

MEMORANDUM

TO: INTERESTED PARTIES
FROM: CHRISTOPHER L. LAGRAND, DIRECTOR OF LEGAL AFFAIRS 
SUBJECT: MODIFICATIONS AND UPDATES TO PROCESSING OF REMAINING 2010 CREDIT
DATE: SEPTEMBER 27, 2010
CC:

In August 2010, the Authority made available the remaining 40% of its 2010 credit ceiling (\$8,374,570) to applicants under a rolling round format and, if necessary, a general round. As of this date, 2010 credit ceiling still remains, along with the possibility of more credit becoming available as credit that was previously allocated is returned. The purpose of this memo is to provide industry stakeholders with modifications and updates the Authority is making to the allocations process for potential applicants, and for applicants that have applied for credit since August 16, 2010, both in an effort to expedite the allocation of the remainder of the 2010 credit ceiling. Additionally, it is the Authority's belief that the actions being taken and discussed herein will allow for the 2010 credit ceiling to be fully utilized and allow for the already approved 2011 QAP, which is better adapted to current market conditions, to be put into use sooner.

Waivers of the Developer Fee Limit

In order to expedite the allocation of the remaining balance of 2010 credit, the Authority is making available the opportunity for applicants to request a waiver of the developer fee limit on a case-by-case basis. In lieu of using the developer fee calculation and limits outlined in the 2009 QAP for 9% credit ceiling projects, the Authority will consider requests for the developer fee to be calculated based on the provisions found in the 2011 QAP for 9% credit ceiling projects on a case-by-case basis, provided applicants can demonstrate their project will remain viable and be able to support the larger developer fee. It is the Authority's belief that this action is necessary to facilitate the administration of the LIHTC program, addresses unforeseen circumstances, is in the best interest of the State of Michigan, and that this modification will better ensure that the remaining 2010 credit is allocated to projects that can utilize the credits expeditiously.

To be clear, this opportunity for a waiver of the developer fee calculation may only be requested by projects applying in either the Supplemental Rolling Round opened on August 16, 2010, or the Provisional General Round (to be held if necessary as further discussed below). For projects that have already applied for an award of 2010 credit under the August 16, 2010 Supplemental Rolling Round, LIHTC staff will contact owners to determine what action they would like to take in the way of any revisions to their applications and will publish any corresponding changes to credit requests and allocations as they become available.

If an applicant requests and receives a waiver, developer fee may be calculated as the lesser of:

- (i) 15% of total development costs, including reserves required by MSHDA, the lender, or investor, but excluding the developer fee, developer overhead, and developer consulting fee; or
- (ii) \$1.8 million.

Applicants are encouraged to review Section IX. A. Development Fees starting on page 19 of the 2011 QAP found on the Authority's website for all of the developer fee requirements.

Funding Round Schedule Adjustment

Due to the adjustments discussed above and the time that may be needed for applicants to modify their existing applications or complete applications for projects that may now be able to proceed, the Authority is adjusting the funding round schedule and application due dates for which applications may be received. The application deadline for Supplemental Rolling Round applications is hereby extended until 5:00 pm, October 8, 2010. Accordingly, provided that 2010 credit ceiling remains available after the October 8, 2010 deadline, the application deadline for Provisional General Round applications is 5:00 pm, October 11, 2010.

If you have any questions regarding this announcement, please contact LIHTC staff at (517) 373-6007.