

AMENDMENT TO MONTANA'S 2009 QUALIFIED ALLOCATION PLAN

The following amendment is made to the Montana Board of Housing ("MBOH") 2009 Qualified Allocation Plan adopted pursuant to the Low Income Tax Credit Program enacted by the Tax Reform Act of 1986 for the purpose of implementing the tax credit provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"), Pub. L. 111 - 5.

ARRA provides for two programs affecting low-income tax credit projects:

1. The Tax Credit Assistance Program ("Assistance Program") provides grant funding for capital investment in Low Income Housing Tax Credit (LITHC) projects. Projects awarded tax credits in 2007, 2008 and 2009 are eligible for grants under this program.
2. Tax Credit Exchange Program ("Exchange Program") provides grants for the construction, or acquisition and rehabilitation of "qualified low-income buildings" within the meaning of the LITHC rules. Exchange Program grants may be made to projects with tax credit awards and to those without an award if the grant will increase the total funds available to the state for the development of affordable housing and the applicant first demonstrates a good faith effort to obtain tax credit equity investments.

ASSISTANCE PROGRAM

MBOH will award grants (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 a grant by submitting an application to MBOH by May 1, 2009. An application for a grant must be consistent with the criteria contained in MBOH's 2009 Qualified Allocation Plan ("QAP"). If a provision of the QAP is in conflict with any provision of ARRA, implementing regulations or HUD guidelines, the QAP provision is preempted and the ARRA provision, the implementing regulation or the HUD guideline will control.

MBOH may provide for additional rounds of applications for any Assistance Program funds remaining un-allocated after the award of grants based on the May 1, 2009 applications or subsequent application opportunities, provided that no grants may be made after September 30, 2011.

MBOH will not allocate an Assistance Program grant to a project for more funds than are necessary for the financial feasibility of the project and its viability as a qualified low income housing project throughout the compliance period.

An applicant must demonstrate to MBOH that it will expend 75% of the Assistance Program grant by February 2011 and 100% by February 2012.

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.

MBOH will consider the following factors in making grants under this program:

- readiness to proceed of the project; and
- expected completion by February 2012;

The MBOH may consider the following additional factors in making grants under this program:

- the geographical distribution of tax credit projects;
- the rural or urban location of the qualifying projects;
- the overall income levels targeted by the projects;
- rehabilitation of existing low income housing stock;
- sustainable energy savings initiatives;
- financial and operational ability of the applicant to fund, complete, and maintain the project through the extended use period;
- past performance of an applicant in initiating and completing tax credit projects; and
- cost of construction, land, and utilities.

EXCHANGE PROGRAM

MBOH will award grants under the Exchange Program that directly finance qualified low income projects. Exchange Program grants (sub-awards) may be made to projects that have a tax credit allocation or to projects without a tax credit allocation if MBOH determines that such an allocation will increase the total funds available to the State for affordable housing.

An applicant for an Exchange Program grant must demonstrate to the satisfaction of MBOH that good faith efforts have been made to obtain a commitment for the purchase of the applicant's tax credits.

An Exchange Program grant will be made in the same manner and subject to the same rent, income and use restrictions as an allocation of tax credits under the QAP.

An Exchange Program grant may be recaptured by MBOH if the building with respect to which the grant is made does not remain a qualified low-income building during the compliance period.

ASSET MANAGEMENT FUNCTION

MBOH may be required to perform asset-management functions to ensure compliance with the rules and long-term viability of some projects financed with Assistance Program or Exchange Program grants. MBOH may perform this function itself or hire a contractor.

FEES

At the time of making application for either an Assistance Program grant or an Exchange Program grant, an application fee must be paid to MBOH by the applicant equal to one percent (1%) of the grant requested less any application and or/reservation fees previously paid for tax credits currently allocated to the project (but not less than zero).

In the event that asset management functions will be required to be performed by MBOH or a contractor, 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.