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Tax Credit Assistance Program and Tax Credit Exchange Program Procedures

Tax Credit Assistance Program (TCAP)

Montana receives **\$7,818,360**. The first consideration is that the project is “shovel ready” which mean that immediately upon receipt of TCAP funds, the developer is fully prepared to begin construction. TCAP funds are subject to section 288 of the HOME Investment Act. These funds must be allocated by the MBOH competitively as with Low Income Tax Credits in accordance with the Qualified Allocation Plan for 2009. Projects funded with tax credits awards in Fiscal Year 2007, 2008 or 2009 may be considered for TCAP funding to fill financing equity gaps

These projects must be completed, rented, and adhere to the requirements of Section 42 in their entirety for the length of the extended use period. **Non-compliance of these provisions is grounds for recapture of funds. It is imperative that this is understood at the time of application.**

MBOH staff will conduct asset management of the project will be conducted by MBOH staff or a contractor hired by MBOH, unless conducted by a syndicator or investor/partner. Asset management reports will be provided as directed by MBOH staff. A project receiving TCAP will be subject to MBOH, QAP, and Section 42 rules and procedures. MBOH will post the sub-awards of TCAP fund for projects on a web-site as required.

MBOH must commit at least 75% of the funds in 2009 or within one year of enactment. The remainder, if any, may be sub-awarded later if there are projects that can use those for construction or completion. Projects must expend at least 75% of their TCAP funds in the first two years and the remaining 25% by the end of the third year. TCAP funds will not reduce eligible basis.

Failure of owners to execute and meet deadlines will result in MBOH withdrawing funds and redistributing to owners and projects on or ahead of schedule that need additional funding. Unused funds will be turned back to HUD for redistribution.

MBOH will make sub-awards under the Assistance Program to fill gaps for projects awarded low-income tax credits in 2007, 2008 and 2009. Recipients of tax credits in any of those years may apply for funds by submitting an application to MBOH by May 1, 2009. MBOH may provide for additional rounds of applications for any Assistance Program funds remaining based on the May 1, 2009 applications or subsequent application opportunities before September 30, 2011.

Developers having a project ready to begin construction who did not request tax credits may apply for a Low Income Housing Tax Credit allocation during the second round pending availability of tax credits on or before May 1, 2009, to MBOH Multifamily. TCAP funding may be considered by MBOH following award of tax credits.

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Submit:

1. Updated Uniform Application and Tax Credit Supplement
2. Cover letter requesting gap funding with justification.
3. Date construction will commence and project will be completed in accordance with Part XIV Section B, Project Information, of the application. **(It is imperative that this schedule be executed on or before the dates indicated to avoid redistribution of funds.)**
4. Provide documents required under provisions of HOME application.
 - ⇒ Labor standards in accordance with Davis Bacon Act.
 - ⇒ Environmental Study.
 - ⇒ Fair Housing 504 requirements
 - ⇒ Non-discrimination
 - ⇒ Relocation Plan IAW Uniform Relocation Act requirements (Acq/Rehab)

Assistance Program grants will be awarded by MBOH competitively to those projects best meeting the needs of low income people within the state of Montana as referenced to the allocation plan.

At the time of making application for an Assistance Program grant, an application fee must be paid to MBOH by the applicant equal to one percent (1%) of the gap funding requested. When the grant is approved, the applicant will remit the remainder of the Tax Credit Reservation fee and 1% fee for the total additional gap financing requested.

Upon review and approval by staff, applications and recommendations will be provided to the Board for sub award during the June 2009 Board meeting or subsequently if additional rounds are held.

Tax Credit Exchange Program (Exchange)

The MBOH may exchange tax credits returned in 2008 or 2009 that cannot be sold to an investor. MBOH may also exchange 40% of 2009 credits if deemed necessary to fund projects that prove ready to construct. Exchanges will result in tax credits converted to dollars and sub-awarded to projects to meet underwriting shortfalls. Requests for exchange must be submitted to the MBOH as soon as possible. Coordination with staff is required prior to submission.

Pending availability of funds, exchange dollars may be sub-awarded to projects with immediate (within 90 days) ability to begin construction.

Projects requesting a turn-back of tax credits for Exchange dollars must submit at least two (2) copies of denial letters from syndicators or investors to verify that good faith efforts have been exhausted in attempting to locate investors before an sub-award of exchange dollars will be considered.

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These projects must be completed, rented, and adhere to the requirements of Section 42 in their entirety for the length of the extended use period. **Non-compliance of these provisions is grounds for recapture of funds. It is imperative that this is understood at the time of application. Exchange funds are subject to recapture the same as tax credits.**

Asset management of the project will be conducted by MBOH staff or a contractor hired by MBOH unless conducted by a syndicator or investor/partner. Asset management reports will be provided as directed by MBOH staff. A project receiving Exchange will be subject to MBOH, QAP, and Section 42 rules and procedures.

Submit:

1. Updated Uniform Application and Tax Credit Supplement
2. Cover letter requesting funds including funding requirement.
3. Date construction will be commenced and the project will be completed in accordance with Part XIV Section B, Project Information, of the application. **(It is imperative that this schedule be executed on or before the dates indicated.)**
4. Investor denial letters.

No additional fee will be charged for funds replacing tax credits awarded. A 1 % fee will be charged for funding to fill a gap. When the grant is approved, the applicant will remit the remainder of the Tax Credit Reservation fee and 1% fee for the total additional gap financing requested.

In the event that asset management functions are required to be performed by MBOH or a contractor hired by MBOH, a grant recipient will be required to pay a fee determined by MBOH to be reasonable and necessary to cover the expense of the asset-management functions.