



Chester J. Culver
Governor

Patty Judge
Lt. Governor

Bret L. Mills
Executive Director

December 30, 2008

Dear Developer,

The IFA staff has been moving quickly to close out the calendar year, completing carryover agreements, land use restrictive covenant agreements, and Form 8609s. As that work is done, we are moving back to reviewing the 2009 tax credit applications. For 2009, IFA will receive another allocation of \$20,927,960 in disaster relief tax credits, and an estimated \$12,500,000 in 2008 per capita credits (carried over to 2009) and 2009 per capita credits, giving IFA approximately \$33,427,960 to award in calendar year 2009.

Please remember that ten percent (10%) of the credit total must be reserved for non-profits (approximately \$3,342,796). We also have two additional set-asides – the rural development preservation demonstration and the reserved set-aside – in the 2009 Second Amended Qualified Allocation Plan. To date, IFA has received 23 applications totaling \$24,134,447 for 2009 credits. Of those applications, four totaling \$2,399,517 have applied for the Non-Profit set-aside.

During the next few months, IFA will be reviewing and awarding the 2009 credits. Here are some items for consideration:

- Projects will be awarded until credits are no longer available, or until October 1, 2009, whichever comes first.
- IDED has requested that no projects requesting HOME funds receive a 2009 award of credits until March 2009 or later.
- Once awarded credits by the IFA board, the Owner Representative will receive an allocation letter and invoice for the Nonrefundable Reservation Fee. The Nonrefundable Reservation Fee is one percent (1%) of the total 10-year tax credit amount. This fee is due within 30 calendar days after the date of the Tax Credit reservation letter.
- Carryover agreements will be issued on a quarterly basis. The Nonrefundable Reservation Fee must be received prior to issuance of the Carryover Agreement.
- Projects will be given nine (9) months following the date of their carryover reservation to incur ten percent (10%) of the reasonably expected basis. The quarterly schedule follows:

Scheduled Carryover Issuance Dates	10% Test Must Be Met
December 31, 2008	September 30, 2009
March 31, 2009	December 31, 2009
June 30, 2009	March 31, 2010
September 30, 2009	June 30, 2010
December 31, 2009	September 30, 2010

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IFA is attempting to review the applications using the following priority list:

1. Non-profit set-aside Applicants for all counties.
2. General pool Applicants in individual assistance disaster counties, as set forth in Section 7.3 of the 2009 Second Amended QAP.
3. General pool Applicants in all other counties.

However, several factors impact this effort:

- Several applicants were prepared to proceed with a 2008 allocation of credits.
- IDED has requested that no projects requesting HOME funds receive a 2009 award of credits until March 2009 or later.
- The tightening credit syndication market has impacted developers' willingness to proceed with the payment of the Nonrefundable Reservation Fee given there is no guarantee of eventual syndication.
- The IRS requirement to award 10% of the available credits to non-profits.
- The analysis of markets will be an ongoing process for IFA. While IFA has made no final decisions, as always, softening markets may require that IFA decline to fund projects because of market study and analysis.

To clarify your application, we are asking current applicants to notify the IFA tax credit staff no later than January 21, 2009, of the month that you wish to have your application for a tax credit allocation submitted to the IFA board for consideration. Please email Dave Vaske at dave.vaske@iowa.gov with the month that you wish for your 2009 tax credit application to be submitted to the board, beginning in February 2009 and ending in September 2009.

Please note the IFA staff will not forward your application to the IFA board for consideration until requested by the developer to do so. IFA staff will attempt to present your application to the board when requested, but due to the volume of requests or issues related to the application itself, staff may delay presenting your application until a later board meeting date, or may determine that the project will not qualify for an allocation of credits. In either event, you will be notified. As always, all allocations are subject to availability of credits.

Your notification will help IFA staff prioritize the application review process, and focus our efforts on those projects that are ready and able to proceed, including the payment of the Nonrefundable Reservation Fee within 30 calendar days following the IFA board meeting when allocation action is taken. IFA would also appreciate notification if you have decided to withdraw your application from consideration.

Please note that the IFA tax credit staff and management will be participating in offsite training from January 5 to 9, 2009, and cannot be reached. Also, our offices will be closed

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on January 1, 2009 for New Year's Day, and on January 19, 2009 in recognition of Martin Luther King, Jr. Day.

Here is hoping for a successful New Year!

Sincerely,

A handwritten signature in blue ink that reads "Carla B. Pope". The signature is written in a cursive style with a large initial "C" and a distinct "B." before the last name.

Carla B. Pope, Director
IFA Affordable Rental Production