarded LIHTC projects to be subject to an additional 15 years of affordability compliance, which is commonly known as the “extended 15 year compliance period.” As a result, properties that were awarded LIHTCs in 1990 or later, must comply with program restrictions for a minimum of 30 years, subject to certain exceptions. These restrictions are embodied in the recorded Extended Use Agreement.

As the agency responsible for the financing affordable housing for the State of Illinois, the Illinois Housing Development Authority (the “Authority”) works with property owners to create and preserve affordability in rental housing for low income households under the LIHTC and other financing programs. The Qualified Contract option, included in the LIHTC legislation, was designed to permit owners of LIHTC properties to exit the program after the initial 15 year compliance period without continued affordability restrictions on the property. The Qualified Contract is generally defined as an offer to acquire the tax credit property for a defined price in order to assure continued affordability restrictions. In accordance with IRS legislation, if the allocation agency is unable to present a contract for a Qualified Contract price, the extended use period can be terminated. A qualified contract may be requested at any point after the fourteenth (14^{th}) year of the compliance period.

The terms, conditions, and procedures contained in this Guideline (“Yr15 Policies”) will allow the Illinois Housing Development Authority to administer qualified contract requests from property owners who intend to make a request under IRS Code Section 42(h)(6)(E)(i)(II) (“QC Request”) to produce a qualified contract (“QC”).

Preliminary Eligibility Application

The Illinois Housing Development Authority (the “Authority”) will require a preliminary application to determine eligibility, before an Owner may submit a QC Request. This preliminary application will not bind owners to submit a QC Request and does not start the One Year Process (“1YrP”). The Authority will accept preliminary applications at any time during the year. Upon receipt of the preliminary application, the Authority will determine if the property is eligible for consideration.

Information submitted in the Preliminary Application shall include at a minimum:

1. Documented ownership of all properties, including address and other pertinent property information (see Attachment 1)
2. Copy of Low Income Housing Tax Credit documents including:
    a. First year 8609s for all buildings in the project;
    b. All loan and regulatory agreements, including Extended Use Agreement for the project (documents submitted should include original, current, and any interim amendments;)
3. Owner certification that all necessary documentation, defined in the list below, is available and that all other purchase options will be waived; and
4. Non-refundable preliminary application fee; and
5. Owner certification and documentation of release of existing purchase options

Document and Eligibility Review

Eligibility to request a Qualified Contract will be based on previous commitments and actions of the Owner, and compliance with regulatory requirements on the property. Properties will be eligible to submit a QC Request if:

1. The Property has demonstrated satisfactory completion of the initial 15 year compliance. Key dates for determining compliance with initial 15 year compliance are:

    a) the last day of the 14th year of the compliance period of the last building placed in service, or

    b) the last day of the 14th year of the last allocation of a multiple year allocation to the same property.

1. For example, if five buildings in the property began their credit periods in 1991 and one started in 1992, the start of the 15th year for the purposes of a QC Request would be 2007. If the property received its first allocation of $500,000 in 1991 and a subsequent award of $25,000 in 1993, the 15th year for the purposes of a QC Request would be 2008.

2. There exists no waiver of rights to a Qualified Contract in the Extended Use Agreement. For example, projects may be ineligible if the owner previously elected to waive the right to make a QC Request. Such waivers can include those projects that earned points under the Qualified Allocation Plan, for extending the compliance period beyond the required 15 years and are reflected in the recorded Extended Use Agreement.

3. The property is not subject to affordability and regulatory restrictions based on financing and rental subsidies received on the property other than the Section 42 LIHTC financing (i.e.: Trust fund, HOME, Sec. 8, etc).

4. The property is in compliance with financial and compliance requirements under LIHTC and other financing resources. A property that does not meet the basic physical compliance standards and income restrictions that are necessary to claim some or all of the LIHTC allocation is ineligible for consideration.

5. The property is not subject to existing purchase options, including a non-profit general partner's right of first refusal. Property owners must obtain a full waiver of existing purchase options and rights of first refusal in order to make an eligible QC request.

Eligibility Determination

The Authority will notify the owner upon completion of the pre-application eligibility review, indicating whether the property is either determined eligible or ineligible to make a Qualified Contract request.

If a project is deemed eligible for a qualified contract, the owner will receive a notification letter and application packet. A non-refundable review and processing fee must be received by the Authority in order to begin the QC Request review. The QC Request from an Owner will be accepted at any time during the calendar year.

The QC Request must include the following documentation:

<u>The QC Request letter (see Attachment 2)</u>, containing:

1. Certification that the owner has reviewed all due diligence materials used in the calculation of the qualified contract worksheets (included with Process and Guideline Book) and that they are <u>solely responsible</u> for documents and information used in the calculation of the Qualified Contract Price ("QCP") (worksheets A-E in Appendix), using the procedures set forth in Section 42(h)(6)(F) of the Internal Revenue Code. The owner will be asked to sign a statement verifying the accuracy of the assumptions used in the computation of the Qualified Contract Price (QCP) and to hold IHDA harmless in the use of the development information.

2. Statements that the owner will reasonably cooperate with IHDA in all aspects related to the sale of the property.

3. <u>The Application Packet,</u> containing:
    1. First year 8609s for all buildings in the project;

    2. Completed "Calculation of Qualified Contract Workbook" price (see Attachment 3), including Worksheets A through E. All calculations must be certified by an independent certified public accountant.

       <u>Worksheet A:</u> Outstanding indebtedness. A summary of all outstanding secured indebtedness on the low-income building(s);

       <u>Worksheet B:</u> Calculation of Adjusted Investor Equity in the low-income building(s) by year;

       <u>Worksheet C:</u> Other Capital Contributions made by the investor in the low-income portion of the building(s). These are contributions that are not included in other calculations, specifically, in the "Outstanding Indebtedness" or "Adjusted Investor Equity" worksheets;

       <u>Worksheet D:</u> Cash Distributions from, or available from the development, by the year. This calculation also includes a reporting of the cash held in Reserve Accounts and Partnership Accounts. Also included here are non-cash distributions that have been made by the owner. These non-cash distributions will not be applied to reduce the "qualified contract price" but must be reported;

       <u>Worksheet E:</u> Fair Market Value on Non-Low-Income Portion of the building(s). This worksheet requires an appraisal, study or methodology proof or other support used to establish the market value of the non-low-income portions of the building(s).

    3. Annual partnership tax returns for all years of operation since the start of the compliance period ("all years");

    4. Annual property financial statements for all years;

    5. Loan documents for all secured debt during the compliance period (original, current, and any interim amendments);

6. Partnership agreement (original, current and all interim amendments);

7. Current and complete rent-roll;

8. A narrative description of the project, including amenities.

9. Sales prospectus, (applicable if property is currently being offered for sale.)

10. * Physical needs assessment for the entire property;

11. * Phase I environmental (Phase II analysis, if conditions from the Phase I analysis determine a Phase II is necessary).

12. * Appraisal for the entire property;

13. * Market study for the entire property;

14. * Current title report;

The above listed items are necessary to determine the QC price, physical condition and marketability of the property as required under IRS Code Section 42(h)(6)(F) ("QC Price").

*The items marked with an asterisk (*) will ordered by the Authority.

All costs associated with necessary third party reports will be paid by Owners. If third party costs exceed the owner's initial deposit, IHDA will request additional funds. The owner shall continue to make additional deposits to cover such costs. If the owner delays in making a deposit, the 1YrP will be suspended, and the Authority may halt processing or terminate a Request. The Qualified Contract fee schedule is as follows:

Qualified Contract Fee Schedule			
	Preliminary Application Fee	**QC Review and Processing Fee**	**Deposit for 3rd Party Studies**
Projects with 20 Units or Less	$250	$1,500	$15,000
Projects with 21 Units or More	$500	$3,000	$25,000

Owners have the opportunity to request a waiver to reduce or eliminate the deposit required for the third party studies. The request must be submitted in writing and substantiate the reasoning for the waiver along with supporting documentation. The Authority will review and determine the appropriateness of each request on a case-by-case basis.

The 1YrP shall begin when IHDA receives a complete QC Request package including all of the above items. The 1YrP will be delayed or suspended pending receipt of all items necessary.

Review Process

1. After *all* documents are received; the Authority will notify the Owner and start the 1YrP.

2. The Authority will verify the QC calculations and supporting documentation to determine the viability of extending a QC offer.

3. The Authority will conduct the following notice of LIHTC properties seeking QC Price:

    a. The Authority will post on its website a listing of properties, with property information, determined eligible to submit a Qualified Contract.

    b. The Authority will provide information on properties, with property information, for which a completed QC Request has been received. Information may be forwarded to:

        i. Posted on the Authority website

        ii. Current owners of Authority portfolio and LIHTC properties

        iii. Interested affordable housing preservation organizations and stakeholders (i.e.: The Urban Land Institute's Preservation Compact)

The Authority will act as a conduit for all requests of prospective purchasers by requesting information from owners.

Presenting a Qualified Contract

Under IRS (42(h)(6)(E)(i)(II), the allocating agency's obligation is to present to the owner a bona fide contract to acquire the property for the QC price ("the Contract.") Once the QC Price is determined, and a prospective buyer is identified, and the Authority has determined to pursue this course of action, the Authority will present a Contract to the owner. If the Authority presents a Contract (regardless if the owner accepts it or not), the possibility of terminating the extended use period is removed, and the property remains bound to the provisions in the Extended Use Agreement. If the Owner chooses to accept the Contract, the buyer will be responsible for adhering to the provisions in the extended use agreement.

If the owner does not accept the Contract, the property will remain under the existing affordability restrictions. There is no requirement in the IRS Code that the prospective buyer actually purchase the property. Whether or not the seller executes a contract and closes the transaction is a separate, legally unrelated matter.

The Authority will create a standard form agreement that includes basic real estate transaction terms (i.e. costs, due diligence period). This form will establish what the buyer needs to accept in order for the Authority to meet its statutory obligation of presenting a Contract. Once a buyer agrees to the standard terms and QC Price, the owner cannot terminate the Extended Use Period. The parties would be free to negotiate different transaction terms prior to closing.

Three-Year Eligibility for Existing Tenants

If the Authority fails to present a QC before the expiration of the 1YrP (or such longer period as the Owner may agree to in writing), the project may be released from requirements under the Extended Use Agreements. However, the project will remain subject to the requirements set for in Section 42(h)(6)(E)(ii); for a three-year period commencing on the termination of the compliance period, the owner may not (i) evict or terminate a tenancy (other than for good cause) of an existing tenant of any low-income unit, or (ii) increase the gross rent with respect to any low-income unit except as permitted under Section 42 of the Code, as well as the requirements of the regulatory agreement.

General Requirements and Responsibilities

Qualified Contract Price: In keeping with the clear purpose of IRS Code Section 42, the Authority will resolve every case of doubt or interpretation in determining the QC Price, both with regard to the overall process and for particular properties, in favor of a lower value.

QC Process Amendments: IHDA may add to or amend these LIHTC - Yr15 Policies with at least 30 days notice on the website and to owners who are engaged in the QC Process.

Disqualification of QC Request:

1. Owners may choose to cancel the QC Request at anytime during the process. However the Authority may determine that an owner cannot submit another request.
2. The Authority must have continuous cooperation from the owner in respect to all aspects of property information, financial statements, and tax returns. Lack of cooperation will cause the processing of the qualified contract request to be terminated.
3. At any time during the QC Request, if the Authority receives notification of investigation or audit by the IRS regarding the tax credit property, the one year period will be suspended and processing will stop until the audit or investigation is complete.
4. Default or material noncompliance with Section 42 will result in suspension of the review until the Authority can respond.

In the event of a suspension due to noncompliance or audit, the property must maintain and operate under the extended use agreement.

ATTACHMENTS

1. Preliminary Application for owners to complete
2. Qualified Contract Request Letter
3. Qualified Contract Price Calculation and Worksheets

ATTACHMENT 1: Year-15 Preliminary Application

Please complete the preliminary application forms and return forms and documentation, a completed multifamily fee payment form (available for download at www.ihda.org) and a check for the application fee to:

Illinois Housing Development Authority
Attn: Kimberly Assarian
401 N. Michigan, Suite 700
Chicago, Illinois 60611

Owner:

Taxpayer Identification # [must be provided]

Project Name:

IHDA Project ID #:

Property Address:

Date of Allocation:

1. **Owner/ General Partner(s) Contact Information:**

   Entity Name

   Address

   Principal

   Fax

   Email

   Entity Name

   Address

   Principal

   Fax

   Email

2. **Total # of Buildings:**

   Total #of Units:

   Total # Low Income Units:

BIN #	Placed in Service Date	1st Year Credits Claimed

3. **Is the property a Mixed-Income Development?**

4. **Does the Property Agreement or other legal documentation grant any form of preference for purchasing the property?** (Example: a right of first refusal granted to a nonprofit partner?)

   If yes, provide the relevant documentation & information on the individual or entity holding such right.

   Entity Name

   Address

   Principal

   Phone

5. **Has the property been cited for any violations that have required an 8823 to be filed with the IRS that remains uncorrected?**

   If yes, state the nature and date of the violation (including copies of 8823s).

Nature of Violation	Violation Date

6. **Is the property subject to additional affordability restrictions** (ie. USDA Rural Development, HUD, state/local funding, etc)**?**

   If yes, submit copy of restrictions.

7. **Does the property have project-based rental assistance?**

I certify, to the best of my knowledge, that:

- the information in this application is complete and accurate,
- all purchase options will be waived, and
- the documentation described in paragraph 8 is available.

I understand, agree and accept all of the Agency's Y15 Policies, including that the 1YP does not start until the Agency determines that the owner has met all of the submission requirements.

Owner:

an Illinois

By:
Printed Name:
Its:

Date:

ATTACHMENT 2: Qualified Contract Request letter

Manager - Tax Credit Programs
Illinois Housing Development Authority
401 North Michigan Avenue, Suite 700
Chicago, Illinois 60611

Re: **Qualified Contract Request Letter**
Property Name:
Tax Credit Number:
Address:

Dear ______________:

I hereby request that the Illinois Housing Development Authority (“Authority”) present a “Qualified Contract” for the purchase of [Property Name]. This request is made pursuant to Section 42(h)(6)(E)(i)(II) of the Internal Revenue Code. We understand the Authority will have one year from its receipt of this letter and all of the accompanying information described below, to present a Qualified Contract for the purchase of the Project.

We have enclosed with this request the following documents and required information, as indicated:

________1. First year 8609s for all buildings in the Project;

________2. A fully completed “Calculation of Qualified Contract Workbook” price, including Worksheets A –E. This form was completed, or reviewed and approved, by the accountant for the Project, [Accountant’s Name];

________3. Annual partnership tax returns for all years of operation since the start of the compliance period (“all years”);

________4. Annual property financial statements for all years;

________5. Loan documents for all secured debt during the compliance period (original, current, and any interim amendments);

________6. Partnership agreement (original, current and all interim amendments);

________7. Current and complete rent-roll;

________8. A narrative description of the project, including amenities.

________9. Sales prospectus, (applicable if property is currently being offered for sale.)

We understand that the one-year period allowed for offering a Qualified Contract will not begin until **all** the above information is received and determined to be satisfactory by IHDA.

We also understand that the above information may be shared with prospective purchasers, real estate brokers and agents of IHDA, and *summary data* may be posted on IHDA's website.

We will reasonably cooperate with IHDA and its agents with respect to IHDA's efforts to present a qualified contract for the purchase of the Project. In this regard, we understand that prior to the presentation of a qualified contract, we may need to share project "due diligence" with IHDA and with prospective purchasers, including but not limited to, additional rent rolls, project tax returns, income certifications and other Section 42 compliance records, records with respect to repair and maintenance of the Project, operating expenses and debt service. Provided, before information is shared with a prospective purchaser, we may require that it enter into a commercially reasonable form of nondisclosure agreement. We will also share with IHDA, at its request, the documents and other information that were used to prepare the enclosed Calculation of Qualified Contract Price, including Worksheets A – E. We also agree to allow IHDA, its agents, and prospective purchasers, upon reasonable prior written notice, to visit and inspect the Project, including representative apartment units.

We also understand that if IHDA finds a prospective purchaser willing to present an offer to purchase the Project for an amount equal to or greater than the "qualified contract" price, we agree to enter into a commercially reasonable form of earnest money agreement or other contract of sale for the project which will allow prospective purchaser a reasonable period of time to undertake additional, customary due diligence prior to closing the purchase.

We further state our willingness (non-willingness) to amend the sales price to $____________ based on current market conditions and other pertinent considerations.

Sincerely,

Property Owner

Attachment

ATTACHMENT 3: Calculation of Qualified Contract Price

Before the Illinois Housing Development Authority (the "Authority") can begin review of a QC price and begin marketing the project you must complete the Calculation of Qualified Contract Price (QCP) Form attached to these instructions (the "Calculation Form"). This calculation shall establish the minimum price at which the Authority can market your project and present an offer for its purchase.

To complete the Calculation Form, you must complete Worksheets A through D and if the project has market rate units or commercial space, Worksheet E. The results of Worksheets A through E are transferred to the Calculation Form to determine the QCP for the project.

The Calculation Form is derived from a statutory formula set forth in Section 42(h)(6)(F) of the Internal Revenue Code. The statutory formula divides the purchase price between the low-income portion of the project and the market rate portion of the project, if any. The QCP for the low-income portion of the project is equal to the applicable fraction of the project indebtedness (Worksheet A), investor equity (Worksheet B), and other capital contribution (Worksheet C), **reduced** by the total cash that has been distributed, or is available for distribution, from the project (Worksheet D). If the project has any market rate units or commercial space the QCP is increased by the fair market value of those units (Worksheet E).

Please remember that the 1YP for finding a buyer shall NOT commence until the Calculation, and Exhibits A through E, are complete and received by the Authority with the pre-application, Qualified Contract Request, all support documents requested, all charges paid to the Authority and third party contractors and a Qualified Contract Request letter (see Attachment 2). The Calculation must be prepared, approved or reviewed by an independent certified public accountant from an accredited accounting firm for the project owner.

Project Name ________________________
Owner Name ________________________

CALCULATION OF QUALIFIED CONTRACT PRICE

Pursuant to Section 42(h)(6)(F) of the Internal Revenue Code

As of _________ (Date)

A. Calculation of Low-Income Portion of Payment:

(i)	Outstanding Indebtedness secured by, or with Respect to the Building (from Worksheet A)	$____________	
(ii)	Adjusted Investor Equity (from Worksheet B)	$____________	
(iii)	Other Capital Contributions not reflected in (i) or (ii) (from Worksheet C)	$____________	
(iv)	Total of (i), (ii) and (iii)	$____________	
(v)	Cash Distributions from or available from, the project (from Worksheet D)	$____________	
(vi)	Line (iv) reduced by line (v)	$____________	
(vii)	Applicable fraction (set forth in the Tax Credit Extended Use Agreement)	___________%	
(viii)	Low-Income Portion of Qualified Contract Price (Line (vi) multiplied by Line (vii))		$____________

B. Fair Market Value of Non Low-Income Portion Of Building(s) (from Worksheet E) $____________

C. Qualified Contract Price
(Sum of Line A (viii) and Line B) $____________

WORKSHEET A

Outstanding Indebtedness with Respect to Low-Income Building(s)
Internal Revenue Code Section 42(h)(6)(F)(i)(I)

Instructions

The QCP includes the unpaid balance of all secured and unsecured indebtedness with respect to the low-income building. Worksheet A requires you to submit the name of the lender, the unpaid principal balance, the accrued interest, the maturity date, and other relevant information with respect to each mortgage loan and other project indebtedness.

In the section marked “Other Indebtedness”, please set forth any information with respect to the loan that may be relevant to the Authority’s efforts to market the Project. Examples of relevant information include whether the loan has a “due-on-sale” clause or if any portion of the loan is payable from net cash flow (i.e., is “soft” debt) or disclose any prepayment requirements on mortgages. Please also attach to the worksheet an amortization schedule for each loan, if available.

In addition to mortgage indebtedness, you should also list any unsecured, long-term debt the proceeds of which were used directly in the construction, rehabilitation, or operations of the Project.

The unpaid principal balance and accrued interest for each loan set forth on this worksheet should be totaled and that total should be transferred to Section A (i) of the Calculation Form.

Project Name ________________________
Owner Name ________________________

WORKSHEET A

Outstanding Indebtedness with Respect to Low-Income Building(s)
Internal Revenue Code Section 42(h)(6)(F)(i)(I)

As of _________ (Date)

1. First Mortgage Loan:

(i) Lender: ____________________________
(ii) Principal Balance $ ___________
(iii) Accrued Interest $ ___________
(iv) Maturity Date: ___________
(v) Other Information: ____________________
____
____
Lender's Point of Contact and Telephone #:
____
____
Subtotal $ ___________

2. Second Mortgage Loan:

(i) Lender: ____________________________
(ii) Principal Balance $ ___________
(iii) Accrued Interest $ ___________
(iv) Maturity Date: ___________
(v) Other Information: ____________________
____
____
Lender's Point of Contact and Telephone #:
____
____
Subtotal $ ___________

3. Third Mortgage Loan:

(i) Lender: ____________________________
(ii) Principal Balance $ ___________
(iii) Accrued Interest $ ___________
(iv) Maturity Date: ___________
(v) Other Information: ____________________
____
____
Lender's Point of Contact and Telephone #:
____
____
Subtotal $ ___________

4. Fourth Mortgage Loan:

(i) Lender: ______________________________

(ii) Principal Balance $ ___________

(iii) Accrued Interest $ ___________

(iv) Maturity Date: ___________

(v) Other Information: ____________________

____

____

Lender's Point of Contact and Telephone #:

____

____

Subtotal $ ___________

5. Other Indebtedness with Respect to Low-Income Building(s):

(i) Lender: ______________________________

(ii) Principal Balance $ ___________

(iii) Accrued Interest $ ___________

(iv) Maturity Date: ___________

(v) Other Information: ____________________

____

____

Lender's Point of Contact and Telephone #:

____

____

Subtotal $ ___________

Total Indebtedness

(Sum of 1-5 subtotals above) $ ___________

WORKSHEET B

Calculation of Adjusted Investor EquityIn the Low-Income Building(s)
Internal Revenue Code Section 42(h)(6)(F)(i)(II)

Instructions

The Qualified Contract Price includes "Adjusted Investor Equity" with respect to the Development. "Adjusted Investor Equity," means, the aggregate amount of cash that taxpayers invested with respect to the low-income buildings, increased by the applicable cost-of-living adjustment.

Not all capital contributions with respect to the Development qualify as "Adjusted Investor Equity". Specifically, cash invested in the Development should be included in this Worksheet B only if **each of the following is true**:

(i) The cash is contributed as a capital contribution and not as a loan or advance;

(ii) the amount is reflected in the adjusted basis of the Development (the Authority shall interpret this to mean cash contributions used to directly fund adjusted basis and cash contributions used to pay off a construction or bridge loan, the proceeds of which directly funded adjusted basis); and

(iii) there was an obligation to invest the amount as of the beginning of the credit period (the Authority shall interpret this to include cash actually invested before the beginning of the credit period and cash invested after the beginning of the credit period for which there was an obligation to invest at the beginning of the credit period).

With respect to Worksheet B, subsection (i) requires you to set forth the Base Calendar Year (BCY) (the calendar year in which the first taxable year of the credit period ended).

Subsection (ii) and (iii) requires you to enter the lower of the Consumer Price Index (CPI) figures or 5% for the applicable years, and Subsection (iv) requires you to perform the calculation as indicated. These figures are calculated pursuant to Sections 1(f) and 42(h)(6)(G)(ii) of the Internal Revenue Code

After calculating the investment amount and entering the CPI adjustment, these amounts must be multiplied and the product set forth as Total Adjusted Investor Equity. This result is then transferred to Section A (ii) of the Calculation Form.

Project Name ________________________
Owner Name ________________________

WORKSHEET B

Calculation of Adjusted Investor Equity In the Low-Income Building(s)
Internal Revenue Code Section 42(h)(6)(F)(i)(II)

As of _________ (Date)

Adjusted Investor Equity

(i)	BCY: ____________________________	
(ii)	Enter the average CPI figure for the most recent 12 month period ending in August:	___________
(iii)	Enter the average CPI figure for 12 month period ending in August of the BCY:	___________
(iv)	Cost-of-living adjustment (Divide (ii) by (iii)	___________
(v)	Investment Amount	$ ___________

Total Adjusted Investor Equity (Multiply (v) by (iv)): **$** ___________

If the investor amount differs from the equity amount used in the Development's Final Cost Certification, attach an addendum to the worksheet setting forth a detailed explanation.

Project Name ______________________
Owner Name _______________________

WORKSHEET C

Other Capital Contributions
Internal Revenue Code Section 42(h)(6)(F)(i)(III)

As of _________ (Date)

The Qualified Contract Price includes the amount of other capital contributions made with respect to the Project. For this purpose, "other capital contributions" are not limited to cash and, therefore, include "in-kind" contributions such as land. However, if you include any non-cash contributions in this worksheet, please describe in detail the type of contribution, the value you have assigned to the contribution, and your justification for assigning that value.

Do not include in this Worksheet C any amounts included in Worksheets A or B. Further, all amounts included in this worksheet must constitute contributed capital and not be a debt or advance.

After setting forth the required information with respect to each contribution, please total the contribution amounts and then transfer the total to Section A (iii) of the Calculation Form.

1. **Investment Amount** **$**__________
   (i) Name of Investor: __________________________
   (ii) Date of Investment: _________________________
   (iii) Use of Contributions/ Proceeds: _______________
   ____
   ____
   (iv) Other Information: __________________________
   ____
   ____

2. **Investment Amount** **$**__________
   (i) Name of Investor: __________________________
   (ii) Date of Investment: _________________________
   (iii) Use of Contributions/ Proceeds: _______________
   ____
   ____
   (iv) Other Information: __________________________
   ____
   ____

3. **[Add as needed.]**
   ____
   ____
   ____

Total of Other Contributions (1 - _____) **$**__________

WORKSHEET D

Cash Distributions from or available from the Development
Internal Revenue Code Section 42 (h)(6)(F)(ii)

The Qualified Contract Price is reduced by the total of all cash distributions from, or available from, the Development. To assist you in this calculation, we have divided Worksheet D into three sections.

In Section A, set forth all cash distributions with respect to the Project beginning with the BCY through the date of the completion of Worksheet D. Generally, this shall include all cash payments and distributions from net operating income. Distributions set forth in Section A of the worksheet shall include, but not be limited to, (i) amounts paid to partners or affiliates as fees and (ii) amounts distributed to partners as a return of capital or otherwise.

The QCP is reduced not only by cash distributions made with respect to the Project but also all cash that is available for distribution. In Section B you are required to set forth amounts held in reserve and other Project accounts and the amounts thereof that are available for distribution.

In Section C please set forth and describe any non-cash distributions that have been made by the project owner. Absent unusual circumstances, the amount of non-cash distributions will not be applied to reduce the qualified contract price.

To complete Worksheet D, please total the qualifying cash distributed for all calendar years under Section A and the cash available (or that shall be available) for distribution in Section B. The total of Sections A and B should be transferred to Section A (v) of the Calculation Form.

Project Name ________________________
Owner Name ________________________

WORKSHEET D

Cash Distributions from or available from the Development
Internal Revenue Code Section 42 (h)(6)(F)(ii)

As of _________ (Date)

A. Cash Distributed

1. BCY Distributions
   - (i) Total Distributions $__________
   - (ii) Recipient: ______________________________
   - (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ______________________________
     ____
     ____

2. BCY+1 Distributions
   - (i) Total Distributions $__________
   - (ii) Recipient: ______________________________
   - (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ______________________________
     ____

3. BCY+2 Distributions
   - (i) Total Distributions $__________
   - (ii) Recipient: ______________________________
   - (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ______________________________
     ____

4. BCY+3 Distributions
   - (i) Total Distributions $__________
   - (ii) Recipient: ______________________________
   - (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ______________________________
     ____

5. BCY+ 4 Distributions
   - (i) Total Distributions $__________
   - (ii) Recipient: ______________________________
   - (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ______________________________
     ____

6. BCY+ 5 Distributions
   - (i) Total Distributions $__________
   - (ii) Recipient: ______________________________
   - (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ______________________________
     ____

7. BCY+6 Distributions
   (i) Total Distributions $__________
   (ii) Recipient: ______________________________
   (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ________________________
   ____

8. BCY+7 Distributions
   (i) Total Distributions $__________
   (ii) Recipient: ______________________________
   (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ________________________
   ____

9. BCY+8 Distributions
   (i) Total Distributions $__________
   (ii) Recipient: ______________________________
   (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ________________________
   ____

10. BCY+9 Distributions
   (i) Total Distributions $__________
   (ii) Recipient: ______________________________
   (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ________________________
   ____

11. BCY+10 Distributions
   (i) Total Distributions $__________
   (ii) Recipient: ______________________________
   (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ________________________
   ____

12. BCY+11 Distributions
   (i) Total Distributions $__________
   (ii) Recipient: ______________________________
   (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ________________________
   ____

13. BCY+12 Distributions
   (i) Total Distributions $__________
   (ii) Recipient: ______________________________
   (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ________________________
   ____

14. BCY+13 Distributions
   (i) Total Distributions $__________
   (ii) Recipient: ______________________________
   (iii) Characterization of Distribution (i.e.: return of capital, fee, etc.): ________________________
   ____

Total BCY through BCY+13 Distributions (Sum of Lines 1(i) **–** 14(i)) **$**__________

B. Cash Available for Distribution:

1. Amounts Held in Replacement Reserve Account(s) $ __________
   a. Amount available for Distribution $__________

2. Amount(s) Held in Operating Reserve Account(s) $ __________
   a. Amount available for Distribution $ __________

3. Amounts Held in Other Reserve Accounts (identify each account, the terms thereof, and amount held therein) $ __________
   a. Amount available for Distribution $ __________

4. Amounts Held in Partnership Accounts Other than Reserves $ __________
   a. Amount available for Distribution $ __________

Total Amount Available for Distribution
(Sum of Lines 1a – 4a) **$**__________

Total Cash Distributed and Available for Distribution
(Sum of Sections A and B) **$**__________

C. All Non-Cash Distributions:

1. Asset Distributed
   Recipient
   Date of Distribution
   Estimated Value of Asset at the time of Distribution $ __________
   Valuation Method
   Reason for/ or Characterization of Distribution

2. Asset Distributed
   Recipient
   Date of Distribution
   Estimated Value of Asset at the time of Distribution $ __________
   Valuation Method
   Reason for/ or Characterization of Distribution

3. Asset Distributed
   Recipient
   Date of Distribution
   Estimated Value of Asset at the time of Distribution $ __________
   Valuation Method
   Reason for/ or Characterization of Distribution

Total Value of Assets Available for Distribution $ __________

Total Available for Distribution (Cash + Assets) $ __________

Project Name ______________________
Owner Name ______________________

WORKSHEET E

Fair Market Value on Non-Low-Income Portion of Building(s)

As of _________ (Date)

The fair market value of the non-low income portion of the Project building(s) is: $___________.

Attach the appraisal, study, methodology proof or other support for the fair market value of the non-low-income portion of the building(s). The fair market value set forth above should be transferred to Section B of the Calculation Form.