

Instructions to Apply for Reserved Set-Aside

2009 First Amended Qualified Allocation Plan establishes a Reserved Set-Aside

2.2.5.2 Reserved Set-Aside. Five percent (5%) or approximately \$298,804 of the State housing per-capita Tax Credit will be reserved for credit fluctuations and contingencies. None of the reserved set-aside is available to fund Projects covered under Sections 6.3.1, 6.3.2, 7.6, 7.7, or 7.9. If a previously awarded Project requests additional Credits under this set-aside, the total Credit award shall not exceed the per Project cap in the funding round that the Project was originally awarded.

Credits under this set-aside shall be made available at IFA's discretion to assist Projects in need, due to circumstances outside the control of the Applicant, from previous rounds where the Project has not yet completed Form 8609, or to assist Projects from the 2009 allocation round following the reservation issuance date. IFA shall attempt to provide meaningful assistance to as many eligible Projects as possible under this set-aside.

This set-aside is not governed by the timetable established in Section 1, Introduction, nor are the Credits available under this section available for Applicants submitting a Threshold Application on or about October 31, 2008. This set-aside does not transfer into the General Pool.

The following are the policies and procedures that IFA will use to allocate the Reserved Set-Aside:

1. If the Project has not locked in an applicable percentage during Carryover, the applicable percentage must be set at 9.00%.
2. The total credit amount (initial allocation amount + supplemental awards + reserved set-aside award) cannot exceed the per tax credit cap for a single project, based on the applicable Qualified Allocation Plan.
3. The total credit amount received by a single Developer cannot exceed the Tax Credit Cap for a single Developer, based on the applicable Qualified Allocation Plan,
4. No additional Developer's fee or Consultant fee will be allowed with this allocation.
5. An increase in credit allocation amount must be supported by an adequate amount of eligible basis.
6. Applicant must show that the anticipated value of the tax credit to be received from syndicators or investors has decreased between the Initial Application submission and September 3, 2008. IFA will use the most recent Syndication commitment letter on file if one is not provided with the Reserved Set-Aside application.

7. The calculation of additional credits shall only be calculated as a result of a reduction in Credit value. An increase in construction or other costs will not be considered a factor when evaluating the request for additional credits.

8. The Reserved Set-Aside application is due at the IFA office between September 22 and October 3, 2008. Applicants shall submit the required "Application for Reserved Set-Aside," a copy of the most recent syndication commitment letter dated September 3, 2008 or earlier, and the specified sections of the Tax Credit Application.

If a Developer wishes to request funds through the Reserved Set-Aside, and the Developer intends to apply for Carryover or Form 8609 on October 1, 2008, then the Developer must submit the **Application for Reserved Set-Aside Version A** application with their 2008 Carryover Application or Form 8609 Application. If submitted with the carryover or Form 8609 application, only one "sources and uses" document need be submitted.

If a Developer is not going to submit a 2008 Carryover Application or Form 8609 Application, then the Developer must submit the **Application for Reserved Set-Aside Version B** no later than October 3, 2008.

9. The award of credits through the Reserved Set-Aside will be announced following the IFA Board Meeting on November 5, 2008.

10. The reservation fee for the additional credits is due 30 calendar days after the date of the Tax Credit Reservation letter. IFA will need to receive the reservation fee before any carryover or Form 8609 documents are finalized and released.

11. After the Application for IRS Form 8609 is received, IFA will review the financial feasibility, revised costs, and the equity requirement based on information submitted in the third updated Application. An audit of the costs must support the eligible basis amount used to request the increase in credits awarded through the Reserved Set-Aside.

12. IFA reserves the right to partially fund any and all requests for additional credits through the Reserved Set-Aside in order to provide meaningful assistance to as many eligible Projects as possible. IFA also reserves the right to decline to fund any applicant. The reason that IFA declines to fund a request will be given to the Applicant in writing.

13. Because the amount of credits in the Reserved Set-Aside is limited to 5 percent of the available credits, and the amount of available credits has not yet been determined, IFA may make conditional awards to a project or projects that will not be placed in service prior to February 1, 2009.

14. In the event that there are not enough funds in the Reserved Set-Aside to fund all requests, priority for funding under the Reserved Set-Aside will be given to Projects that meet one or more of the following criteria:

- a. Projects with an application for Form 8609 submitted to IFA on or before October 1, 2008.
- b. Ten percent (10%) of the construction costs have been expended, and an independent accountant has confirmed the validity of those costs.
- c. The Project has not received a supplemental award of credits under Section 6.3.2. of the 2008 Qualified Allocation Plan, or similar section under previous applicable Qualified Allocation Plan.
- d. Project has a gap from the initial syndication value to the current syndication value of \$.06 or more.
- e. Project is not eligible for a supplemental award of credits under Section 6.3.2. of the 2008 Qualified Allocation Plan, or similar section under previous applicable Qualified Allocation Plan.