

FREQUENTLY ASKED QUESTIONS 2010 FUNDING ROUND

1. Developer Experience

Q. What is required to meet the threshold requirement for a developer that does not have the experience listed in the QAP?

A. If a developer does not have the experience expressed in the QAP, the application falls short of meeting the threshold requirements for consideration and will therefore be disqualified.

2. Superior Design

Q. Is there a definition or set of criteria that defines a superior design? How does a Taxpayer/Applicant determine if a project will be considered a superior design project?

A. There is no definition or set of criteria that defines a superior design. A Taxpayer/Applicant with a project that proposes to have superior design features may receive up to 10 points if the project is determined by an AIA-certified architect to have a superior design and is designated as such by the BOC. A fee of \$2,000 is required for an independent architect certification. However, payment of the fee does not guarantee that the project will be designated as having Superior Design.

3. 1602 Expenditure Requirement

Q. Currently, the QAP requires that a Taxpayer/ Applicant must certify by no later than December 17, 2010 that at least 30% of the Taxpayer's total adjusted basis in land and depreciable property that is reasonably expected to be part of the low income housing project has been paid or incurred. Is there any way this deadline can be extended beyond December 2010? What would happen to a project's allocation if the Taxpayer/Applicant is unable to expend the funds by the deadline?

A. The December 2010 deadline for incurring or making payment on 30% of the Taxpayer's total adjusted basis in land and depreciable property is a statutory deadline that cannot be extended by the Agency beyond December 31, 2010.

Q. \$15,400,000 in 1602 Funds are available to the Rural Pool. Are these funds that the Agency currently has or is the availability of funds dependent upon future legislation?

A. Yes, the agency currently has \$15,400,000 in 1602 Funds. These funds will be allocated at the end of the funding round.

Q. Will the Taxpayer/Applicant be required to submit proof of Good Faith Syndication Solicitation to qualify for 1602 Funds?

A. Yes, any Taxpayer /Applicant requesting 1602 Funds are required to submit proof of Good Faith Syndication Solicitation as outlined in the QAP. 1602 Funds are only available to projects

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who qualify for the Rural Pool, therefore; a Taxpayer /Applicant is required to meet the requirement for qualifying for the Rural Pool and the requirements to qualify for the Tax Credit Exchange Program. Both sets of requirements are outlined in the QAP.

4. Allocation Pools

Q. The draft QAP reflects a maximum per-project limit of \$1.5 Million in annual tax credits. However, certain sub-pools (e.g. - Non-Profit and PHA) are limited to \$740,000 in annual credit. Is it conceivable that a project requesting up to \$1.5 Million in annual tax credits could be awarded credits under a sub-pool category, even though certain sub pools have lower limits?

A. The per project limit as well as the Developer limit is \$1.5M.

Q. What is the maximum number of pools a Taxpayer/Applicant can select?

A. A Taxpayer/Applicant can make one pool selection in the 2010 application. Projects that are not awarded under the selected pool will be transferred to the General Pool for reservations based on rank order. Any Taxpayer/Applicant that fails to select a pool will be placed in the General Statewide Pool.

5. Rural Pool and Rural Area Requirements

Q. The definition of a rural area is any area outside of a metropolitan statistical area (MSA) and outside of a municipality with a population of 20,000 or less. Does a RD 515 financed project qualify under the Rural Pool if the current population is above 20,000?

A.

- A RD 515 financed project that is located in an area with a population greater than 20,000 does not qualify for the Rural Pool. A rural area is defined as any area outside of a MSA and outside of a municipality with a population of 20,000 or less. The RD 515 financed project is eligible to receive selection criteria points under Selection Criteria Item III. D. Rural Target Area provided that a letter from RD supporting the project is included with the application.
- A project that that is not eligible for the Rural Pool is also ineligible to receive 1602 Funds and/or HOME allocation.

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Q. Is the letter from RD supporting the development of the project required to qualify for the Rural Pool?

A. The letter from RD supporting the development is required to receive selection criteria points under the Rural Target Area section. However, a Taxpayer/Applicant may qualify for the Rural Pool without having the letter of support from RD if the other pool requirements are met.

Q. May a RD (USDA) Project submitted project located in an MSA or Metropolitan area with a population of more than 20,000 qualify for the "Rural Pool"?

A. No

Q. May a RD (USDA) Project submitted project located in an MSA or Metropolitan area with a population of more than 20,000 qualify for the "General Pool"?

A. Yes

6. GO-Zone

Q. Will new projects be able to compete in the GO Zone sub-pool (pending extension) or is that exclusively for developments that already have an award of Go Zone credits?

A. New Projects can Apply

Q. If we submit our applications and the placed in service extension doesn't pass, will our application go into the general pool? Or is it just rejected?

A. The GO-Zone Pool is exclusive to GO-Zone Projects and will not be transferred to the General Per Capita Pool

Q. Would we be able to compete in any other pool besides the Go Zone pool initially?

A. No

8. Waivers

Q. Can waivers of the maximum per unit Total Development Costs be granted? If so, under what circumstances?

A. Waivers may be requested, but each request is reviewed on a case by case basis.

9. Eligibility

Q. Can a hotel in rural areas be considered workforce housing and eligible for any type of tax credits?

A. The Low Income Housing Tax Credit Program (the "LIHTC Program") was enacted to stimulate the development of affordable and workforce housing. The Qualified Allocation Plan (the "QAP")

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has been developed by the Louisiana Housing Finance Agency (the “Agency”) in compliance with Section 42 of the Internal Revenue Code of 1986, as amended (the Code) and reflects a policy framework within which the Agency will allocate low-income housing credits (“LIHTCs” or “Credits”) to taxpayers for the development of affordable housing that addresses the housing needs of Louisiana’s citizens. Accordingly, all projects submitted for review must comply with the terms of the agency’s approved QAP. Which means, for example, the project must evidence that it is both rent restricted and income restricted relative to the regulations required. Given the limited scope of the question and information provided, the agency cannot state if your proposed project comports with the requirements of the program; however, you should consult your Tax Counsel.

Q. Would a town center with Extended Stay accommodations or apartments be considered workforce housing or eligible for low income housing tax credits in a rural community? See above.

Q. How is the cost for the community facility treated relative the analysis of the projects total basis?

A. Consult your tax consultant.

10. Lease to Own

Q. We are planning on submitting a deal as a single family lease purchase. Under the Selection Criteria No. 1 Target Project Type we can select one of six choices. Our proposed site is in an area that has been declared a redevelopment area by the local municipality. Is it appropriate for us to select the 6 points for Redevelopment Property?

A. All criteria selection items are subject to review for conformity with QAP requirements.

11. Actual Cash Equity Contribution

Q. Selection Criteria points are available if a developer who makes a cash equity contribution of more than 5% to the project in excess of the deferred developer fee. Can the cash equity contribution be in a form other than cash? For example, can the value of a donated and/or demolished building be considered?

A. As stated in the QAP, the cash equity contribution must be in the form of cash, not “other assets”.

12. Application requirements

Q. Can certain pages from various versions of the application be interchanged for submission to the agency?

A. No – The final printed version of the application must match the electronic submission.