



IOWA FINANCE AUTHORITY

Iowa Finance Authority Low-Income Housing Tax Credit Program 4% Qualified Allocation Plan

Dated 9-7-2016

Thank you for your interest in the Low-Income Housing Tax Credit (LIHTC) Program. The Iowa Finance Authority (IFA) administers this program in Iowa, as specified in Iowa Code Section 16.35. In accordance with Section 42 of the Internal Revenue Code (the Code), IFA has developed this Qualified Allocation Plan (QAP) for 4% Tax Credits to establish the criteria and process for Residential Rental properties in Iowa. IFA will implement the QAP following approval of the QAP by the IFA Board of Directors. Final approval of the QAP by the Governor shall be a precondition to the execution of the Tax Credit Reservation under this QAP. This QAP for 4% Tax Credits shall govern the allocation of the bond capacity for calendar year 2017 and beyond.

IFA will rely on the following when interpreting the requirements of the QAP: (1) the QAP, including the Tax Credit Application, appendices, exhibits, instructions, and any incorporated materials; and (2) IFA's past practice. IFA may, at its discretion, conduct due diligence to verify information provided by the Applicant. An Applicant's interpretation of the QAP and its requirements is immaterial.

To the extent possible, the following schedule applies to the Tax Credit Reservation Application process for four percent (4%) Tax Credits:

- Applications may be submitted at any time using the on-line Application.
- Applications submitted during the nine percent (9%) round may not be reviewed until April due to the 9% Tax Credit Application Review Process. Any questions in relation to the Application Review Process, contact the IFA LIHTC Manager.
- Applications for the IRS Form 8609 will be due October 15 of the first year in which Tax Credits are taken.

REQUIREMENTS FOR 4% TAX CREDITS WITH TAX-EXEMPT BONDS

SECTION 1. TAX-EXEMPT BOND FINANCED PROJECTS CREDIT RESERVATION AND ALLOCATION PROCESS

Under IRC Section 42(h)(4), Projects financed with tax-exempt bonds may be entitled to thirty percent (30%) present value Tax Credits not subject to the State Ceiling. The requirements for a Project using tax-exempt bond financing are as follows:

1.1. Private Activity Bond Cap. The bonds to finance the Project shall have received an allocation of private activity bond cap pursuant to IRC Section 146 and Iowa Code Chapter 7C. Additionally, principal payments on the bonds shall be applied within a reasonable period to redeem the bonds. Tax Credits are allowed for the portion of a Project's Eligible Basis that is financed with the tax-exempt bonds. If fifty percent (50%) or more of a Project's aggregate basis (land and building) is so financed, the Project is entitled to Tax Credits for up to the full amount of Eligible Basis.

1.2 Allocation through IFA. Projects financed with tax-exempt bonds are required to apply to IFA for an allocation and for a determination that the Project satisfies the requirements of the QAP. If the Project utilizes a federal lending program or a lending program available through Fannie Mae or Freddie Mac, IFA may accept the underwriting and market study information approved by that lending Entity.

1.3 Application Criteria. A Project using tax-exempt financing shall satisfy all of the underwriting and threshold requirements. A market study, completed within the past six months, is required to be submitted by a disinterested third party analyst. The market study may be submitted within 30 days after the Application is submitted. If IFA believes there is inadequate demand or proposed occupancy rates that would impact long-term financial feasibility, IFA may require a written analysis of the market study by a market study analyst of IFA's choosing. The Applicant shall agree to pay the cost of the written analysis. The Ownership Entity shall fulfill all post-award requirements and keep the Project in compliance for the Compliance Period and the Extended Use Period, if applicable. The Project shall be subject to the compliance monitoring requirements of Section 5.14.

1.4 Application Process. Applicants may submit an on-line Application at any time at www.IowaFinanceAuthority.gov in accordance with the following process. Applicants are advised to check IFA's website periodically for any amendments or modifications to the Application Package.

1.4.1 The Applicant shall submit a request for Tax Credits to IFA after the issuer of the bonds has approved an "inducement" resolution for the Project. If the Project is seeking mortgage insurance through the Federal Housing Administration (FHA), or credit enhancement from another source, the Applicant shall submit the request to IFA after the FHA or the credit enhancer has approved a preliminary mortgage amount.

1.4.2 The Tax Credit request shall be submitted in accordance with the QAP and the on-line Application. These QAP and Application requirements, including fees, will also be used in the IRS Form 8609 Application Package.

1.4.3 IFA shall review the Application, determine whether the Project is eligible and meets the requirements of the QAP, then make an initial determination of the Project's Tax Credit amount.

1.4.4 If the Project loan will be FHA-insured, IFA shall complete a HUD-required subsidy-layering review to assure that the Project complies with HUD guidelines pursuant to Section 911

of the 1992 Housing and Community Development Act (combining Tax Credits with HUD assistance).

1.4.5 If a Project satisfies the QAP requirements, as determined by IFA, IFA shall provide the Applicant and the bond issuer with an IRC Section 42(m) letter confirming that the Project satisfies the requirements of the QAP and stating the preliminary amount of Tax Credits for the Project. At the time the letter is sent, IFA will request that the issuer confirm IFA's determination of the Tax Credit based upon the bond issuer's determination of the minimum amount of Tax Credits necessary to assure the financial feasibility of the Project and its viability as a qualified low-income housing Project throughout the Tax Credit Period. In the event IFA is the bond issuer, its' own calculations shall be deemed sufficient to fulfill this requirement.

1.4.6 The Project shall be Placed-in-Service no later than 24 months following the date of the bond issuance.

1.4.7 The Applicable Percentage is established at either the month in which the building is Placed-in-Service, or at the Ownership Entity's election, the month in which the bonds are issued. If the latter is desired, the election statement shall be signed by the Ownership Entity, notarized and submitted to IFA before the close of the fifth calendar day following the month in which the bonds are issued.

1.4.8 In the year in which the Project is Placed-in-Service, the Ownership Entity shall request a final allocation of Tax Credits in accordance with deadlines posted on IFA's website. IFA will provide an IRS Form 8609 Application Package for final allocation requests.

1.4.9 Projects are required to enter into a Land Use Restrictive Agreement (LURA) for a 30-year period, which will govern the low-income use and any other QAP requirements and will follow the same final allocation Application process as Projects awarded Tax Credits in the nine percent (9%) round. A Project may request a Qualified Contract at the time period defined by Code. It is at IFA's sole discretion to approve or disapprove the request.

1.4.10 Special Considerations for Projects Located in a Qualified Census Tract. The Code allows the possibility of receiving a Tax Credit Reservation equal to one hundred thirty percent (130%) of Eligible Basis. The increased basis is allowed in areas defined by HUD as "Qualified Census Tracts" (QCT) or "Difficult Development Areas" (DDA). Applicants may request the higher basis, but IFA reserves the right to determine the Tax Credit Allocation amount required for feasible development. The LIHTC on-line Application will provide a list of QCTs and DDAs.

1.4.10.1 Community Service Facility. Tax Credits may be awarded to that portion of the building used as a Community Service Facility, not in excess of ten percent (10%) of the total Eligible Basis, if the building is located within a QCT. A "Community Service Facility" may include childcare, workforce development, healthcare, etc., and shall be designed primarily to serve individuals whose income is sixty percent (60%) or less of AMI.

1.4.11 Site Visits. IFA shall make site visits as it deems necessary to review the proposed Project and to verify any of the information provided in the Application. Applicants may or may not be notified of a site visit. If deemed necessary by IFA, Applicants shall provide building access for inspection.

1.4.12 Authorization Forms. IFA may request an executed IRS Form 8821, Tax Information Authorization Form, for each Developer for sharing of information between IFA and the IRS. Members of the Qualified Development Team (QDT), as determined by IFA, shall execute an Authorization to Release Information as part of the on-line Application.

1.4.13 Fees. IFA shall collect fees for the LIHTC Program as outlined in the on-line Application. Electronic payment of the fees is required. An Application shall not be accepted unless the Application fee accompanies the Application. The reservation fee will be due within 30 calendar days after the Tax Credit Reservation Date. If the date that the reservation fee is due falls on a weekend or holiday, the fee is due on the next business day. If the reservation fee is not received, IFA may withdraw the Tax Credit Reservation from the Applicant. IFA will not issue an IRS Form 8609 until the initial compliance monitoring fee is paid in full. All fees are nonrefundable except if the Applicant withdraws the Application within three business days of receipt by IFA, the Application fee will be reimbursed.

1.4.14 Discretion by the Board. The Executive Director, subject to approval by the Board, may determine whether to award Tax Credits to a Project proposing to use tax-exempt financing and 4% Tax Credits pursuant to the QAP.

1.4.15 Returning or New Developer in Iowa. If the Developer has not submitted an Application to IFA in the previous three nine percent (9%) LIHTC rounds or a four percent (4%) Application in the previous three calendar years, the Developer shall meet with the IFA LIHTC Manager to review the QAP and the Application process prior to submitting an Application. The party that meets the Section 3.3.2 requirement shall attend this meeting. IFA reserves the right to request a personal credit report or financial statements of the Developer.

1.4.16 Tax Credit Investor. A Project with a Tax Credit investor who has an Identity of Interest with an Owner Representative of the Project shall have a third party asset manager that is pre-approved by the IFA LIHTC Manager.

1.5 Prohibition of Applying Within the Initial 15-Year Compliance Period. Once a Project has been issued an IRS Form 8609, the Project is prohibited from applying for LIHTC credits until after the 15th year has been completed (of the initial 15 year Compliance Period).

SECTION 2. UNDERWRITING

The Applicant shall demonstrate that the Project is financially feasible and viable using the least amount of Tax Credits. Underwriting will be completed by IFA during the Application review process. IFA may adjust the amount of Tax Credits based upon the underwriting. Underwriting shall be completed for a Project prior to the time a reservation is awarded and before an IRS Form 8609 is issued. The pro forma cash flow is part of the Application. If a gap in financing is discovered after underwriting the Project, the gap may be filled from no more than sixty-five percent (65%) of the Developer's Fee. No other fee will be used to fill a gap in financing. IFA may require the Applicant to provide annual financial statements or credit reports for the Project Developer and the Ownership Entity.

The Applicant shall provide information regarding loans, grants, equity contributions, the anticipated value received from syndicators, equity partners or private funding sources for the Tax Credits State Historic Tax Credits (SHTCs) may be listed as a source of funds, provided that the Applicant can demonstrate that the equity received from these credits will be received prior to the issuance of the IRS Form 8609. SHTCs may not be used in underwriting if a gap in financing would exist beyond the issuance

of the IRS Form 8609. If the Applicant does not have a commitment for State Historic Tax Credits, a General Partner loan commitment is required.

The following minimum financial underwriting requirements apply to all Projects. Projects that cannot meet the minimum requirements, as determined by IFA, will not receive Tax Credits.

2.1 Underwriting Standards. All Projects shall reflect a Debt Service Coverage Ratio (DSCR) between 1.00 DSCR and 2.00 DSCR for the first 15 years.

2.2 Deferred Developer Fees. Developer fees can be deferred to cover a gap in funding sources as long as: (1) the entire amount will be paid within 15 years and meets the standards required by the IRS to stay in basis; and (2) the deferred portion does not exceed sixty-five percent (65 %) of the total amount as of the full Application. If the deferred Developer fee cannot be paid within 15 years, IFA will consider the unpaid amount to be a Developer contribution to the Project. Each of these will be determined by IFA. Nonprofit organizations shall include a resolution from their Board of Directors allowing such a deferred payment obligation to the Project. The deferred Developer fee shall be paid from the net cash flow and not be calculated into the minimum Debt Service Coverage Ratio.

2.3 Financing Commitment.

2.3.1 The Applicant shall provide a letter of intent for construction and permanent financing from the lending institution on the institution’s letterhead. This letter shall clearly state the term of the permanent loan, how the interest rate will be indexed, the current rate at the time of the letter, the amortization period, fees, and any prepayment penalties, anticipated security interest in the Property and lien position.

2.3.2 For all other sources, a commitment for funding shall be made in advance. This includes any other grants, loans, tax credits, tax increment financing, etc. Documentation that specifies the value of the commitment, the purpose the funds can be used for, and time limitations related to the commitment shall be provided from the entity making the commitment. A resolution adopted by the city council is an acceptable commitment for providing tax increment financing. A resolution adopted by the city council that allows the creation of a TIF district or an Urban Revitalization Tax Exemption (URTE), subject to the Project being awarded LIHTC, is an acceptable commitment.

2.4 Developer and Builder Fees.

2.4.1 Developer fees (including overhead and profit, Consultant Fees) shall not exceed the percentages described below. For new construction, the Developer’s Fee is calculated as a percentage of Total Project Costs minus land, Developer’s Fee, Developer’s overhead and profit, Consultant Fees and Project reserves. Fees paid to parties who have an Identity of Interest shall be fully disclosed, and at IFAs discretion, will be included in the allowable Developer fee. For acquisition/rehabilitation or rehabilitation Projects, the Developer’s fee is listed in the schedule below.

Project Type	Fee Limit
Developer Fee for New Construction Projects:	
First 36 Units within the Project	Not to exceed 14%
Remaining Units within the Project above 36	Not to exceed 12%

Developer Fee for Acquisition/Rehabilitation or Rehabilitation Projects:	
Rehabilitation Portion of Acq/Rehab or Rehab Projects, including Adaptive Reuse, Historic, and Preservation Projects	Not to exceed 15% of the Total Project Costs minus land, building purchase (existing structures), Developer' Fee, Developer's overhead and profit, Consultant Fees, and Project reserves.
Acquisition Portion of Acq/Rehab Projects, including Adaptive Reuse, Historic, and Preservation Projects	Not to exceed 5% of the purchase cost of the buildings (existing structures).

2.4.2 Builder and general contractor fees will be limited to a total of twelve percent (12%) of the Hard Construction Costs.

2.4.3 IFA reserves the right to limit professional fees and other fees related to services rendered to the Project. Fees paid to parties who have an Identity of Interest shall be fully disclosed, and at IFA's discretion, will be included in the allowable Developer fee.

2.5 General Partner Contribution. A minimum required contribution of \$100 by the General Partner/managing member shall be included in the funding sources in the Application.

2.6 Unit Cost Cap. IFA shall not award LIHTC to a Project in which the cost per Unit is greater than the Unit cost cap limits listed in Appendix D. Utility company rebates for energy efficiency measures will be included in the calculation of Total Project Costs. Projects receiving Federal Historic Rehabilitation Tax Credits will be allowed to deduct the residential portion of the Federal Historic Tax Credit from the Project costs to allow for stricter rehabilitation standards.

Please refer to Appendix D of the Application Package for the Unit cost cap limits.

Unit cost caps are maximum amounts. IFA provides no guarantee that Projects at or below the Unit cost caps will be deemed financially feasible.

IFA may, on a case-by-case basis, allow a Project to exceed the Unit cost cap. All requests to exceed the Unit cost cap on a 4% Tax Credit Project shall be required to go before the IFA Board of Directors for approval.

SECTION 3. THRESHOLD REQUIREMENTS - ALL DEVELOPERS\OWNERSHIP ENTITIES

To be considered for a Tax Credit Reservation, a Project shall demonstrate that it meets the requirements described in this Section.

3.1 Complete Application. In order for IFA to review an Application fairly and accurately, it shall be complete. If there is not adequate information provided to review the Application, and upon request from IFA to the Applicant, adequate information is not submitted, then IFA shall reject the Application.

3.2 Location Requirements. The proposed Project shall be located in an incorporated city.

3.3 Readiness to Proceed. The Applicant shall be ready to proceed with the Project by documenting site control, site suitability, adherence to building standards and a Qualified Development Team. Refer to Appendix 1-Threshold Requirements for Building, Construction, Site and Rehabilitation for related requirements. In addition, the following shall be met:

3.3.1 Appraisals.

3.3.1.1 Land/Acquisition with an Identity of Interest. For land and buildings which are acquired from a party with an Identity of Interest, the Applicant shall provide an appraisal by an MAI certified appraiser who is not a related party and is currently in good standing. The appraisal shall be no more than 180 days old on the date that the Application is submitted to IFA. The appraisal may be submitted to IFA 30 days following the date the Application is submitted to IFA.

3.3.2 Qualified Development Team. The Applicant is required to identify the Qualified Development Team (QDT) and to provide a narrative describing the function of each mandatory member of the QDT. The narrative shall explain how the QDT possesses the necessary experience to successfully complete the proposed Project and all other projects under construction, and that it has developed projects of comparable size and financing complexity. The Developer, managing member, General Partner or development consultant shall have participated as a Developer, managing member, General Partner or development consultant in the development of a LIHTC Project that has received an IRS Form 8609 from any state within the past seven years. This participation shall have been on a regular, continuous and substantial basis. Such qualifying member of the QDT shall participate in the proposed Project through two years after the issuance of the IRS Form 8609.

The qualifications of the QDT will be evaluated again at the reservation of Tax Credits and at the time of IRS Form 8609 Application. The Tax Credit Reservation may be revoked, at the sole discretion of IFA, if the QDT is not qualified to successfully complete the proposed Project. The management company/manager shall have at least three years of experience successfully managing a Section 42 Property. IFA reserves the right to request the audited financials of the management company.

IFA may require a financial background check of the Project Developer, General Partner/managing member, consultant, and the management company, or the Affiliates of any of the foregoing. If the background check discloses any financial difficulties, risks or similar matters that IFA believes might substantially impair or harm the successful development and operation of the Project as a qualified low-income housing Project, IFA may:

1. Refuse to allow the Qualified Development Team member to participate in the Tax Credit Program;
2. Reject or disqualify an Application and cancel any Tax Credit Reservation: and/or
3. Demand additional assurances that the development, ownership, operation or management of the Project will not be impaired or harmed (such as performance bonds, pledging unencumbered assets as security, opinions of financial solvency by an independent certified public accountant, or such other assurances as determined by IFA).

3.3.3 Reserved.

3.3.4 Reserved.

3.3.5 Ineligibility. If you have been determined ineligible under any IFA Program you are ineligible to apply for 4% Tax Credits until you are determined to be eligible. Significant Parties are subject to being deemed ineligible to participate in the LIHTC program as set forth below:

3.3.5.1 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period not less than five years from the date of determination of ineligibility; such parties may also be denied an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to five years prior to the effective date hereof):

3.3.5.1.1 Significant Parties who have been convicted of, entered in an agreement for immunity from prosecution for, received a deferred judgment or suspended sentence or judgment for, or pled guilty, including a plea of no contest, to a crime including any of the following:

- fraud,
- tax fraud,
- embezzlement,
- bribery,
- payments of illegal gratuities,
- perjury,
- false statements,
- racketeering,
- blackmail,
- extortion,
- falsification or destruction of records, or
- a crime of violence related to any housing Project.

3.3.5.1.2 Any syndicator, equity partner, private placement originator, limited partner or member of an LLC of a project from which, following the commencement of construction thru the issuance of an IRS Form 8609, the purchaser of Tax Credit equity withdraws.

3.3.5.2 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period of not less than three years from the date of determination of ineligibility; such parties may also be denied an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to three years prior to the effective date hereof):

3.3.5.2.1 Any Significant Party that intentionally or negligently misrepresents or omits any material fact in its LIHTC Application or in any other written communication with IFA.

3.3.5.2.2 Any Significant Party that has an uncorrected default of any agreement between the Significant Party and IFA.

3.3.5.2.3 Any Significant Party who has been removed as a General Partner or managing member by the equity investor from any previously approved LIHTC Project in Iowa or any other state.

3.3.5.3 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period of not less than one year from the date of determination of ineligibility; such parties may also be denied an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to one year prior to the effective date hereof):

3.3.5.3.1 Significant Parties who have Materially Participated in any Project that has had unsatisfactory performance, in Iowa or any other state, with a state-sponsored or housing-related assisted program, as determined by IFA. This includes parties with loans under any IFA program that are 60 days or more delinquent or have received more than two delinquency notifications in the previous 12 month period.

3.3.5.3.2 Significant Parties who have served as an officer, director, General Partner, managing member, accountant, architect, engineer, management agent, financial consultant, or any other consultant of any Entity that has unsatisfactory performance, in Iowa or any other state, with a state-sponsored or housing-related assistance program, or under any agreement or loan, as determined by IFA. This includes Entities with loans under any IFA program that are 60 days or more delinquent or have received more than two delinquency notifications in the previous 12 month period.

3.3.5.3.3 Significant Parties who have been declared ineligible or otherwise debarred from any housing-related assistance program by any Iowa state agency, by any LIHTC allocating agency of any other state, or by any federal agency.

3.3.5.3.4 Developers, Ownership Entities and the General Partners/managing members thereof, or any other persons determined by IFA to have an Identity of Interest or of personnel with any thereof, for whose project an IRS Form 8609 with Part II completed was not timely submitted to IFA, or for whose project an incorrectly completed IRS Form 8609 was submitted. The Owner completed IRS Form 8609 shall match the terms agreed upon in the LURA.

3.3.5.4 The following Significant Parties and the Projects with which they are associated may be deemed ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period to be determined by IFA, based upon its review of all relevant facts, up to and including permanent debarment, and such Significant Parties may be denied an IRS Form 8609 for the same period of time:

3.3.5.4.1 Significant Parties who have Materially Participated in a Project that has received from IFA or from any other state an IRS Form 8823 on which a box in the column headed "Out of compliance" has been checked (regardless of whether the noncompliance for which the IRS Form 8823 was issued has subsequently been corrected) or who have a history of repeated or significant Tax Credit compliance deficiencies, even if such significant Tax Credit compliance deficiencies have not resulted in an uncorrected IRS Form 8823. IFA may consider as mitigating or aggravating factors, the number of instances of noncompliance, whether the noncompliance has been corrected, the speed with

which the Project was brought back into compliance, and the degree of Control of the Significant Party in question over the out-of-compliance Project. Applicants are encouraged to work with the IFA Compliance staff to correct any outstanding issues prior to the Application deadline. If corrections cannot be completed prior to the Application deadline, the Applicant shall submit a detailed account, on the exhibit provided in the Application, of any noteworthy compliance issues or uncorrected IRS Form 8823's that have been issued with respect to properties associated with any Significant Parties. IFA issues a report, similar to an IRS Form 8823, called the "State Issued Notice of Noncompliance" which addresses issues that are not in compliance with the LURA to the Owner that also shall be corrected.

3.3.5.4.2 Significant Parties who fail to disclose any direct or indirect financial or other interest a member of the Project Qualified Development Team may have with another member of the Project's Qualified Development Team or with the Project.

3.3.5.4.3 An Applicant who fails to disclose all known members of the Project Qualified Development Team.

3.3.5.4.4 Significant Parties who have voluntarily agreed to be replaced as a General Partner or managing member of any previously approved LIHTC Project in Iowa or any other state as a result of performance issues.

3.3.5.4.5 Significant Parties who, within the past seven years, have filed for bankruptcy, or been a party to an adverse fair housing settlement, or an adverse civil rights settlement.

3.3.5.4.6 IFA staff may reduce the ineligibility period as to any given Significant Party, under Sections 3.3.5.1.2, 3.3.5.2 and 3.3.5.3 if such reduction is deemed to be in the best interests of IFA and affordable housing.

3.4 Displacement of Tenants. IFA will accept Applications that have displaced (or will displace) tenants, although involuntary permanent displacement of existing tenants is strongly discouraged. IFA reserves the right to reject any Application that fails to minimize permanent displacement of tenants and/or provide an adequate relocation plan. A formal relocation plan shall be submitted with the Application if the Project scope requires any form of temporary or permanent relocation of existing tenants. The proposed relocation plan shall provide an overview of the need for relocation, a proposed timeline, an estimated budget, and other information as requested in the Application to document that the need for temporary or permanent relocation of existing tenants is adequately addressed. If a federal funding source is used, the most restrictive relocation plan requirements shall be followed.

3.5 Confirmation of Eligibility—Rehabilitation or Acquisition. The Applicant is required to confirm eligibility under IRC Section 42(d) (2) (B) (ii) (the 10-year rule) by listing each building address, the date the building was Placed-in-Service by the Applicant from whom the building was or will be acquired, the date the building was or is planned for acquisition by the Applicant, and the number of years between the date the building was last Placed-in-Service and the expected date of acquisition. If the number of years for any building is less than 10 years, the Applicant shall explain any exception under the

Internal Revenue Code which would make the building eligible for Tax Credits under IRC Section 42(d)(2)(B)(ii).

3.6 Rehabilitation Standards. The Applicant is required to provide information regarding Rehabilitation Expenditures for each building as specified in Appendix 1 - Threshold Requirements for Building, Construction, Site and Rehabilitation. The Applicant shall identify, with respect to each building as required by the Application, the Rehabilitation Expenditures as defined in IRC Section 42(e)(2) which shall be allocable to or substantially benefit the Low-Income Units in such building. The Rehabilitation Expenditures shall be at least equal to \$15,000 of Hard Construction Costs per Low-Income Unit.

3.7 Building Standards. Preliminary site plan, floor plans and elevations are to be submitted with the Application to IFA for all of the buildings in the proposed development. The Applicant shall meet local, state and federal standards that apply to the Project, and meet IFA's minimum development characteristics. For additional requirements and a list of the minimum development characteristics, refer to Appendix 1-Threshold Requirements for Building, Construction, Site and Rehabilitation.

3.8 Scattered Sites. The Applicant shall submit a composite Application reflecting the total of all sites as well as separate site specific exhibits for each site included in the Project. A Scattered Site is a Project where multiple buildings with similar Units are not located in proximity to one another, but are owned by the same party and financed under the same agreement(s). A Scattered Site Project may be new construction, acquisition, rehabilitation or a combination of these types. For Scattered Site Projects, all Units shall be qualified LIHTC Units.

3.9 Acknowledgements. The Applicant shall acknowledge the following:

1. The commitment to Notify Public Housing Authority (PHA) of Vacancies.
2. The notification of the Chief Executive Officer of the Local Jurisdiction where the proposed Project is located. IFA will send a summary of the characteristics of the proposed Project to the Chief Executive Officer.
3. The Affirmative Fair Housing Marketing Plan (AFHMP) requirement and shall submit the plan to IFA no less than 120 days prior to the Placed-in-Service Date. The Property shall maintain an AFHMP throughout the Compliance Period and Extended Use Period. A new plan shall be established and approved by IFA every five years or as prescribed by HUD, whichever is stricter.
4. All awarded Projects shall be listed on Iowa's free rental housing locator at www.IowaHousingSearch.org. The Applicant shall list the Property no less than 120 days prior to the Placed-in-Service Date. The Property shall maintain the listing throughout the Compliance Period and Extended Use Period. Failure to list the property is an unsatisfactory performance issue with IFA and may deem the party ineligible for future rounds. IFA reserves the right to change this requirement if a free rental housing locator is no longer maintained.
5. In order to comply with Section 8.27 of Section 504 of the Rehabilitation Act of 1973, the Owner shall lease Accessible Units designed for persons with disabilities to tenants requiring the accessibility features of the unit. The Applicant shall require a lease addendum to be executed by a tenant(s) occupying that Accessible Unit, who does not require such Accessible features. In the lease addendum, the tenant shall agree to move to a comparable non-accessible Unit upon the request of the Owner with moving expenses to be paid by the Owner. The lease addendum shall be submitted no less than 120 days prior to the Placed-in-Service Date. The Property shall maintain the lease addendums throughout the Compliance Period and the Extended Use Period.

6. Owners shall develop and make public written tenant selection policies and procedures that include descriptions of the eligibility requirements and income limits for admission. The tenant selection plan shall include whether or not there is an elderly restriction or preference in the admission of tenants. The restriction or preference must cite the supporting documentation to ensure nondiscrimination in the selection of tenants. The policy shall show a preference for Persons with a Disability. The plan also shall be consistent with the purpose of improving housing opportunities and be reasonably related to program eligibility and the rental applicant's ability to perform the obligations of the lease. The tenant selection plan shall be submitted at least 120 days prior to the first Unit Placed-in-Service. The Property shall maintain the plan throughout the Compliance Period and Extended Use Period. The plan shall be provided and reviewed by IFA every five years.

3.10 Adequate Market. The market study and analysis shall only be used to demonstrate that there is adequate sustained demand for the proposed Project, and that the construction or rehabilitation of the additional affordable Units will not have an adverse impact on the existing affordable Units in the market area.

3.11 Senior Projects. Senior Projects are not allowed anything greater than 2 bedrooms per unit.

3.12 All buildings that contain residential rental Units shall have at least one Low-Income Unit. The LIHTC Available Unit Rule (AUR) or sometimes referred to as the Next Available Unit Rule (NAUR) shall apply to all buildings in the Project. Each buildings Applicable Fraction shall be maintained throughout the Compliance Period and the Extended Use Period.

3.13 Market rate single family homes shall not be allowed in any Project. Market rate Units shall be dispersed throughout the property rather than segregated.

SECTION 4. POST RESERVATION REQUIREMENTS

Once a Tax Credit Reservation has been awarded, the following additional requirements will apply. Failure to comply with any provision of this Section may result in revocation of the Tax Credit Reservation, withholding of the IRS Form 8609 or issuance of an IRS Form 8823.

4.1 Amendments to the Application After Award. The Ownership Entity may amend, with the IFA LIHTC Manager's consent, the Application after a Tax Credit Reservation is made, solely for the purpose of showing changes as described by the following:

4.1.1 A minor change, as determined by IFA at its' sole discretion, in the nature of the Project or changes in partnership members, shareholders, or limited liability members.

4.1.2 Any changes beyond this, the Applicant needs to request a new Tax Credit Reservation.

4.2 Transfers. The Tax Credit Reservation is not transferable. IRS Form 8609 allocations will be issued only in the name of the Ownership Entity named in the Application. Transfers subsequent to the issuance of the IRS Form 8609 allocation are subject to the LURA and to the provisions of IRC Sections 42(d)(7) and 42(j) of the Code.

4.3 Reserved.

4.4 IRS Form 8609. All Applicants requesting an IRS Form 8609 allocation shall submit all items described in IFA's current IRS Form 8609 Application package. The Ownership Entity shall complete

Part B and return a copy of the fully executed IRS Form 8609 to IFA within 60 days of IFA sending the IFA executed IRS Form 8609. The Owner's completed IRS Form 8609 shall match the terms agreed upon in the LURA. Failure to submit the fully executed IRS Form 8609, within 60 days of IFA sending the IFA executed IRS Form 8609, may result in a State Issued Notice of Noncompliance.

Owners and management companies of Projects shall attend a minimum of eight hours compliance training that is provided by an approved third party trainer, or by attending all sessions designated as fulfilling this requirement offered at the annual HousingIowa Conference prior to receiving the IRS Form 8609 from IFA. At the time the IRS Form 8609 Application Package is submitted, a Certificate of Compliance Training for the General Partner and property manager shall be provided. The date for the Certificate of Training shall be issued no earlier than 12 months from the time that the IRS Form 8609 Application is submitted.

All on-site property management staff will complete Mental Health First Aid training approved by the Iowa Department of Human Services and/or an Olmstead Consumer Taskforce approved Disability awareness training program, such as may be offered by a Center for Independent Living. The date for the Certificate of Training shall be issued no earlier than 12 months from the time that the IRS Form 8609 Application is submitted.

4.5 Changes to Ownership Entity Structure. The Ownership Entity shall notify IFA prior to any change to the structure of the Ownership Entity (such as a change in a General Partner, change in the ownership of a corporation or change in the membership of a limited liability company) after the Tax Credit Reservation is issued. Any change in the Ownership Entity shall meet the requirements described in the QAP before IFA shall consent to the change. If the requirements outlined in the QAP are not met, the request may not be approved. It is at IFA's sole discretion to approve or disapprove the request.

4.6 Prior to Placed-in-Service Date.

4.6.1 Prior to the Placed-in-Service Date, a copy of the following shall be submitted to IFA:

1. For new construction Projects with four stories or more, documentation by an independent licensed engineer that the Project meets or exceeds ANSI/ASHRAE/IES Standard 90.1-2010..
2. For new and existing structures, an energy audit by a certified energy rater that verifies that the recommended energy performance measures established in the final rehabilitation work order were installed correctly.

4.6.2 At least 120 days prior to the first Unit's Placed-in-Service Date, a copy of the following shall be submitted to IFA.

1. Affirmative Fair Housing Marketing Plan
2. Documentation that the Project is listed on Iowa's free rental housing locator at www.IowaHousingSearch.org.
3. A Commitment to Notify Public Housing Authority (PHA) of vacancies.

4.6.3 Operating and Replacement Reserves. Within six months from the date IFA sends the IFA executed 8609, the Ownership Entity shall provide IFA with verification that the Operating and Replacement Reserve accounts have been funded, and the terms and conditions have been met.

4.6.4 Annual Audited Financials. Tax Credit recipients shall submit annual audited financial statements for the Project within 90 days of the close of the Project's fiscal year, beginning the year after they have received the IRS Form 8609. IFA may require more frequent financial statements, such as an income and expense statements and balance sheets not more than 30 days old. The more frequent financial statements need not be audited. Year-end statements shall be certified by a Certified Public Accountant (CPA).

4.7 Construction. Construction shall begin on a Project within 18 months from the Tax Credit Reservation date.

4.7.1 IFA may periodically request a status report on the Project's construction timeline.

4.7.2 An IFA construction sign meeting specifications outlined in the Application and appendices shall be erected at the initiation of construction.

4.7.3 Final plans and specifications shall be submitted to and approved by IFA before commencing site work and construction. Plans shall meet all applicable building standards and codes, and IFA's minimum development characteristics. Final plans shall incorporate any and all remediation plans to address detrimental site characteristics.

4.7.4 The Ownership Entity shall promptly inform IFA of any changes or alterations which deviate from the final plans and specifications, as approved by the IFA LIHTC Manager.

4.7.5 If required for the Project in Appendix 1-J, a Capital Need Assessment shall be submitted to and approved by IFA prior to commencing construction.

4.7.6 For existing structures, prior to the preparation of the final work rehabilitation order and start of rehabilitation, the Ownership Entity shall provide a copy of the energy audit conducted by a certified home energy rater to IFA. The rater, Owner and IFA will determine the feasibility of meeting the requirements of IECC. Appropriate specifications to meet IECC standards or alternate cost-effective energy improvements shall be included in the final work rehabilitation order and shall be submitted with the plans and specifications for approval before starting construction.

4.7.7 If the Project meets the criteria set forth in Section 3.4, a copy of the final relocation plan and copy of the notice to existing tenants shall be provided to IFA at the time of the IRS Form 8609 Application.

TERMS AND CONDITIONS

The following terms and conditions apply to all Applicants and Projects that receive a reservation of four percent (4%) Tax Credits.

SECTION 5: TERMS AND CONDITIONS

5.1 Documents Incorporated by Reference. The items described in this Section are incorporated by reference in the QAP. The QAP will be deposited in the Iowa State Law Library. Statutory references are available in the Iowa State Law Library.

5.1.1 26 USC Section 42 as amended and the related Treasury regulations in effect as of January 1, 2014.

5.1.2 Iowa Code Section 16.35 and the rules promulgated by IFA to govern the LIHTC Program in effect as of the effective date hereof.

5.1.3 In the case of any inconsistency or conflict between the items listed in this Section, conflicts shall be resolved as follows:

5.1.3.1 First, by giving preference to IRC Section 42 and the related Treasury regulations.

5.1.3.2 Second, by giving preference to Iowa Code Sections 16.4, 16.35 and the rules governing the QAP; and

5.1.3.3 Third, by giving preference to the QAP.

5.2 Binding Obligations. The representations made in the Application shall bind the Applicant and shall become a contractual obligation of the Developer and the Ownership Entity and any Entity the Developer or the Ownership Entity is representing in the presentation of the Application or a successor in interest in the event Tax Credits are awarded to a proposed Project. The contractual obligation shall constitute the agreement between the parties, as represented by the Developer or Ownership Entity, within the following documents: the QAP, Application (with any permitted amendments either prior to the Tax Credit Reservation, after the Carryover Allocation, after issuance of the IRS Form 8609, or during the Compliance Period and Extended Use Period, if applicable) and any other agreements executed between IFA and the Ownership Entity.

5.3 Land Use Restrictive Covenants (Land Use Restrictive Agreement (LURA)). The Project shall be subject to the LURA which requires, among other things, that the Project will be used for affordable housing for the required 15-year Compliance Period and Extended Use Period, if applicable. The original document shall be recorded before an IRS Form 8609 is issued. The LURA shall be binding on all successors of the Ownership Entity and run with the land as provided by Section 42(h)(6). Although the LURA will terminate in the event of foreclosure, Section 42(h)(6)(E) (ii) requires that certain limitations as to termination of tenancies and rent increases survive such foreclosure for a period of three years. As a result, all other lenders or prior lien holders shall consent to the recording of the LURA as a restrictive covenant encumbering and running with the land and acknowledge and agree that those provisions of the LURA that set forth the requirements of Section 42(h)(6)(E)(ii) of the Code are superior to the lender or lien holder's security interest and shall continue in full force and effect for a period of three years following the date of acquisition of the Project by foreclosure (or instrument in lieu of foreclosure). The Ownership Entity shall provide adequate evidence that the LURA is binding on all successors of the Ownership Entity and runs with the land. Adequate evidence includes but is not limited to a copy of a

final title opinion showing all the current liens against the Property or a title guaranty certificate showing exclusions. The LURA will also comply with other requirements under the Code, QAP, other relevant statutes and regulations and all representations made in the Project Application. If the Property in the Application has an existing LIHTC LURA, then the original LURA requirements, in addition to the Project LURA requirements, will be enforced by IFA.

5.4 Disclosure of Information Regarding Equity Investors or Syndicators. The Applicant shall reveal the name and address of all of the equity partners, investors or syndicators involved in a Project regardless of the nature of the placement of the Tax Credits. If the name of the equity partner or syndicator changes following the time of Application, the Application can be amended after the Tax Credit Reservation is issued. An IRS Form 8609 will not be issued unless the name of a syndicator or equity partner is revealed to IFA. Applicants that have been awarded Tax Credits shall also disclose the name and address of equity partners, investors or syndicators involved with Projects being monitored by IFA. If an IRS Form 8609 has been issued, failure to supply the syndicator or equity partner or investor information may result in the filing of an IRS Form 8823 with the Internal Revenue Service. See Treasury Regulation 1.42-5(a)(2)(ii); IRS Tax Memorandum No. 199944019, August 8, 1999. A Project with a tax credit investor who has an Identity of Interest shall have a third party asset manager that is pre-approved by the IFA LIHTC Manager.

5.5 Document Timeliness. All supporting documentation required by the Application shall not be more than 180 days old on the date that the Application is submitted to IFA. Exceptions allowed would include documents not specifically produced for the Application, such as a valid purchase agreement, deed, land title document, Articles of Incorporation and IRS letters to a Nonprofit stating they are an exempt organization under IRC Section 501(c)(3) or 501(c)(4).

5.6 Opinions and Certifications. The Applicant shall file certifications and professional opinions in support of the Application. All certifications, opinions and documents submitted by attorneys, the Applicant, or other professionals shall be based on an independent investigation into the facts and circumstances regarding the proposed Project. Any opinion submitted by any professional that is not based on an independent investigation of the facts and circumstances of a proposed Project will not be accepted. All certifications shall be in the form specified by IFA. The certifications shall be made under penalty of perjury.

5.7 Fractional Rounding. For the purposes of determining the number of Units in an Applicant's election(s), fractional Units will be increased to the next whole Unit.

5.8 Costs Associated with Application Preparation. IFA is not responsible for any costs incurred by the Applicant.

5.9 Ownership of Applications. IFA shall become the owner of the Application.

5.10 Public Information. The contents of all Applications shall be placed in the public domain and be opened to inspection by interested parties subject to the provisions of Iowa Code Chapter 22. IFA may treat all information submitted by the Applicant as a public record unless the Applicant properly requests that the information be treated as confidential information at the time the Application is submitted. Any request for confidential treatment of information shall be included in a cover letter with the Application and shall enumerate the specific grounds in Iowa Code Chapter 22 or other provisions of law that support treatment of the material as confidential and shall indicate why disclosure is not in the best interest of the public. The request shall also include the name, address, and telephone number of the Person authorized by the Applicant to respond to any inquiries by IFA concerning the confidential status of the materials. In the event IFA receives a request for the release of information that includes material the Applicant has

marked as confidential, IFA shall provide a written notice to the Applicant regarding the request. Unless otherwise directed by a court of competent jurisdiction, IFA will release the requested information within 20 days after providing the written notice of the request to the Applicant. The Applicant's failure to request confidential treatment of material pursuant to this Section may be deemed by IFA as a waiver of any right to confidentiality.

5.11 No Representation or Warranty Regarding the QAP. IFA makes no representation or warranty to any Person or Entity as to compliance issues or the feasibility or viability of any Project.

5.12 IFA Policy on Civil Rights Compliance. IFA is an equal opportunity concern. The Applicant and any of its employees, agents or sub-contractors doing business with IFA understands and agrees that it is the responsibility of the Developer and Ownership Entity to adhere to and comply with all federal civil rights legislation including the Fair Housing Laws, Section 504 of the Rehabilitation Act of 1973, the Americans With Disabilities Act, as well as any state and local civil rights legislation. It is the legal responsibility of the Developer and Ownership Entity to be aware of and comply with all non-discrimination provisions of federal, state or local law.

5.13 Qualified Residential Rental Property. The Applicant shall certify that the Project as proposed is a Qualified Residential Rental Property. IFA reserves the right to require the Applicant to supply a legal opinion that the Project as proposed is a Qualified Residential Rental Property.

5.14 Compliance. IFA shall establish procedures for monitoring compliance during: (1) the Compliance Period with the provisions of IRC Section 42 and for notifying the Internal Revenue Service of any noncompliance; and (2) the Compliance Period and the Extended Use Period with the provisions of the LURA and the QAP under which they were awarded. Each Ownership Entity is required to comply with the requirements described in this Section, the Treasury Regulations governing Section 42, Revenue Procedure 97-11, and the compliance manual adopted by IFA.

5.14.1 Record Keeping. For each year in the Compliance Period and the Extended Use Period, if applicable, the Ownership Entity or its successor in interest shall keep records for each qualified low-income building in the Project, consistent with the Treasury Regulations governing Section 42. The Ownership Entity or its successor in interest shall retain these records for each building in the Project for at least six years after the due date (with extensions) for filing the federal income tax return for that year. The records for the initial taxable year shall be retained for at least six years after the due date for filing the federal income tax return for the last year of the Compliance Period and Extended Use Period, if applicable, of the building.

5.14.2 Annual Certifications. The Ownership Entity shall make all necessary annual certifications required by IFA for the preceding 12-month period, as described in the Treasury Regulations governing Section 42 and the compliance manual adopted by IFA.

5.14.3 Review and Inspections. IFA shall review the certifications submitted in conformance with the Treasury Regulations governing Section 42 effective on the effective date of this QAP. IFA shall have the right to inspect the Projects in conformance with the standards set forth in the Treasury Regulations governing Section 42. IFA shall provide 48-hour advance notice to the Ownership Entity to inspect any individual Units in a Project. The Ownership Entity shall provide 24-hour advance notice of the inspection to the tenants in the Low-Income Units. Otherwise, advance notice to the Ownership Entity is not necessary for purposes of the inspection provisions set forth in the Treasury Regulations governing Section 42. The owner certifications and reviews of compliance reports shall be made annually. The physical inspection and tenant file reviews shall be made once every three years covering the 15-year Compliance Period and Extended Use

Period, if applicable, under IRC Section 42(i)(1). IFA may require that certifications, reviews and inspections be made more frequently, provided that all months within each 12-month period are subject to certification. The reviews, audits and inspections shall continue through the length of the Extended Use Period.

5.14.4 Notice of Noncompliance. IFA will provide prompt written notice to the Ownership Entity of a Project if found to be out of compliance. The notice will describe the events of noncompliance and advise the Ownership Entity of the Project of the time period to correct the events of noncompliance.

5.14.5 Correction Period. The correction period shall not exceed 90 days from the date the notice of noncompliance is sent to the Ownership Entity. IFA may extend the correction period for up to six months, but only if IFA determines there is good cause for granting the extension. During the 90-day time period, or an extension thereof, the Ownership Entity shall supply any missing certifications and bring the Project into compliance with the provisions of IRC Section 42.

5.14.6 Notice to Internal Revenue Service. IFA will send a written notice to the Internal Revenue Service along with an IRS Form 8823 in the event of a finding of noncompliance by an Ownership Entity. Copies of the IRS Form 8823 and the Internal Revenue Service notice will be forwarded to the Ownership Entity.

5.14.7 Reserved.

5.14.8 Delegation of Monitoring. IFA may retain an agent or other private contractor (the "authorized delegate") to perform compliance monitoring. The authorized delegate shall be unrelated to the Ownership Entity of any building that the authorized delegate monitors.

5.14.9 Liability. Compliance with the requirements of IRC Section 42 is the responsibility of the Ownership Entity of the building for which the Tax Credits are allowable. IFA's obligation to monitor for compliance with the requirements of IRC Section 42 shall not make IFA liable for an Ownership Entity's noncompliance.

5.14.10 Violence Against Women Act (VAWA). Title VI of the 2013 VAWA Act, Safe Homes for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking, expanded the applicability of the ACT to Low Income Housing Tax Credit program. VAWA protects both child and adult victims of domestic violence, dating violence, sexual assault and stalking. All LIHTC owners and managers shall comply with the requirements of this Act and shall use HUD 91066, Certification of Domestic Violence, Dating Violence or Stalking and HUD 91067, Lease Addendum.

APPENDIX 1 – THRESHOLD REQUIREMENTS FOR BUILDING, CONSTRUCTION, SITE AND REHABILITATION

The terms of this Appendix 1 are the minimum requirements for any Project awarded Tax Credits under the QAP for 4% tax credits. Required documents for Sections C, F, G (except for item G-16), H, and I shall be prepared by a duly licensed engineer or architect authorized to do business in Iowa. HERS ratings shall be submitted by a RESNET certified rating agent.

Once final plans, specifications and the energy audit or analysis have been completed; the Applicant shall submit them to IFA and receive written approval before commencing site work or construction.

At all times after award, the Applicant shall promptly inform IFA's LIHTC Program Manager and Construction Analyst in writing of any changes or alterations which deviate from the plans and/or programmatic elements submitted in the original application or in the final plans and specifications approved by IFA to proceed with construction. In particular, the Applicant shall not take action on any material change in the site layout, floor plan, elevations or amenities without written authorization from IFA. This includes changes required by local governments to receive building permits.

Requirements for Accessible Units shall be met regardless of the building type and include single family or duplex designs. All rooms and floors within a multi-level Accessible Unit shall be accessible. Accessible Units shall be dispersed throughout the property rather than segregated.

All of the Low-Income Units shall be generally distributed in terms of location and number of bedrooms throughout the Project. The Low-Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those Units which are available to other tenants.

A. Site Control. At the time of Application, the Applicant shall have site control and show evidence of it by providing executed documents. Site control shall be continuous and uninterrupted throughout the completion of the Project. The Applicant shall show evidence of site control by providing executed documents. The following shall be proper evidence of site control:

1. The Applicant holds sole fee simple title to the Property on which the Project will be located by: (a) a properly executed and recorded warranty deed; (b) an Iowa attorney real estate title opinion; or (c) a Title Guaranty Owner Certificate; or
2. The Applicant has an executed and exclusive purchase option or contract that is valid for nine months following the date of the Application deadline. Evidence of site ownership shall be submitted with the IRS Form 8609 Application Package; or
3. The Applicant has an executed lease or an option on a lease, which has a term not less than the longer of: (a) the entire period during which the proposed Project will be subject to the LURA; or (b) 35 years.
4. There shall be a common ownership between all Units and buildings within a single Project for the duration of the Compliance Period and Extended Use Period.
5. The Applicant shall provide the location of existing and proposed easements on the site.
6. The Applicant shall provide the most current real estate tax assessment.

B. Reserved.

C. Zoning. The Applicant shall demonstrate that the zoning for each site on which the Project will be located allows for the use(s) proposed by the Applicant. A letter from the city regarding zoning shall be submitted with the Application. The city zoning department shall provide a statement that the official plat is properly zoned. Site plans submitted shall show that; (1) the Project will have the proper number

of parking stalls; (2) the Project will be located on a paved road; (3) the Property is not landlocked and has a legal easement(s); and (4) right of ways have been granted, if applicable. If the proposed Project location does not have zoning regulations, a letter from the city shall be submitted attesting to the fact that no zoning regulations are in effect. If the site is not zoned appropriately at threshold Application, the Applicant shall certify in the LIHTC Application that the site will be zoned appropriately by the IRS Form 8609 Application due date.

D. Access to Paved Roads. All sites proposed shall, by the time of construction completion, have direct contiguous access from the Project site to existing paved publicly dedicated right of ways. Where the construction of a paved road to the site is required the cost of construction of the paved road shall not be included in the Project costs.

E. Access to Utilities. The Applicant shall certify that all Utilities are or will be physically available to and have adequate capacity for the proposed Project. If Utilities are not available to the site on the date the Application is submitted, the Applicant shall supply adequate evidence that demonstrates that the Utilities will be available by start of construction. This evidence shall include the appropriate funding source the Applicant will utilize for the Utility extension. Any charges for the extension of services that are not normal extensions may not be included in Eligible Basis. Utilities shall be available at the site prior to the issuance of an IRS Form 8609.

F. Building Standards. Preliminary site plan and floor plans are to be submitted with the Application to IFA. The Applicant shall demonstrate that they have or will meet local, state and federal standards that apply to the Project. Applicable Codes include the most recently enacted versions of:

1. International Energy Conservation Code adopted by the International Code Council.
2. Iowa Administrative Code Chapters: 300 (Administration), 301 (General Provisions), 302 (Accessibility of Building), 303 (Energy Conservation), and 350 (State Historic Building), and 25 (State Plumbing Code) and the codes in effect in the jurisdiction in which the project is located.
3. Accessibility Standards - American National Standards Institute Standard 2009 A117.1.

G. Minimum Development Characteristics. In order to enable long-term housing affordability, low maintenance building exteriors and high energy efficiency components and appliances are encouraged.

The following minimum development characteristics shall be utilized in all construction:

1. Exterior Construction: Air infiltration barrier building wrap required on all new siding installations. Siding within six feet of the ground shall be durable and impact resistant.
2. Roofs: If shingles will be installed, then the use of a minimum of 30-year shingles shall be required. For flat roofs, a system with a 10-year full warranty is required. Full warranty shall include all labor and materials for the entire roofing system and insurance rider for consequential damage.
3. Unit Doors: Direct Unit access to exteriors, insulated metal or fiberglass panel type with optional thermo-pane glass insert, 180-degree peephole, lockset and deadbolt lock with one inch throw.
4. Unit Doors: Interior common hall Unit entry of steel or solid core wood with 180-degree peephole, with passage set and deadbolt lock with one inch throw.
5. Appliances: The kitchen shall have a cook top, an oven, a microwave, a cooling/freezing unit, and a sink. A Family Unit shall have a two bowl kitchen sink. See the Single Room Occupancy definition in Appendix 2-Glossary of Terms for exceptions. Appliances, (refrigerators, washing machines, dishwashers and exhaust fans), shall be Energy Star rated.

6. Carpeting: Carpets, carpet cushion (i.e. padding), and carpet adhesives shall be low VOC and meet the face weight criteria in the table below.

Minimum Weight and Density Requirements for Carpet			
		Nylon	Nylon /Olefin Blend
Location:		Face Weight	Face Weight
In Units	Level/textured Loop	22 oz.	26 oz.
	Cut-Pile Heat Set Plied	24 oz.	30 oz.
Common Areas	Level/textured Loop	26 oz.	28 oz.
	Cut-Pile Heat Set Plied	28 oz.	32 oz.

*Polyester carpet is not allowed.

7. Resilient Flooring: Kitchens – made from products that do not use vinyl chloride in the manufacturing process and do not produce dioxin
8. Resilient Flooring: Bathrooms – sheet vinyl with wear surface of 20 mils or greater, with underlayment product on second or higher floors. Resilient flooring shall be made from products that do not use vinyl chloride in the manufacturing process and do not produce dioxin. An alternative is natural linoleum flooring, tile flooring, or bamboo.
9. Cabinetry: All cabinets, shelves, and countertops made with materials that have no added formaldehyde in the manufacturing process. Laminate countertops are required, at a minimum.
10. Window Covering: Window coverings are required. A spring loaded type window shade is not an approved covering.
11. Laundry: A common laundry room facility located on site with a minimum of one washer/dryer to serve each 12 Units. A minimum of one front loading accessible washer and dryer is required. An Applicant can provide a washer and dryer in each Unit in lieu of a common laundry room facility.
12. Heating and Air Conditioning: All Units shall be heated and air conditioned. Air conditioning equipment should be at least 13 SEER and use R-410a refrigerant that is charged according to manufacturer specifications. Thru-wall A/C units shall be at least 10.7 EER. Heating equipment should be at least 90 AFUE for furnaces and 85 AFUE for boilers. Window units are not allowed.
13. Accessible Units: In new, as well as rehab construction, a minimum of five percent (5%) of all Units supplied shall be Fully Accessible, (as defined in ANSI 117.1) on the building accessible routes which includes all floors if an elevator is provided. A minimum of two percent (2%) of all Units supplied shall be adapted for hearing and/or vision impairments as Units with Accessible Communications Features. The two percent (2%) cannot be included in the five percent (5%) of the Accessible Units. Accessible units shall be dispersed throughout the property and different bedroom sizes rather than segregated.
14. High-Speed Internet Access: Provide high speed internet access to each Unit by wiring for broadband, wireless, or digital subscriber line (DSL). The monthly service fees shall be the responsibility of the tenant.
15. Closets: A closet with a door (2 foot x 5 foot minimum) shall be provided in each bedroom. The minimum complement of closets per Unit include 1 linen and 1 coat closet.
16. Energy Efficiency: New construction developments with three stories of residential space or less shall meet the Iowa State Code and IECC. A home energy rating performed by a certified energy rater is required on each building after it is completed to verify that actual construction meets IECC and IFA’s energy related requirements have been installed. The contract for the compliance determination shall be between the certified rater and the Ownership Entity. If

upon completion, a Project does not meet these requirements, additional steps shall be taken by the Ownership Entity to obtain compliance prior to issuance of the IRS Form 8609.

For existing structures that receive a Tax Credit Reservation, an energy audit conducted by a certified home energy rater or firm specializing in energy efficiency that is acceptable to IFA, shall be provided on each building with the submittal of the drawings and specifications to IFA for review. At the completion of the rehabilitation, an energy audit by the same certified energy rater is required to verify that the rehabilitation work on each building meets the standards of IECC. If upon completion, a Project does not meet the specified energy improvements, additional steps to do so shall be taken by the Ownership Entity prior to the issuance of the IRS Form 8609.

For new construction Projects with four stories or more, submit documentation by an independent licensed engineer that the Project meets or exceeds ANSI/ASHRAE/IES Standard 90.1-2010.

17. Minimum Unit Square Footage for New Construction and Adaptive/Reuse:

Unit Type	Minimum Unit Square Footage
Efficiency	450
1 Bedroom	625
2 Bedroom	800
3 Bedroom	1,000
4 Bedroom	1,175

18. Site Lighting: It is important that Projects include site lighting adequate to ensure safe and secure travel from parking areas to Unit or building entries. Care should be taken to provide energy efficient lighting that is not excessive or intrusive to the neighborhood. Areas covered by security cameras should be illuminated. Cutoff fixtures that direct light downward are encouraged. Minimum requirements of the Iowa State Code will apply in any case. Adequate security lighting is a requirement for final inspection sign-off by IFA.

H. Submission of Site Characteristics. The site shall be suitable for the proposed Project and shall be sized to accommodate the number and type of Units and the amenities proposed. The land costs allocated to the Project cannot include excess acreage unnecessary for the construction and use of the Project.

The Applicant shall provide a narrative of the current use of the Property, all adjacent Property land uses, and the surrounding neighborhood. Labeled colored photographs (or color copies) of the proposed Property and all adjacent properties shall be provided, as well as a clear map identifying the exact location of the Project site. In addition, a plat map of the site or proposed replatting map of the site shall be submitted. If the site(s) includes any detrimental characteristics, the Applicant shall provide a remediation plan and budget, subject to IFA's approval at its sole discretion, to make the site suitable for the Project. If any detrimental site characteristics exist on, or adjacent to the site, IFA may reject the Application. The following represent some, but not all, detrimental site characteristics:

1. Sites located within a half mile of storage areas for hazardous or noxious materials, sewage treatment plant or other solid waste facility, businesses or equipment producing foul odors or excessive noise or the site is a prior storage area for hazardous or noxious materials, sewage or other solid or liquid waste;
2. Sites where the slope/terrain is not suitable for a Project based on extensive earth removal/replacement required for development;
3. Sites where there are obvious physical barriers to the Project;

4. Sites that are located within a half mile of a sanitary landfill or sites that were previously used as a sanitary landfill;
5. Sites that are located within a flood hazard area, at or on a 100-year flood zone as determined by the Iowa Department of Natural Resources, FEMA map or a FIRM map;
6. Sites that are located within 500 feet of an airport runway clear zone or accident potential zone;
7. Sites that are landlocked; or
8. Sites that are native prairie land or designated wet lands..

I. Rehabilitation Standards. For all preservation and rehabilitation Projects, IFA requires the Applicant to provide information regarding Rehabilitation Expenditures for each building. The information shall address how the Applicant will meet all of the Building Standards and Minimum Construction Characteristics. The Applicant shall identify, with respect to each building as required by the Application, the Rehabilitation Expenditures as defined in IRC Section 42(e)(2) which shall be allocable to or substantially benefit the Low-Income Units in such building. The Applicant shall provide the calculations for whether the amount of Rehabilitation Expenditures is at least equal to \$15,000 of Hard Construction Costs per Low-Income Unit.

The Scope of Work shall, at a minimum, address activities related to:

1. Making common areas accessible, creating or improving sidewalks, installing new roof shingles, adding gutters, sealing brick veneers, applying exterior paint or siding, and re-surfacing or re-paving parking areas.
2. Improving site and exterior dwelling lighting with Energy Star qualified lighting fixtures, landscaping/fencing, and installing high quality vinyl, hardiplank siding or brick.
3. Using energy efficient related Energy Star labeled products to replace inferior ones, including insulated windows.
4. Improving heating and cooling units, plumbing fixtures and water heaters, toilets, sinks, faucets, and tub/shower Units to meet minimum efficiency standards for new construction above.
5. Improving quality of interior conditions and fixtures, including carpet, vinyl, interior doors, painting, drywall repairs, cabinets, Energy Star appliances, Energy Star light fixtures, and window coverings to meet minimum efficiency standards for new construction above.

Drawings shall show the location of the work indicated in the Scope of Work.

J. Capital Needs Assessment (CNA) for Rehabilitation and Preservation. The Applicant shall acknowledge the CNA requirement and that IFA will use it prior to commencing construction. The CNA shall be prepared by a competent third party that regularly provides CNA's as a basic or core service. The third party may be a member of the Qualified Development Team with prior approval by IFA, but may not be the Ownership Entity or Developer.

APPENDIX 2 – GLOSSARY OF TERMS

The following capitalized terms shall have the meanings set forth herein unless context clearly requires a different meaning.

Accessible Units: the levels of accessibility within Units are determined as follows:

- Fully Accessible Unit: A dwelling Unit designed and constructed for full accessibility in accordance with Section 1002 of ICC A117.1-2009.
- Type A Unit: A dwelling Unit designed and constructed for accessibility in accordance with the provisions for Type A Units in ICC A117.1-2009.
- Type B Unit: A dwelling Unit designed and constructed for accessibility in accordance with the provisions for Type B Units in ICC A117.1-2009.
- Visitable (Type C) Unit: A dwelling Unit designed and constructed for accessibility in accordance with the provisions for Type C Units in ICC A117.1-2009,
- Units with Accessible Communication Features: A dwelling Unit designed and constructed to include accessible communication features in accordance with the provisions for such Units in ICC A117-2009.

Affiliates means with respect to any Person, (i) any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person, (ii) any other Person directly or indirectly Controlling fifty percent (50%) or more of the voting securities of such Person, or (iii) any officer, director, manager, member, or partner acts in any such capacity.

Affirmative Fair Housing Marketing Plan (AFHMP) means to carry out an affirmative program to attract prospective tenants of all minority and non-minority groups in the housing market area regardless of their race, color, religion, sex, national origin, Disability, familial status, religious affiliation, creed, sexual orientation, and gender identity. Racial groups include White, Black or African American, American Indian or Alaska Native, Asian, Native Hawaiian or Other Pacific Islander. Other groups in the housing market area who may be subject to housing discrimination include, but are not limited to, Hispanic or Latino, Persons with disabilities, families with children, or Persons with different religious affiliations. The Applicant shall describe in the AFHMP the proposed activities to be carried out during advance marketing, where applicable, and during all rent ups. The AFHMP also should ensure that any groups of Persons ordinarily not likely to apply for this housing without special outreach know about the housing, feel welcome to apply and have the opportunity to rent.

Applicable Fraction means the fraction used to determine the Qualified Basis of the qualified low-income building, which is the smaller of the Unit fraction or the floor space fraction, as defined more fully in IRC Section 42(c)(1).

Applicable Percentage means the percentage multiplied by the Ownership Entity's Qualified Basis to determine the amount of annual Tax Credits available to the Ownership Entity for each year of the Tax Credit Period and as more fully described in IRC Section 42(b).

Applicant means the Ownership Entity.

Application or Application Package means those forms and instructions prepared by IFA to make a determination to allocate Tax Credits. Applicants are required by IFA to use the forms contained in the

Application Package. The Application shall include all information required by the QAP and as may be subsequently required by IFA. Applicants shall submit the Application and exhibits through an on-line Application system.

Area Median Gross Income (AMI) means the most current tenant income requirements published by HUD pursuant to the qualified Low-Income Housing Project requirements of IRC Section 42(g).

Board means the Board of Directors of IFA.

Builder Overhead means the cost of continuing operations of a building construction firm.

Builder Profit means the return anticipated for providing building construction services under competitive conditions taking into consideration on-site construction time, work performed by the builder, number of subcontractors and extent of subcontract work, risk and responsibility.

Capital Needs Assessment (CNA) means an assessment of the rehabilitation needs of an existing structure. The assessment shall include a site visit and physical inspection of the interior and exterior of Units and structures, as well as an interview with on-site Property management and maintenance personnel to inquire about past repairs/improvements, pending repairs, and existing or chronic physical deficiencies. The assessment shall also consider the presence of hazardous materials on the site. The assessment shall include a detailed opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. The assessment shall include a projection of recurring probably expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, to determine the appropriate replacement reserve deposits on a per Unit per annual basis. The following components should be examined and analyzed for a CNA:

- Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas and electric utilities and lines;
- Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, stairs and drainage;
- Interiors, including Unit and common area finishes (carpeting, vinyl tile, plaster walls, paint conditions, etc.), Unit kitchen finishes, cabinets and appliances, Unit bathroom finishes and fixtures, and common area lobbies and corridors; and
- Mechanical and electrical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, security, low voltage systems and elevators.
- The CNA should conform to standards outlined in ASTM E 2018-08, Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process. An assessment done for and accepted by USDA Rural Development in their format is acceptable.

Code or IRC means the Internal Revenue Code of 1986, as amended, together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official pronouncements issued there under by the United States Department of the Treasury or the Internal Revenue Service relating to the LIHTC Program authorized by IRC Section 42 to and including October 31, 2008. These documents are incorporated in the QAP by reference and pursuant to 265 IAC §§ 17.4(2) and 17.12(2). A copy of the Internal Revenue Code and Treasury regulations and related information relating to this program are found in the state law library and are available for review by the public.

Community Service Facility means any facility designed to serve primarily individuals whose income is sixty percent (60%) or less of Area Median Gross Income within the meaning of Section 42(g)(1)(B). It

must meet the following criteria: (1) The facility must be used to provide services that will improve the quality of life for community residents; (2) The Ownership Entity must demonstrate that the services provided at the facility will be appropriate and helpful to individuals in the area of the Project whose income is sixty percent (60%) or less of AMI; (3) The facility must be located on the same tract of land as one of the buildings that comprises the qualified low-income housing Project; (4) If fees are charged for the services provided, they must be affordable to individuals whose income is sixty percent (60%) or less of AMI; and (5) The Community Service Facility must be located in a QCT.

Compliance Period (Initial 15-year Compliance Period) means the 10-year credit period and additional 5-year period for a total of 15 taxable years, beginning with the first taxable year of the credit period.

Construction Contingency means a set percentage of Hard Construction Costs that is budgeted for unknown conditions or shortfalls identified after construction commencement.

Consultant Fee means a fee paid to a housing consultant. No Entity having an Identity of Interest with the Developer may earn a fee for providing services that would otherwise be provided on a fee basis by a housing consultant. Consultant efforts shall be directed exclusively towards serving the specific Project being proposed.

Control (including the terms Controlling, Controls, Controlled by, under common Control with, or some variation or combination of all three means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person or Affiliate thereof, whether through the ownership of voting securities, by contract or otherwise, including specifically ownership of more than fifty percent (50%) of the General Partner interest in a limited partnership, or designation as a managing General Partner or the managing member of a limited liability company.

Debt Service Coverage Ratio (DSCR) or Debt Coverage Ratio (DCR) means the ratio of a Property's net operating income (rental income less operating expenses and reserve payments) to foreclosable, currently amortizing, debt service obligations.

Developer (Co-Developer) means any individual or Entity responsible for initiating and Controlling the development process and ensuring that all phases of the development process, or any material portion thereof, are accomplished.

Difficult Development Areas (DDA) mean any areas that are so designated by the Secretary of HUD as areas which have high construction, land, and utility costs relative to area median family income.

Disability means at least one of the following criteria: (1) Has a physical, mental or emotional impairment which is expected to be of long-continued and indefinite duration, substantially impedes the person's ability to live independently, and is of a nature that such ability could be improved by more suitable housing conditions; or (2) Has a developmental Disability, defined as a severe chronic Disability which is attributable to a mental or physical impairment or combination of mental and physical impairments, is manifested before the Person attains age 22, is likely to continue indefinitely, results in substantial functional limitation in three or more of the following areas of major life activity: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency; and which reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services which are of lifelong, or extended duration and are individually planned and coordinated.

Eligible Basis means, with respect to a building within a Project, the building's Eligible Basis at the close of the first taxable year of the Tax Credit Period and as further defined in IRC Section 42(d). Eligible

Basis shall not include garages or Storage Units or other amenities where the Ownership Entity is charging tenants for the use of the garage or Storage Unit or other amenities, except when the garage or Storage Units or other amenities are part of normal rent for all of the Units in the Project. If a grant is made with respect to any building or its operation during any taxable year of the Compliance Period and Extended Use Period, if applicable, and any portions of such grant is funded with federal funds, the Eligible Basis of the building for that taxable year and all succeeding taxable years shall be reduced by the portion of the grant.

Eligible Basis for Rehabilitation Project includes the definition of Eligible Basis with the adjustments described in this Section. No Tax Credits shall be available for acquisition of an existing building unless all of the following criteria are met: (1) The building is acquired by purchase; (2) Subject to limited exceptions, at least 10 years has elapsed since the building was last Placed-in-Service or if more recent, the date of certain improvements costing at least twenty-five percent (25%) of the Applicant's adjusted basis in the building; or (3) The building was not previously Placed-in-Service by a related Person to the current Applicant. For the purposes of this paragraph "Related Person" shall have the same meaning as IRC Section 42(d)(2)(D)(ii); and The used building is rehabilitated in a manner which is eligible for Tax Credits.

Entity means any General Partnership, limited partnership, corporation, joint venture, trust, limited liability company, limited liability partnership, business trust, cooperative or other business association.

Extended Use Period (Long Term Compliance Period) means the time frame which begins the first day of the Initial 15-year Compliance Period, in which the building is a part of a qualified low-income housing Project and ends 15 years after the close of the Initial 15-year Compliance Period, or the date specified by IFA in the LURA.

Family means one or more individuals that may be domiciled with one or more Persons under age 18. A Family Project is not an Older Persons Project.

General Partner means the General Partner of a limited partnership or a limited liability limited partnership as set forth in the limited partnership agreement or as otherwise established by the Uniform Limited Partnership Act, Iowa Code chapter 488.

Hard Construction Costs mean the following items: site improvements or work, new construction, rehabilitation, accessory buildings, garages, general requirements, Construction Contingency, asbestos abatement, lead based paint measures, builder's overhead, builder's profit, builder bond fee, permit fees, architect's and engineering fees and other fees.

Held for Occupancy means the percentage of the total Project Units specified in the approved Application shall be designed and Held for Occupancy by members of the Target Population, with IFA's "Held for Occupancy Policy" that states the following: (1) During initial lease-up, priority shall be given in the tenant screening process to income-qualified households in the Target Population. A minimum of the percentage of total Project Units committed in the approved Application for occupancy by the Target Population (the "Minimum Unit Percentage") up to a maximum of twenty-five percent (25%) of the total Project Units shall be Held for Occupancy by qualified Target Population households until the lesser of such time as the minimum unit commitment has been met or for a period of 60 days from the Placed-in-Service Date; (2) Once a Unit occupied by a Target Population household has vacated, that Unit shall be held for a minimum of 30 days for occupancy by another qualified Target Population household unless the Project otherwise complies with the Minimum Unit Percentage. Efforts to market the available Unit to the Target Population shall be demonstrated during this time period; (3) If after a 30-day period the Unit is leased to a household that does not meet the Target Population commitment and the Project does not

otherwise meet the Minimum Unit Percentage, the next subsequent available Unit shall be marketed to and Held for Occupancy by the Target Population for 30 days. This subsequent unoccupied Unit rule will continue to apply until the Project has once again met its Minimum Unit Percentage requirement; (4) Any household that qualified as a member of the Target Population at initial occupancy or at any time during occupancy will be counted as occupying a qualified service plan Unit when calculating the Project's compliance with the Minimum Unit Percentage; and (5) The Project shall comply with the Minimum Unit Percentage and all other Target Population requirements at initial lease-up and throughout the 15-year Compliance Period and the Extended Use Period, if applicable. In addition, the Target Population commitments will be specified in the LURA.

Implementation of the Held for Occupancy policy's required 30-day hold period shall begin on the date the tenant gives notice to vacate. In theory, the 30-day hold marketing of the available Unit to the Target Population will be done while the Unit is still occupied. Once the tenant leaves the Project at the end of the 30-day notice period, the Project will rent the Unit to the next eligible applicant, giving priority to members of the Target Population.

If the tenant does not provide a 30-day notice to vacate, the 30-day hold period will begin on the day Property Management becomes aware of the tenant household's intent to vacate or becomes aware that the tenant has already moved out of the Unit. Compliance with the 30-day hold period shall be demonstrated whether or not the tenant provides a full 30-day notice to vacate.

Housing Credit Agency means IFA. Pursuant to Iowa Code Section 16.35, IFA is charged with the responsibility of allocating Tax Credits pursuant to IRC Section 42(h)(8)(A) and pursuant to Iowa Code Section 16.35.

HUD means the United States Department of Housing and Urban Development, or its successor.

Identity of Interest means a financial, familial or business relationship that permits less than an arm's length transaction. No matter how many transactions are made subsequently between Persons, corporations, or trusts Controlled by the Ownership Entity/Developer, these subsequent transactions shall not be considered "arm's-length". Identity of Interest includes but is not limited to the following: the existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors or stockholders; family relationships among the officers, directors or stockholders; the Entity is Controlled by the same group of corporations; a partnership and each of its partners; a limited liability company and each of its members; or an S Corporation and each of its shareholders. Failure to disclose an Identity of Interest is an unsatisfactory performance issue with IFA and may deem the party ineligible for future rounds.

IFA means the Iowa Finance Authority.

IFA LIHTC Manager means an individual who is charged with administering the LIHTC division of the IFA.

IRS means the Internal Revenue Service, or its successor.

Land Use Restrictive Covenants a/k/a Land Use Restrictive Agreement (LURA) means an agreement between IFA and the Ownership Entity and all of its successors in interest where the parties agree that the Project will be an affordable housing Project through the length of the Compliance Period and Extended Use Period, if applicable, by the Ownership Entity and upon which the award of Tax Credits was in part, based. The LURA will contain restrictive covenants that shall encumber the land where the Project is located for the life of the agreement. The LURA shall conform to the requirements of IRC Section 42(h), Iowa Code Section 16.35 and the QAP.

LIHTC means the Low-Income Housing Tax Credit Program authorized by IRC Section 42.

Low-Income Unit means any residential rental Unit if such Unit is rent-restricted and the occupant's income meets the limitations applicable as required for a qualified low-income housing Project.

New Developer means a Developer that has not been allocated Low-Income Housing Tax Credits in the last five years.

Older Persons means persons 55 or older. An Older Persons Project is exempt from the prohibition against familial status discrimination under the Fair Housing Act if: (1) The HUD Secretary has determined that it is specifically designed for and occupied by elderly Persons under a federal, state or local government program; or (2) It is occupied solely by Persons who are 62 or older; or (3) It houses at least one Person who is 55 or older in at least eighty percent (80%) of the occupied Units, and adheres to a policy that demonstrates intent to house Persons who are 55 or older.

Owner/Ownership Entity means the Single Asset Entity to which Tax Credits will be or have been awarded.

Owner Representative means the General Partner(s) or managing member(s) of the Ownership Entity.

Person means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits; and, unless the context otherwise requires, the singular shall include the plural, and the masculine gender shall include the feminine and the neuter and vice versa.

Placed-in-Service Date means the date the Property is ready for occupancy. The Placed-in-Service Date generally marks the beginning of the credit period.

Project means a low-income rental housing Property the Applicant of which represents that it is or will be a qualified low-income housing Project within the meaning of IRC Section 42(g). With regard to this definition, the Project is that Property which is the basis for the Application.

Property means the real estate and all improvements thereon which are the subject of the Application, including all items of personal Property affixed or related thereto, whether currently existing or proposed to be built thereon in connection with the Application.

Qualified Allocation Plan (QAP) means an allocation plan used to select and award Tax Credits to qualified recipients.

Qualified Basis means, with respect to a building within a Project, the building's Eligible Basis multiplied by the Applicable Fraction, within the meaning of IRC Section 42(c)(1).

Qualified Census Tract means any census tract which is designated by the Secretary of HUD and, for the most recent year for which census data is available on household income in such tract, either in which fifty percent (50%) or more of the households have an income which is less than sixty percent (60%) of the AMI for such year or which has a poverty rate of at least twenty-five percent (25%).

Qualified Contract means a bona fide contract to acquire a LIHTC Project for the sum of the existing debt, adjusted investor equity and other capital contributions, less Project cash distributions.

Qualified Development Team (QDT) means the individuals or companies that develop the Project including but not limited to the following mandatory members: Project Developer, General

Partner/managing member, Architect, Tax Attorney, Management Company, Energy Consultant, Tax Accountant and non-mandatory members: Development Consultant, Contractor, Engineer and Syndicator. Anyone with an Identity of Interest is a mandatory team member. Failure to disclose an Identity of Interest is an unsatisfactory performance issue with IFA and may deem the party ineligible for future rounds.

Qualified Nonprofit Organization or Nonprofit means an organization that is described in IRC Section 501(c)(3) or (4), that is exempt from federal income taxation under IRC Section 501(a), that is not affiliated with or Controlled by a for-profit organization, and includes as one of its exempt purposes the fostering of low-income housing within the meaning of IRC Section 42(h)(5)(C) and is allowed by law or otherwise to hold and develop Property.

Qualified Residential Rental Property shall have the same meaning as defined in IRC Section 42(d).

Rehabilitation Expenditure(s) means depreciable expenditures which are for Property or improvements that are chargeable to the capital account and which are incurred in connection with the rehabilitation of a building. Rehabilitation Expenditures are not eligible for Tax Credits unless the expenditures are allocable to or substantially benefit one or more Low-Income Units and the amount of such expenditures during any 24 month period selected by the Applicant is at least the greater of twenty percent (20%) of the Applicant's adjusted basis of the building at the start of the 24 month period, or the current per Unit amount required by IRC Section 42(e)(3)(A)(ii)(II) as published annually. See also, IRC Section 42(e)(2). The Application shall show the calculations for whether the amount of Rehabilitation Expenditures is at least equal to \$15,000 of Hard Construction Costs per Low-Income Unit.

Scattered Site is a Project where multiple buildings with similar Units are not located in proximity to one another, but are owned by the same party and financed under the same agreement(s). A Scattered Site Project may be new construction, acquisition, rehabilitation or a combination of these types. For Scattered Site Projects, all Units shall be qualified LIHTC Units.

Scope of Work means the division of work to be performed under a contract or subcontract in the completion of a Project, typically broken out into specific tasks with deadlines.

Senior Housing means housing specifically designed to meet the needs of senior citizens. Housing that meets the Fair Housing Act definition of housing for older persons is exempt from the law's familial status requirements provided that: (1) HUD has determined that the dwelling is specifically designed for and occupied by elderly persons under a federal, state or local government program; or (2) it is occupied solely by persons who are 62 or older; or (3) it houses at least one person who is 55 years or older in at least eighty percent (80%) of the occupied Units, and adheres to a policy that demonstrates intent to house persons who are 55 years old or older. Therefore, housing that satisfies the legal definition of Senior Housing or housing for older persons described above, can legally exclude families with children. The Housing for Older Persons Act (HOPA) signed into law on December 28, 1995, further modified the definition to require facilities or communities claiming the exemption to establish age verification procedures. A housing community or facility is any dwelling or group of dwelling Units governed by a common set of rules, regulations or restrictions. A portion of a single building may not be considered a housing facility or community. There shall be a sufficient number of dwelling Units to constitute a "community" or "facility". Advertising and manner in which the facility/community is described to prospective residents should show intent to provide housing for elderly persons.

Significant Parties include, but are not limited to, the Ownership Entity, the eventual owner of the Tax Credit Project, the eventual taxpayer of the Tax Credit Project, the Developer, General Partner, managing member, accountant, architect, engineer, financial consultant, any other consultant, management agent

and the general contractor, and other Persons determined by IFA to have an Identity of Interest or of personnel with any Significant Party.

Single Room Occupancy (SRO) Housing means housing consisting of single room dwelling Units that is the primary residence of its occupant or occupants. The Unit shall contain either food preparation or sanitary facilities, or both, if the Project consists of new construction, conversion of non-residential space, or reconstruction. For acquisition or rehabilitation of an existing residential structure, neither food preparation nor sanitary facilities are required to be in the Unit. If the Units do not contain sanitary facilities, the building shall contain sanitary facilities that are shared by tenants. SRO does not include facilities for students.

State Ceiling means the limitation imposed by IRC Section 42(h) on the aggregate amount of Tax Credit Allocations that may be made by IFA during any calendar year, as determined from time to time by IFA in accordance with IRC Section 42(h)(3).

State Issued Notice of Noncompliance means a notice that identifies noncompliance issues (that existed at the property during a physical inspection or file review) with the LURA, the Carryover Agreement, the Application, etc. that are not reported to the IRS via IRS Form 8823, throughout the Compliance Period and the Extended Use Period, if applicable. This report will be issued to the Owner only after the 90 day correction period has expired and no action has been taken to correct all reported noncompliance issues to IFA's satisfaction.

Target(ed) Population means Persons with a physical or mental, and/or developmental Disability, which may include persons with brain injury, mental illness or co-occurring disorders.

Tax Credits means the Low-Income Housing Tax Credits issued pursuant to the program, IRC Section 42 and Iowa Code Section 16.35. Tax Credits are determined under IRC Section 42(a) for any taxable year in the Tax Credit Period equal to the amount of the Applicable Percentage of the Qualified Basis for each qualified low-income building.

Tax Credit Allocation or Reservation amount means, with respect to a Project or a building within a Project, the amount of Tax Credits IFA allocates to a Project and determines to be necessary for the financial feasibility of the Project and its viability as a qualified low-income housing Project throughout the Compliance Period and Extended Use Period, if applicable.

Tax Credit Period means, with respect to a building within a Project, the period of 10 taxable years beginning with the taxable year the building is Placed-in-Service or, at the election of the Ownership Entity the succeeding taxable year, as more fully defined in IRC Section 42(f)(1).

Tax Credit Reservation Date means the date that the notice of Tax Credit Reservation was emailed to an approved Applicant.

Total Project Costs means the total costs reflected in the Application.

Unit means a room or a group of related rooms designed for use as a dwelling for which rent is paid. A Unit contains sleeping accommodations, a kitchen and a bathroom, except as allowed in a Single Room Occupancy.

Utility (ies) mean gas, electricity, water and sewer service.