

NEBRASKA INVESTMENT FINANCE AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM
2016 LIHTC ALLOCATION PLAN



LOW INCOME HOUSING TAX CREDIT PROGRAM

2016 LIHTC Allocation Plan

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NEBRASKA INVESTMENT FINANCE AUTHORITY 2016 LIHTC ALLOCATION PLAN

1. INTRODUCTION

1.1 AVAILABLE LOW INCOME HOUSING TAX CREDITS.

In 2016, the Nebraska Investment Finance Authority (“NIFA”) expects to have approximately \$4,300,000 of Low Income Housing Tax Credits (“LIHTC”) to allocate for qualifying developments in Nebraska (the “LIHTC Program”). This amount is based on the Bureau of Census Current Population Report for Nebraska multiplied by [\$2.30] (as may be adjusted). The amount of LIHTCs available for allocation in 2016 may be increased by LIHTCs returned to NIFA from a prior year or LIHTCs allocated to Nebraska from the 2016 national LIHTC pool.

1.2 DEVELOPMENT OF LIHTC ALLOCATION PLAN.

The 2016 LIHTC Allocation Plan is the result of a public process established by NIFA and involves input from a number of parties. A public hearing on the proposed 2016 LIHTC Package (the “LIHTC Package”) which includes the LIHTC Allocation Plan, LIHTC Application, Carryover Allocation Procedures Manual, Cost Certification Procedures Manual, LIHTC Forms and Documents and Land Use Restriction Agreement was held in Lincoln, Nebraska. All comments received by NIFA were taken into consideration in developing and drafting the LIHTC Package.

The LIHTC Package was approved by the Nebraska Investment Finance Authority Board of Directors and forwarded to the Governor of the State of Nebraska for approval in accordance with the Section 42 of the Internal Revenue Code of 1986 (the “Code”). The LIHTC Package encourages the selection of developments that serve to address the most pressing housing needs of Nebraska, within the guidelines and requirements of Section 42 of the Code. NIFA, in its sole discretion, reserves the right to modify or waive any conditions, which are otherwise not mandated by the Code, contained in the LIHTC Package. Modifications by NIFA may include, but are not limited to, changes which provide for better coordination with other state and federal programs and/or funding sources.

The LIHTC Package may be amended from time to time as new guidelines and regulations are issued under Section 42 of the Code or as NIFA deems necessary to meet the LIHTC Program goals and objectives.

Persons interested in applying for an allocation of LIHTCs must complete a 2016 LIHTC Application online (the “LIHTC Application”). (See the “CRANE Application and Allocation Process” below for LIHTCs available pursuant to the CRANE Program.) The LIHTC online Application is available at NIFA’s Internet Web site (www.NIFA.org).

2. APPLICATION FOR LIHTCs

2.1 LIHTC ALLOCATION ROUNDS/APPLICATION PROCESS.

Allocation Rounds. NIFA expects to hold at least two (2) Allocation Rounds. For a development to be eligible for review during an Allocation Round, a complete LIHTC Application and all required supporting information must be submitted to NIFA via the online funding application system by the deadline for that particular Allocation Round (both threshold and final). Submissions for a reservation of LIHTCs for developments that do not include a fully completed LIHTC Application, with correctly attached Exhibits and specified application fee, will not be reviewed or scored by NIFA. The LIHTC Application is available on NIFA's web site at www.NIFA.org.

NIFA will hold the following Allocation Rounds:

| 2016 | Application Deadline (no later than 5:00 p.m. CST) | LIHTC Reservations Issued | Approximate LIHTCs to be Reserved* | Approximate HOME funds available through joint application process with Nebraska Department of Economic Development |
|--|---|---|---|--|
| Round 1 Full Application– Threshold Review: | December 7, 2015 (Optional) | | | |
| Round 1 Final Full Application: | January 19, 2016 | February 19, 2016 (tentative) | | \$2.9 million for Round 1 and CRANE |
| Round 2 Full Application– Threshold Review: | February 29, 2016 (Optional) | | | |
| Round 2 Final Full Application: | March 28, 2016 | April 15, 2016 (tentative) | Balance of LIHTC | Balance of HOME funds |
| Additional Round* | | | | |

*NIFA reserves the right to hold additional Allocation Rounds or make changes to the above Allocation Rounds as it deems necessary to meet LIHTC Program goals and objectives.

2.2 SCORING OF LIHTC APPLICATION.

The following criteria will be reviewed for purposes of scoring each LIHTC Application:

- Threshold Criteria
- Other Selection Criteria
- NIFA Scored Criteria

NOTE: LIHTC Applications will be scored SOLELY on information provided in the online funding LIHTC Application submitted for the applicable Allocation Round deadlines. An LIHTC Application submitted for threshold review must be resubmitted in full (whether or not changes have been made by the applicant subsequent to threshold review) by the next Final Full Application deadline in order to be considered for an allocation of LIHTCs. (Any documentation or information submitted for a previous deadline will not be taken into consideration for the current deadline.)

2.3 SET-ASIDE PRIORITIES.

All Nebraska LIHTC allocations will be based on special set-aside priorities, federal law and the NIFA scoring system, which incorporates various Nebraska housing priorities. (Developments for which an allocation of private activity volume cap for tax-exempt bonds has been made will not be included for purposes of determining the respective set-aside percentages, or required to compete with developments not using tax-exempt bond financing.) Tax-exempt bond financed developments are required to meet the requirements of this Allocation Plan in order to receive an allocation of LIHTCs.

(a) NON-PROFIT SET-ASIDE.

NIFA will reserve at least ten percent (10%) of its annual LIHTC authority for allocations to qualified non-profit sponsors as required by Code Section 42(h)(5). To qualify for this set-aside, the development sponsor must: (i) be a qualified nonprofit tax-exempt organization within Section 501(c)(3) or 501(c)(4) of the Code, (ii) have as one of its exempt purposes the fostering of low-income housing, (iii) own an ownership interest in the development (directly or through a wholly-owned subsidiary) and (iv) materially participate on a regular, continuous and substantial basis in the operation of the development throughout the 15-year compliance period applicable to the development.

(b) METRO/NON-METRO SET-ASIDE.

Metro/Non-Metro set-aside will be as follows:

| <u>Percentage of Total LIHTC Allocation</u> | <u>Area</u> | <u>County</u> |
|---|--|---|
| 50% - Metro | South Sioux City MSA Lincoln MSA Omaha MSA | (Dakota and Dixon Counties) (Lancaster and Seward Counties) (Cass, Douglas, Sarpy, Saunders, and Washington Counties) |
| 50% - Non-Metro | Balance of Nebraska | |

Note: NIFA will use its best efforts to maintain the Metro/Non-Metro set-aside through Allocation Rounds 1 and 2.

(c) **COLLABORATIVE RESOURCES ALLOCATION FOR NEBRASKA SET-ASIDE.**

In an effort to target specific economic growth, community development and the provision of specific types of affordable housing, NIFA will set-aside up to 33% of Nebraska's annual LIHTC authority to be allocated pursuant to the Collaborative Resources Allocation for Nebraska (the "CRANE Program"). All CRANE applications will be scored in accordance with this Allocation Plan and compete against other CRANE applications. The maximum LIHTC allocation to any single development in the CRANE set-aside will be no more than 25% of Nebraska's annual LIHTC authority. Further details regarding the CRANE Program can be found in Sections 5, 6 and 7 in this Allocation Plan. If the LIHTCs in the CRANE Program are not fully reserved for a particular year, the unreserved amount will be available to be allocated for other developments in accordance with this Allocation Plan.

2.4 MAXIMUM ALLOCATION OF LIHTCs.

- (a) The maximum LIHTC allocation to any single development in the Application Rounds will be no more than 25% of Nebraska's annual LIHTC authority. No development may be divided into two or more developments to receive in excess of this limit of LIHTC in a particular year. Multiple applications in the same year determined to be a single development will be returned to the applicant and all fees forfeited.
- (b) No one owner, developer, co-developer, sponsor, any member of the development team, or an affiliate thereof with an "identity-of-interest" (excluding property management control) will be eligible to receive, for a particular allocation year, more than a total of 25% of Nebraska's annual LIHTC authority. (LIHTCs received pursuant to the CRANE Program will be added to the total LIHTC amount when determining the ratio of LIHTCs received under Nebraska's annual LIHTC authority.) An exception to this limitation may be made to ensure maximum distribution and/or effective utilization of LIHTCs as determined by NIFA's Executive Director.
- (c) In accordance with Section 42 of the Code, each LIHTC Application will be evaluated by NIFA to determine the amount of LIHTCs to be allocated to the particular development. LIHTC allocations will be limited to the amount necessary to ensure the financial feasibility of the development based on the pro-forma information submitted by the developer and such other materials as requested by NIFA.
- (d) After completion of the Round 2 process, if any LIHTCs (in either the CRANE Program or the competitive process) have not been reserved, such remaining LIHTCs may be transferred either to the competitive process or to the CRANE Program upon a recommendation of the Executive Director and approval of NIFA's Board of Directors.

2.6 LIHTC BASIS BOOST

As authorized by the Housing and Economic Recovery Act of 2008 (H.R. 3221), NIFA may increase or “boost” the eligible basis of a particular development for purposes of the allocation of LIHTCs by up to 30% (“Basis Boost”) for designated buildings that are located outside of an established Qualified Census Tract (QCT) or Difficult Development Area (DDA). NIFA will review the financial feasibility of the development and the request for additional Basis Boost in accordance with this Allocation Plan. Applicants may request the Basis Boost under the following guidelines if the Basis Boost is needed to make the development financially feasible:

- a. All developments may request up to a 15% Basis Boost;
- b. Developments located in non-metro areas (outside of an MSA) that have an average combined gross rent amount that would be affordable to households with an income less than 45% of the county’s Area Median Income (AMI) may request up to a 20% Basis Boost; or
- c. Developments may request up to a 30% Basis Boost in the event that the applicable LIHTC rate is not, pursuant to the Code, locked at 9%.

2.7 INELIGIBLE APPLICANTS

A LIHTC Application will not be considered or reviewed by NIFA:

- i. if the developer or owner is delinquent on Nebraska LIHTC fees due and payable for other Nebraska LIHTC developments; or
- ii. if during the previous three calendar years, there are or have been items of noncompliance or violations of a Land Use Restriction Agreement that have not been corrected within the applicable correction period on any other Nebraska LIHTC development; or
- iii. if the owner is delinquent on any documentation/fees that are due to NIFA, including but not limited to the following:
 - (a) Conditional Reservation Documentation
 - (b) Carryover Documentation
 - (c) 10% Test Documentation
 - (d) Cost Certification Documentation
 - (e) Asset Management Documentation
 - (f) TCAP Loan Repayment Amounts
 - (g) Any other documentation requested by NIFA.

3. LIHTC FEE SCHEDULE

NIFA reserves the right to review / restructure the overall fee schedule.

3.1 LIHTC APPLICATION FEE.

A non-refundable fee equal to the greater of 1% of the annual LIHTCs requested or \$500 is due to NIFA at the earlier of submission at the Full Application-Threshold Review phase or Final Full Application phase each calendar year.

3.2 RESERVATION FEE.

A non-refundable fee equal to the greater of 2% of the annual LIHTC stated in the Conditional Reservation or \$500 is due to NIFA no later than the date specified for the submission of the Conditional Reservation Documentation.

3.3 LATE FEE – CONDITIONAL RESERVATION DOCUMENTATION.

A late fee of 1% of the LIHTC Conditional Reservation amount will be assessed and collected from developers/owners of developments for which the Conditional Reservation Documentation as set forth below in Section 4.4 is not submitted by the required deadline.

3.4 LATE FEE - CARRYOVER ALLOCATION.

A late fee of 1% of the LIHTC Conditional Reservation amount will be assessed and collected from developers/owners of developments for which the Carryover Allocation Documentation and 10% Test certification are not submitted by the required deadline as set forth in the Carryover Allocation Procedures Manual.

3.5 ALLOCATION/COST CERTIFICATION FEE.

A non-refundable fee equal to 2% of the annual amount of the LIHTC allocated to each development is due and payable to NIFA by the developer/owner at the time of submission of the Final Cost Certification Documentation as set forth in the Final Cost Certification Procedures Manual.

3.6 LATE FEE – COST CERTIFICATION

A late fee of 1% of the LIHTC amount reserved for a development will be assessed and collected from developers/owners of developments for which the Cost Certification Documentation is not submitted by the required deadline as set forth in the Cost Certification Procedures Manual.

3.7 EXTENSION FEE.

A developer/owner may request an extension of any of the following deadlines: Conditional Reservation, Carryover Allocation, 10% Test Certification, and Final Cost Certification. If

- (a) an extension fee of \$500 is paid to NIFA on or before the applicable deadline; and

- (b) in NIFA's sole discretion, the following conditions have been satisfied.
1. A written explanation of the conditions that exist which have caused the need for the extension, along with the proposed date that information will be submitted to NIFA to meet the extended deadline.
 2. Based on the facts and circumstances, the request for an extension is reasonable.
 3. The request for an extension is submitted to NIFA on or before the deadline for the original submittal.
 4. The Extension Fee is paid concurrently with the extension request.

3.8 ANNUAL FEE.

A non-refundable fee equal to the greater of 2% of the annual LIHTC allocated or \$500 minimum is due to NIFA each year during the Compliance Period for the development.

Owners have the option to pay the Annual Fee upfront as part of their development budget. If an owner chooses to pay the Annual Fee in full, the amount due for Annual Fee will be discounted to 1.5% of the annual LIHTCs allocated multiplied by 15 years with a minimum fee of \$7,500.

Example: Annual Credit Amount x 1.5% x 15 years = Total Upfront Annual Fee for first 15 years.

If an owner elects to pay the full 15 years of the Annual Fee upfront, this should be reflected in the Development Budget within the LIHTC Application.

After the first 15 years, the Annual Fee will be payable in the amount and as set forth in the Post Year-15 Monitoring Procedures.

3.9 LATE PAYMENT PENALTY.

A late payment penalty equal to 5% of the Annual Fee will be charged to all accounts that are more than 30 days delinquent. Any fees not collected will be turned over to legal counsel for collection.

3.10 TRANSFER/ASSUMPTION FEE.

A nonrefundable fee of \$1,500 plus attorney fees shall be assessed for changes in the ownership structure of the development.

NIFA reserves, commits and allocates LIHTCs to partnerships, corporations, limited liability companies and individuals. Reservations and commitments of LIHTCs are non-transferable, and **any change in the partners/members of the development owner requires NIFA's prior written approval and payment of the fee described in this Section 3.10** (e.g., addition of a third party or removal of an individual/entity listed as part of the ownership entity of the development in the LIHTC Application).

3.11 LEGAL FEES.

Extraordinary legal fees incurred by NIFA in connection with the review of the LIHTC Application, allocation process or ongoing compliance with respect to a development will be assessed and charged to the development owner, including but not limited to the following:

- Fees for research relating to irregular situations
- Ownership agreements
- Rental rate questions
- Unusual timing situations
- Specific technical questions related to Code Section 42

4. LIHTC REVIEW AND ALLOCATION PROCESS

NIFA will use the following process in the allocation of LIHTCs:

4.1 FULL APPLICATION–THRESHOLD REVIEW.

To be considered for a reservation of LIHTCs, all documentation must be submitted through the online funding application. Only the information submitted for the current deadline will be reviewed regardless of any prior submittal of documentation. An LIHTC Application submitted for threshold review must be resubmitted in full (whether or not changes have been made by the applicant subsequent to threshold review) by the next Final Full Application deadline in order to be considered for an allocation of LIHTCs. The LIHTC Application Fee must be submitted on or prior to the deadline as set forth in Section 3.1 and the applicant, developer and owner (or related parties) must be current on any fees owed to NIFA for existing or previous developments. If requesting HOME funds, please upload an Exhibit 111 in the online application. Threshold criteria requirements are outlined in the LIHTC/HOME Application.

4.2 EVALUATION OF FULL APPLICATIONS–THRESHOLD REVIEW.

- (a) Each application for LIHTCs for a particular development will be evaluated based upon the information submitted in the online LIHTC Application for the applicable Application deadline.
- (b) NIFA will communicate with development owners that do not meet the threshold criteria to generally outline deficiencies in the threshold exhibits with respect to the threshold criteria. Upon meeting the threshold criteria, the LIHTC Application for the development may proceed to the Final Full LIHTC Application deadline as set forth in Section 2.1.

4.3 EVALUATION OF FINAL FULL APPLICATIONS.

- (a) Each application for LIHTCs for a particular development will be evaluated based upon the information submitted in the online LIHTC Application for the applicable Application deadline.

- (b) Developments will be ranked based upon the total number of points awarded in all criteria categories and placed into the appropriate set-aside priorities.
- (c) NIFA will conduct an initial evaluation to determine the appropriate amount, if any, of LIHTCs to be reserved, using data provided by the developer/owner and according to NIFA benchmarks and Section 42 of the Code.

4.4 CONDITIONAL RESERVATION.

Applicants determined to receive a reservation of LIHTCs in a particular Round will be notified in writing and will receive a Conditional Reservation of LIHTCs subject to the conditions set forth in the Conditional Reservation.

Within 90 days of notification of a Conditional Reservation, the applicant must submit to NIFA documentation of the following:

- (a) Payment of Reservation Fee and any other fees due to NIFA (including fees due for all other developments sponsored by such applicant).
- (b) Syndication commitment (signed by both parties) outlining LIHTC equity contribution commitment or terms (i.e., percentage, proceeds to be received, etc.).
- (c) A Phase I Environmental Site Assessment prepared by an unrelated third party professional. For developments for which rehabilitation will be performed, such report must include an assessment of the risks relating to environmental conditions including but not limited to lead-based paint, asbestos and radon.
- (d) Each development owner must agree to provide complete annual operating data and federal income tax returns to NIFA on a timely basis.
- (e) Firm commitments for all sources of funding (including construction and permanent sources and subsidies, if applicable). HOME funds and USDA-RD commitments will be due at the time of the Carryover Allocation submission.
- (f) A Fair Housing Certification in the form attached hereto as Exhibit A signed by the development's Architect evidencing that, when constructed in accordance with the plans and specifications, the development will be in compliance with the design and construction requirements set forth in the Fair Housing Act and Americans with Disabilities Act.
- (g) Development status reports, in form and frequency as specified by NIFA, outlining the progress toward completion of the development or satisfaction of all requirements necessary to receive a Carryover Allocation Agreement or a final allocation of LIHTCs. The Quarterly Progress Report attached hereto as Exhibit B shall be used to submit such reports to NIFA by the 5th day following the end of each calendar quarter. Information requested by NIFA may include such items as zoning approvals, construction progress reports, site control documentation and cost analysis updates.

- (h) If the owner of the proposed development intends to claim Historic Rehabilitation Tax Credits, NIFA will require evidence from the State Historic Preservation Office (SHPO) of the United States Department of the Interior National Park Service Part I approval of the historic rehabilitation of the development, if not previously submitted with the LIHTC Application.
- (i) Exhibit 111.
- (j) Any other documentation required by NIFA.

NOTE: Failure to meet the above requirements and/or other conditions imposed by NIFA, in its sole discretion, within the designated time frame will result in the termination of the development's Conditional Reservation of LIHTCs. Extensions may, in NIFA's sole discretion, be granted. Requests for extensions may be made by the developer/owner under the following conditions:

- (a) An extension fee of \$500 is paid to NIFA on or before the applicable deadline; and (b) In NIFA's sole discretion; the following conditions have been satisfied.
 1. A written explanation of the conditions that exist which have caused the need for the extension, along with the proposed date that information will be submitted to NIFA to meet the extended deadline.
 2. Based on the facts and circumstances, the request for an extension is reasonable.
 3. The request for an extension is submitted to NIFA prior to the deadline for the original submittal.
 4. The Extension Fee is paid concurrently with the extension request.

4.5 REVOCATION.

NIFA may revoke a Future Binding Commitment, Conditional Reservation, Firm Commitment or LIHTC allocation made to a developer/owner for any development. Revocation may occur at NIFA's sole discretion due to actions taken by the development owner, without NIFA's prior written approval, from the time a Future Binding Commitment, Conditional Reservation, or Firm Commitment is issued and up to the placed-in-service date of the development, for any of the following reasons:

- (a) Site change;
- (b) Change in ownership—a change in the parties involved in the ownership entity (e.g., addition of a third party or removal of an individual/entity listed as part of the development ownership submitted in the LIHTC Application);

- (c) Change in unit design, square footage, unit mix, number of units, number of buildings, etc.;
- (d) Instances of curable non-compliance issues beyond the specified cure period on an applicant's existing LIHTC developments in any state; or
- (e) Change in rents to be charged to tenants.

4.6 MODIFICATION OR REVOCATION OF LIHTC ALLOCATION.

NIFA may modify or revoke a LIHTC reservation or allocation to the developer/owner of the development for any of the following reasons:

- (a) Information submitted to NIFA is determined to be false or fraudulent;
- (b) Failure to meet the conditions set forth in the Conditional Reservation;
- (c) Material changes occur in the actual costs and/or square footage of the development without the prior written approval of NIFA;
- (d) Owner receives additional subsidies or financing for the development other than those disclosed in the LIHTC Application without the prior written approval of NIFA;
- (e) Subsequent regulations are issued by the Department of the Treasury or the IRS pertaining to Section 42 of the Code;
- (f) Applicant fails to promptly notify NIFA of any material or adverse changes from the original LIHTC Application; or
- (g) Applicant fails to meet the 10% Test Certification or Placed in Service deadline.

4.7 CARRYOVER ALLOCATION.

Section 42 of the Code provides that NIFA may issue a carryover allocation (the "Carryover Allocation") to certain qualified developments for which a LIHTC reservation has been granted and which will not be placed in service by December 31, 2016. To be eligible for a Carryover Allocation costs in an amount equal to 10% or more of the expected basis in the development must be incurred within one year from the date of the Carryover Allocation.

To request a Carryover Allocation, submit **one complete copy** of the following to NIFA by the required deadline:

- (a) The Carryover Allocation Documentation as set forth in the Carryover Allocation Procedures Manual.
- (b) 10% Test certification by an independent, third-party certified public accountant or attorney that costs in an amount equal to 10% or more of the reasonably expected basis in the development determined as of the close of the second calendar year following the year in which the Conditional Reservation was made

has been incurred within one year from the date of the Carryover Allocation and no later than June 30, 2017. If the developer fee is included in the 10% test, it must be earned and reasonable for the services performed to date and evidenced by an agreement. (Note: amount included should not be greater than 20% of the total developer fee.)

- (c) HOME fund commitment letter or USDA-RD commitment letter if applicable.

All developers/owners of developments with respect to which a Conditional Reservation has been received must submit the Carryover Allocation Documentation to NIFA no later than November 1, 2016. The 10% Test certification must be submitted to NIFA no later than June 30, 2017. If the Carryover Allocation Documentation and 10% Test certification are not submitted to NIFA by the specified deadlines, a 1% late fee, as discussed in Section 3.4, will be assessed to the development owner. A Carryover Allocation Agreement will not be issued for a development prior to payment of all fees due and payable to NIFA.

NOTE: Failure to submit the Carryover Allocation Documentation and 10% Test certification by the required deadlines may result in the revocation of the Conditional Reservation. Extensions may be requested as set forth in Section 3.7.

4.8 FINAL LIHTC ALLOCATION/COST CERTIFICATION.

No LIHTC allocation will be made until the development has been placed-in-service and the developer/owner has submitted to NIFA the Final Cost Certification Documentation, as set forth in the Cost Certification Procedures Manual. Final LIHTC allocations may be requested as soon as an eligible building has been placed in service. NIFA requires the submission of the Final Cost Certification Documentation by the deadlines set forth in the Final Cost Certification Procedures Manual. The LIHTC amount allocated for a development will be based on NIFA's final determination of the qualified basis for the building or development and a review of the development's costs.

NOTE: Failure to submit the Final Cost Certification Documentation by the required deadlines set forth in the Final Cost Certification Procedures Manual will result in late fees and could result in the revocation of the LIHTC allocation. Extensions may be requested as set forth in Section 3.7.

5. CRANE PROGRAM APPLICATION AND ALLOCATION PROCESS.

The focus and primary purpose of CRANE is to target specific long-term, interrelated and coordinated job creation/enhancement, economic growth, joint housing and community development strategies and implementation of plans by Nebraska communities. NIFA will set-aside up to 33% of Nebraska's annual LIHTC authority to be allocated pursuant to the CRANE Program (set-aside can be increased as set forth in Section 2.4(d)). The CRANE Program is a strategic alliance among NIFA and other collaborating resource providers. To participate in the CRANE Program, for-profit or non-profit entities ("Eligible Applicant") must join together with cities, communities and neighborhoods and collectively demonstrate that through a public process they have assessed the needs of their particular community with respect to economic development, community resource and housing development, and have proposed

specific solutions to address those needs (the “Plan”). Proposals submitted under the CRANE Program must demonstrate how current and potential employers and institutions (schools, hospitals, municipal service providers) located in the community will be involved in any proposed solutions. Such proposals shall also demonstrate the development of businesses and creation of jobs and the impact on the development of affordable housing in the area. NIFA will work with other collaborating resource providers to coordinate the various resources available for a community requesting funds for a development pursuant to the CRANE Program and identify those proposals which best demonstrate the need for LIHTC to address the needs identified by a community.

Communities/developers interested in applying for LIHTCs through the CRANE Program must meet with NIFA staff to determine eligibility, and if determined by NIFA to be eligible, must complete a 2016 CRANE Application online. The CRANE online application can be accessed at NIFA’s Internet Web site (www.NIFA.org). Eligible Applicants may apply for LIHTCs through the CRANE PROGRAM for the following:

Developments that provide substantial benefit in one or more of the following areas:

- Housing for individuals with special needs (such as physical or mental disabilities, substance abuse issues, homeless, or those experiencing severe economic distress), including housing for distressed populations with incomes below 30% of the applicable Area Median Income (AMI). At least 25% of the units must serve individuals with special needs. Senior housing is considered special needs housing ONLY if all of the units in the development serve households with incomes below 30% of the applicable AMI; or
- Native American Housing; or
- Housing developments in response to settlement agreements or consent decrees relating to housing deficiencies, housing discrimination or other housing issues; or
- Housing developments that are part of a neighborhood redevelopment plan (which plan has been approved by appropriate city or county authorities) for which there is a significant and material public investment. The development must include a minimum of 10% market rate units; or
- A housing development located in a community with a current state or presidential disaster declaration that resulted in the loss of housing as determined by NIFA.

The CRANE Program will utilize a three-tier process. Potential CRANE Program eligible applicants must submit an email to NIFA with a brief description of the development and how the development is CRANE eligible. CRANE Program applicants must submit a CRANE Application and all required supporting information via the online funding application system, along with a nonrefundable CRANE Application fee of \$500. NIFA will accept CRANE Applications monthly by the close of the last business day thereof. NIFA will notify the applicant when its CRANE Application has been accepted and NIFA will develop a timeline to assign categorization status in which to meet the requirements under the CRANE Program. CRANE Applications will be categorized as follows:

- Category 4: Conceptual
- Category 3: Feasible
- Category 2: Information
- Category 1: Ready, in all aspects, to proceed

NIFA will notify the eligible applicant when its CRANE Application has satisfied all the categorization status requirements under the CRANE Program, at which time the eligible applicant must submit a completed LIHTC Application via the online funding application system and the LIHTC Application fee within the time periods specified by NIFA. Developments under the CRANE Program that do not submit the online LIHTC Application, with applicable exhibits by the specified deadline will not be reviewed or scored by NIFA. Upon satisfaction of the requirements under the LIHTC Application and the CRANE Program, NIFA will, if LIHTC's are available, issue a Conditional Reservation of LIHTC to the development.

5.1 MAXIMUM ALLOCATION OF LIHTCs UNDER THE CRANE PROGRAM.

- (a) The maximum LIHTC allocation to any single development in the CRANE set-aside will be no more than 25% of Nebraska's annual LIHTC authority. No development may be divided into two or more developments to receive in excess of this limit of LIHTC in a particular year. Multiple applications in the same year determined to be a single development will be returned to the applicant and all fees forfeited.
- (b) No one owner, developer, co-developer, sponsor, any member of the development team, or an affiliate thereof with an "identity-of-interest" (excluding property management control) will be eligible to receive, for a particular allocation year, more than a total of 25% of Nebraska's annual LIHTC authority. (LIHTCs received pursuant to the CRANE Program will be added to the total LIHTC amount when determining the ratio of LIHTCs received under Nebraska's annual LIHTC authority); An exception to this limitation may be made to ensure maximum distribution and/or effective utilization of LIHTCs as determined by NIFA's Executive Director.
- (c) In accordance with Section 42 of the code, each CRANE Application will be evaluated by NIFA to determine the amount of LIHTCs to be allocated to the particular development. LIHTC allocations will be limited to the amount necessary to ensure the financial feasibility of the development based on the pro-forma information submitted by the developer and other materials, as NIFA may deem necessary.
- (d) For purposes of determining the amount, if any, of LIHTCs to be reserved for a particular development, NIFA will limit the developer/contractor overhead, profit and fees, general requirements, and consultant fees included in the eligible basis to an amount not to exceed 24% of the total eligible basis of the development. In addition, any fees calculated on eligible basis (before any basis boost) above \$125 per square foot for new construction and rehabilitation will not be included in the allowable eligible basis amount for purposes of a reservation of LIHTCs.

- a. All developments may request up to a 15% Basis Boost;
- b. Developments located in non-metro areas (outside of an MSA) that have an average combined gross rent amount that would be affordable to households with an income less than 45% of the county's Area Median Income (AMI) may request up to a 20% Basis Boost; or
- c. Developments may request up to a 30% Basis Boost in the event that the applicable LIHTC rate is not, pursuant to the Code, locked at 9%.

5.3 INELIGIBLE APPLICANTS

A CRANE Application will not be considered or reviewed by NIFA:

- i. if the developer or owner is delinquent on Nebraska LIHTC fees due and payable for other Nebraska LIHTC developments; or
- ii. if during the previous three calendar years, there are or have been items of noncompliance or violations of a Land Use Restriction Agreement that have not been corrected within the applicable correction period on any other Nebraska LIHTC development; or
- iii. if the owner is delinquent on any documentation/fees that are due to NIFA, including but not limited to the following:
 - (h) Conditional Reservation Documentation
 - (i) Carryover Documentation
 - (j) 10% Test Documentation
 - (k) Cost Certification Documentation
 - (l) Asset Management Documentation
 - (m)TCAP Loan Repayment Amounts
 - (n) Any other documentation requested by NIFA.

6. CRANE PROGRAM FEE SCHEDULE

6.1 CRANE APPLICATION FEE.

A non-refundable fee of \$500 is due to NIFA at the time of the submission of the CRANE Application.

6.2 LIHTC APPLICATION FEE

A non-refundable fee equal to the greater of 1% of the annual LIHTCs requested or \$500 is due to NIFA at the submission of the Full LIHTC Application.

6.3 RESERVATION FEE.

A non-refundable fee equal to the greater of 2% of the annual LIHTC stated in the Conditional Reservation or \$500 is due to NIFA no later than the date specified for the submission of the Conditional Reservation Documentation.

6.4 LATE FEE – CONDITIONAL RESERVATION DOCUMENTATION.

A late fee of 1% of the LIHTC Conditional Reservation amount will be assessed and collected from developers/owners of developments for which the Conditional Reservation Documentation as set forth below in Section 7.5 is not submitted by the required deadline.

6.5 LATE FEE - CARRYOVER ALLOCATION.

A late fee of 1% of the LIHTC Conditional Reservation amount will be assessed and collected from developers/owners of developments for which the Carryover Allocation Documentation and 10% Test certification are not submitted by the required deadline as set forth in the Carryover Allocation Procedures Manual.

6.6 ALLOCATION/COST CERTIFICATION FEE.

A non-refundable fee equal to 2% of the annual amount of the LIHTC allocated to each development is due and payable to NIFA by the developer/owner at the time of submission of the Final Cost Certification Documentation as set forth in the Final Cost Certification Procedures Manual.

6.7 LATE FEE – COST CERTIFICATION

A late fee of 1% of the LIHTC amount reserved for a development will be assessed and collected from developers/owners of developments for which the Cost Certification Documentation is not submitted by the required deadline as set forth in the Cost Certification Procedures Manual.

6.8 EXTENSION FEE.

A developer/owner may request an extension of any of the following deadlines: Conditional Reservation, Carryover Allocation, 10% Test Certification, and Final Cost Certification. If

- (a) an extension fee of \$500 is paid to NIFA on or before the applicable deadline; and
- (b) in NIFA's sole discretion, the following conditions have been satisfied:
 1. A written explanation of the conditions that exist which have caused the need for the extension, along with the proposed date that information will be submitted to NIFA to meet the extended deadline.
 2. Based on the facts and circumstances, the request for an extension is reasonable.
 3. The request for an extension is submitted to NIFA on or before the deadline for the original submittal.
 4. The Extension Fee is paid concurrently with the extension request.

6.9 ANNUAL FEE.

A non-refundable fee equal to the greater of 2% of the annual LIHTC allocated or \$500 minimum is due to NIFA each year during the Compliance Period for the development.

Owners have the option to pay the Annual Fee upfront as part of their development budget. If an owner chooses to pay the Annual Fee in full, the amount due for Annual Fee will be discounted to 1.5% of the annual LIHTCs allocated multiplied by 15 years with a minimum of \$7,500.

Example: Annual Credit Amount x 1.5% x 15 years = Total Upfront Annual Fee for first 15 years.

If an owner elects to pay the full 15 years of the Annual Fee upfront, this should be reflected in the Development Budget within the LIHTC Application.

After the first 15 years, the Annual Fee will be payable in the amount and as set forth in the Post Year-15 Monitoring Procedures.

6.10 LATE PAYMENT PENALTY.

A late payment penalty equal to 5% of the Annual Fee will be charged to all accounts that are more than 30 days delinquent. Any fees not collected will be turned over to legal counsel for collection.

6.11 TRANSFER/ASSUMPTION FEE.

A nonrefundable fee of \$1,500 plus attorney fees shall be assessed for changes in the ownership structure of the development.

NIFA reserves, commits and allocates LIHTCs to partnerships, corporations, limited liability companies and individuals. Reservations and commitments of LIHTCs are non-transferable, and **any change in the partners/members of the development owner requires NIFA's prior written approval and payment of the fee described in this Section 6.11** (e.g., addition of a third party or removal of an individual/entity listed as part of the ownership of the development in the LIHTC Application).

6.12 LEGAL FEES.

Extraordinary legal fees incurred by NIFA in connection with the review of the LIHTC Application, allocation process or ongoing compliance with respect to a development will be assessed and charged to the development owner, including but not limited to the following:

- Fees for research relating to irregular situations
- Ownership agreements
- Rental rate questions
- Unusual timing situations
- Specific technical questions related to Code Section 42

7. CRANE PROGRAM REVIEW AND ALLOCATION PROCESS

7.1 CRANE APPLICATION PHASE.

To be considered under the CRANE Program, the CRANE Application must be completed, signed and submitted to NIFA via the online funding application along with the \$500 application fee.

7.2 CRANE PROGRAM – REVIEW PROCESS

All CRANE Program developments receiving a CRANE designation must provide to NIFA development status reports, in a form and frequency as determined by NIFA, outlining the development's progress toward completion or satisfaction of all requirements necessary to receive a Conditional Reservation and/or Carryover Allocation of LIHTC. Information requested by NIFA will be development specific, and may include such items as zoning approvals, firm debt and/or equity financing commitments (conditioned only upon receipt of LIHTC), construction progress reports, site control documentation and cost analysis updates. NIFA will review all CRANE Program status reports and determine, in its discretion, whether a CRANE Program development has made significant progress toward meeting the requirements to receive a Conditional Reservation of LIHTCs. If NIFA determines that significant progress has not been achieved in connection with the CRANE Program development, NIFA reserves the right to cancel or suspend the Conditional Reservation of LIHTCs. The LIHTCs reserved under the Conditional Reservation will be available to other applicants meeting the requirements under the CRANE Program.

7.3 LIHTC APPLICATIONS SUBMITTED BY CRANE PROGRAM APPLICANTS.

To be considered for a reservation of LIHTCs under the CRANE Program, all documentation must be submitted through the online funding application. Only the information submitted for the current month will be reviewed regardless of any prior month's submittal of documentation. If information was submitted in January, information must be resubmitted in full for each month after January until the application has received an award. The LIHTC Application Fee must be submitted on or prior to the submittal of the online Application and the applicant, developer and owner (or related parties) must be current on any fees owed to NIFA for existing or previous developments. If requesting HOME funds, please upload an Exhibit 111 in the online application. Threshold criteria requirements are outlined in the LIHTC/HOME Application.

7.4 EVALUATION OF LIHTC APPLICATIONS UNDER THE CRANE PROGRAM.

LIHTC Applications submitted under the CRANE Program that do not meet the threshold criteria requirements will either be suspended at NIFA's discretion or rejected without further consideration or review by NIFA.

- (a) Each application for the CRANE Program for a particular development will be evaluated based upon information submitted in the online CRANE Application and the online LIHTC Application for the applicable month in which it was submitted and such other information that NIFA may request or obtain in the evaluation process.

- (b) NIFA will conduct an initial evaluation to determine the appropriate amount, if any, of LIHTCs to be reserved, using data provided by the eligible applicant and according to NIFA benchmarks and Section 42 of the Code.

NOTE: NIFA will only review materials submitted during the applicable month in which it was submitted.

7.5 CONDITIONAL RESERVATION.

Applicants determined to receive a reservation of LIHTC will be notified in writing and will receive a Conditional Reservation of LIHTCs subject to the conditions set forth in the Conditional Reservation and the availability of LIHTCs under the CRANE Program.

Within 90 days of notification of a Conditional Reservation, the CRANE applicant must submit to NIFA documentation of the following:

- (a) Payment of Reservation Fee and any other fees due to NIFA (including fees due for all other developments sponsored by such applicant).
- (b) Syndication commitment (signed by both parties) outlining LIHTC equity contribution commitment or terms (i.e., percentage, proceeds to be received, etc.).
- (c) A Phase I Environmental Site Assessment prepared by an unrelated third party professional. For developments for which rehabilitation will be performed, such report must include an assessment of the risks relating to environmental conditions including but not limited to lead-based paint, asbestos and radon.
- (d) Each development owner must agree to provide complete annual operating data and federal income tax returns to NIFA on a timely basis.
- (e) Firm commitments for all sources of funding (including construction and permanent sources and subsidies, if applicable). HOME funds and USDA-RD commitments will be due at the time of the Carryover Allocation submission.
- (f) A Fair Housing Certification in the form attached hereto as Exhibit A signed by the development's Architect evidencing that, when constructed in accordance with the plans and specifications, the development will be in compliance with the design and construction requirements set forth in the Fair Housing Act and Americans with Disabilities Act.
- (g) Development status reports, in form and frequency as specified by NIFA, outlining the progress toward completion of the development or satisfaction of all requirements necessary to receive a Carryover Allocation Agreement or a final allocation of LIHTCs. The Quarterly Progress Report attached hereto as Exhibit B shall be used to submit such reports to NIFA by the 5th day following the end of each calendar quarter. Information requested by NIFA may include such items as zoning approvals, construction progress reports, site control documentation and cost analysis updates.

- (h) If the owner of the proposed development intends to claim Historic Rehabilitation Tax Credits, NIFA will require evidence from the State Historic Preservation Office (SHPO) of the United States Department of the Interior National Park Service Part I approval of the historic rehabilitation of the development, if not previously submitted with the LIHTC Application.
- (i) Exhibit 111.
- (j) Any other documentation required by NIFA.

NOTE: Failure to meet the above requirements, and/or other conditions imposed by NIFA in its sole discretion within the designated time frame will result in the termination of the development's Conditional Reservation of LIHTCs. Extensions may, in NIFA's sole discretion, be granted. Requests for extensions may be made by the developer/owner under the following conditions:

- (a) An extension fee of \$500 is paid to NIFA on or before the applicable deadline; and
 1. In NIFA's sole discretion, the following conditions have been satisfied. A written explanation of the conditions that exist which have caused the need for an extension, along with the proposed date that information will be submitted to NIFA to meet the extended deadline.
 2. Based on the facts and circumstances, the request for an extension is reasonable.
 3. The request for an extension is submitted to NIFA prior to the deadline for the original submittal.
 4. The Extension Fee is paid concurrently with the extension request.

7.6 REVOCATION.

NIFA may revoke a Future Binding Commitment, Conditional Reservation, Firm Commitment or LIHTC allocation made to a developer/owner for any development. Revocation may occur at NIFA's sole discretion due to actions taken by the development's owner without NIFA's prior written approval, from the time of a Future Binding Commitment, Conditional Reservation, or Firm Commitment is issued and up to the placed-in-service date of the development, for any of the following reasons:

- (a) Site change;
- (b) Change in ownership—a change in the parties involved in the ownership entity (e.g., addition of a third party or removal of an individual/entity listed as part of the development ownership submitted by the CRANE Program applicant in its LIHTC Application or CRANE Application);

- (c) Change in unit design, square footage, unit mix, number of units, number of residential buildings, etc.;
- (d) Instances of curable non-compliance issues beyond the specified cure period on an applicant's existing LIHTC developments in any state; or
- (e) Change in rents to be charged to tenants.

7.7 MODIFICATION OR REVOCATION OF LIHTC ALLOCATION.

NIFA may modify or revoke a LIHTC reservation or allocation to the developer/owner of the CRANE Program development for any of the following reasons:

- (a) Information submitted to NIFA is determined to be false or fraudulent;
- (b) Failure to meet conditions set forth in the Conditional Reservation;
- (c) Material changes occur in the actual costs and/or square footage of the development without the prior written approval of NIFA;
- (d) Owner receives additional subsidies or financing for the development other than those disclosed in the LIHTC Application or CRANE Application without the prior written approval of NIFA;
- (e) Subsequent regulations are issued by Department of the Treasury or the IRS pertaining to Section 42 of the Code; or
- (f) CRANE Applicant fails to promptly notify NIFA of any material or adverse changes from either the original LIHTC Application or CRANE Application.

7.8 CARRYOVER ALLOCATION.

Section 42 of the Code provides that NIFA may issue a carryover allocation (the "Carryover Allocation") to certain qualified developments for which a LIHTC reservation has been granted and which will not be placed in service by December 31, 2016. To be eligible for a Carryover Allocation costs in an amount equal to 10% or more of the expected basis in the development must be incurred within one year from the date of the Carryover Allocation.

To request a Carryover Allocation, submit **one complete copy** of the following to NIFA by the required deadline:

- (a) The Carryover Allocation Documentation as set forth in the Carryover Allocation Procedures Manual.
- (b) 10% Test certification by an independent, third-party certified public accountant or attorney that costs in an amount equal to 10% or more of the reasonably expected basis in the development determined as of the close of the second calendar year following the year in which the Conditional Reservation was made has been incurred within one year from the date of the Carryover Allocation and

no later than June 30, 2017. If the developer fee is included in the 10% test, it must be earned and reasonable for the services performed to date and evidenced by an agreement (Note: amount included should not be greater than 20% of the total developer fee).

- (c) HOME fund commitment letter or USDA-RD commitment letter if applicable.

All developers/owners of developments with respect to which a Conditional Reservation has been received must submit the Carryover Allocation Documentation to NIFA no later than November 1, 2016. The 10% Test certification must be submitted to NIFA no later than June 30, 2017. If the Carryover Allocation Documentation and 10% Test certification are not submitted to NIFA by the specified deadlines, a 1% late fee, as discussed in Section 6.5, will be assessed to the development owner. A Carryover Allocation Agreement will not be issued for a development prior to payment of all fees due and payable to NIFA.

NOTE: Failure to submit the Carryover Allocation Documentation and 10% Test certification by the required deadlines may result in the revocation of the Conditional Reservation. Extensions may be requested as set forth in Section 6.8.

7.9 FINAL LIHTC ALLOCATION / COST CERTIFICATION.

No LIHTC allocation will be made until the development has been placed-in-service and the developer/owner has submitted to NIFA the Final Cost Certification Documentation, as set forth in the Cost Certification Procedures Manual. Final LIHTC allocations may be requested as soon as an eligible building has been placed in service. NIFA requires the submission of the Final Cost Certification Documentation by the deadlines set forth in the Final Cost Certification Procedures Manual. The LIHTC amount allocated for a development will be based on NIFA's final determination of the qualified basis for the building or development and a review of the development's costs.

NOTE: Failure to submit the Final Cost Certification Documentation by the required deadlines as set forth in the Final Cost Certification Procedures Manual will result in late fees and could result in the revocation of the LIHTC allocation. Extensions may be requested as set forth in Section 6.8.

8. LIHTC GUIDELINES

Following are general guidelines of the LIHTC Program, including the CRANE Program, and all other set-asides. These guidelines are not conclusive and should not be relied upon as tax advice. NIFA suggests that, prior to completing the LIHTC Application and/or CRANE Application; you consult with an independent, third-party certified public accountant or attorney for a complete interpretation of Section 42 and other related tax laws in the Code. NIFA's review of documents submitted in connection with a LIHTC Application or CRANE Application is solely for its own purposes. NIFA makes no representations to the development's Owner or anyone else as to:

- (a) compliance with the Code, Treasury Regulations or any other laws or regulations governing LIHTC; or

- (b) the financial feasibility or viability of any development.

No member, officer, agent or employee of NIFA will be personally liable concerning any matters arising out of, or in relation to, the allocation of LIHTC. LIHTC's will be awarded based on federal tax law and Nebraska's LIHTC Allocation Plan. NIFA reserves, commits and allocates LIHTC to partnerships, corporations, limited liability companies and individuals. LIHTC commitments, reservations and allocations are not transferable, and any change in development ownership requires NIFA's prior written approval. NIFA verifies development ownership through organizational documents, closing documents, warranty deeds and title reports.

NIFA reserves the right to not allocate LIHTC to any development, regardless of ranking/scoring, if NIFA determines in its sole discretion that the development does not further the purpose and goals of the LIHTC Program. For purposes of this determination, the information taken into account may include, but is not limited to, the applicant/sponsor's experience and performance and the applicant/sponsor's prior participation in the NIFA program and other states' LIHTC programs. The prior performance considered may include, but is not limited to, progress achieved with previous Conditional Reservations, Carryover Allocations, Cost Certifications, development compliance and payment of fees due to NIFA.

NIFA reserves the right not to allocate LIHTC to any development, regardless of ranking/scoring, if NIFA determines in its sole discretion that a disproportionate number of LIHTC developments have been developed in a particular census tract within the past three-year period. NIFA may decide to allocate LIHTC to a development in another county to best serve the citizens of Nebraska. This right will be exercised only in limited circumstances, such as when LIHTC developments in a particular census tract have a vacancy rate of 7% or more, or if, when taking into account current LIHTC Applications and existing LIHTC developments and others previously approved and funded (but not yet constructed or occupied), LIHTC developments would create a disproportional number of low-income housing units in that particular area.

NIFA recognizes that certain developments may need additional subsidies to encourage the production of and ensure the viability of low-income housing developments. Under certain circumstances (particularly for smaller developments in rural areas), NIFA may agree to provide limited second mortgage financing to enable such developments to take advantages of LIHTC available in connection with the issuance by NIFA of tax-exempt bonds. The owners of developments receiving secondary NIFA financing will be required to execute a Land Use Restriction Agreement ("LURA") which will be recorded as a restriction binding on any successor in title to the owner (through assignment, foreclosure or an instrument in lieu of foreclosure) to agree to repay or assume the outstanding balance of such secondary financing indebtedness to NIFA as a condition to an agreement by NIFA to execute a new LURA (a new LURA is necessary for the successor in title to claim any LIHTCs remaining in connection with the development).

All information submitted to NIFA will, to the extent permitted by law, be kept confidential and will not be available to any other applicant or third party. Applicants will be given their scoring results upon request and may receive the total scoring results of the other developments on an anonymous basis.

Applicants who have been convicted of, entered an agreement for immunity from prosecution for or pleaded guilty (including a plea of no contest) to a crime of dishonesty, moral turpitude, fraud, bribery, payments of illegal gratuities, perjury, false statement, racketeering, blackmail, extortion, falsification or destruction of records are ineligible to apply for LIHTCs. Applicants who have been barred from any other NIFA program, other state LIHTC programs or any federal programs are also ineligible to apply for LIHTCs. Applicants having an identity of interest with any barred entity may also not be eligible to apply for LIHTCs at the sole discretion of NIFA. Furthermore, NIFA reserves the right to amend or modify any of the program instructions or procedures contained within the LIHTC Allocation Plan and LIHTC Application and may exercise such right at any time and without liability to any applicant or other party for their expenses incurred in the preparation of a LIHTC Application or otherwise.

9. COMPLIANCE MONITORING

During the Compliance Period as set forth in the LURA, NIFA, as part of this LIHTC Allocation Plan, is required to adopt and adhere to compliance monitoring procedures which will: (i) monitor developments for noncompliance and (ii) notify the IRS of any noncompliance of which NIFA becomes aware of in accordance with Section 42(m) of the Code, Treasury Regulation § 1.42-5 and any other applicable regulations. All development owners must enter into a LURA with NIFA, binding all parties to comply with Section 42 of the Code, Treasury Regulation § 1.42-5 and any other applicable regulations. Pursuant to the LURA, development owners (or the management agents thereof) are required to attend, on an annual basis, a compliance seminar sponsored by NIFA. In addition, development owners with items of noncompliance that have not been corrected in a timely fashion may be required to provide quarterly compliance reports to NIFA and may, in NIFA's sole discretion, be ineligible to receive future allocations of LIHTCs.

The following procedures outline NIFA's plans for compliance monitoring by development owners. Such procedures, together with the covenants and representations contained in the LURA (which form of LURA is incorporated in this LIHTC Allocation Plan by reference) shall constitute the procedures for compliance monitoring by NIFA. (Capitalized terms used below and not otherwise defined shall have the meanings as set forth in the LURA).

9.1 TENANT INCOME CERTIFICATIONS.

Development owners shall maintain a file for each Qualified Tenant residing in the development (which shall be updated during each year of unit occupancy by the development owner). Each tenant file shall contain a copy of the rent record and a copy of such tenant's executed Application and Income Certification (a form of which is attached to the LURA) as well as supporting documentation, which is subject to independent investigation and verification by NIFA. Each tenant file shall be submitted to NIFA as set forth below or in such other form and manner as may be required by the applicable rules, regulations or policies now or hereafter promulgated by the Department of the Treasury or the IRS.

9.2 ANNUAL OWNER CERTIFICATIONS.

Development owners are required to immediately notify NIFA if, at any time, the residential units in a development are not occupied or available for occupancy as provided above. Development owners shall prepare and submit, under penalty of perjury, to NIFA, no later than

January 15th of each year following the first year in which the minimum set-aside is required to be met, a Certificate of Continuing Program Compliance (a form of which is attached to the LURA) and an Annual Tax Credit Summary Report (a form of which is attached to the LURA), both executed by the development owner stating the number of dwelling units in the development which, as of the first date of such calendar year, were occupied by Qualified Tenants (or were deemed to be occupied by Qualified Tenants as provided in the LURA for all or part of such period), together with copies of annual Certifications of Tenant Eligibility and Income Verification (and supporting documentation) and submission of Certification On-Line (COL) data collected by the development owner.

9.3 RECORD KEEPING AND RETENTION.

Development owners are required to collect and retain records for each qualified low-income building in the development for at least six years after the due date (with extensions) for filing the federal income tax return for such year. Notwithstanding the above, records for the first year of the LIHTC Period must be retained for at least six years beyond the due date (with extensions) for the filing of the federal income tax return for the last year of the Compliance Period of the building. Such records shall include for each year during the Compliance Period the following information pertaining to each building in the development:

- (a) The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);
- (b) The percentage of residential rental units in the building that are Qualified Units;
- (c) The rent charged on each residential rental unit in the building, including any utility allowances;
- (d) The number of occupants in each Qualified Unit and any changes in the number of occupants in each Qualified Unit;
- (e) The Qualified Unit vacancies in the building and information that indicates when, and to whom, the next available units were rented;
- (f) The annual income certification of each Qualified Tenant per Qualified Unit;
- (g) Documentation to support each Qualified Tenant's annual income certification (for example, a copy of the Qualified Tenant's federal income tax return, Forms W-2 or verifications of income from third parties such as employers or state agencies paying unemployment compensation). Tenant income is to be calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937 ("Section 8"), and not in accordance with the determination of gross income for federal income tax liability. In the case of a tenant receiving housing assistance payments under Section 8, this documentation requirement is satisfied if the public housing authority provides a statement to the development owner declaring that the tenant's income does not exceed the applicable income limit under Section 42(g) of the Code;

- (h) The eligible basis and the Qualified Basis of the building at the end of the first year of the Credit Period; and
- (i) The character and use of the nonresidential portion of the building included in the building's eligible basis under Section 42(d) of the Code (e.g., tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities, or facilities reasonably required by the development).

9.4 REVIEW PROCESS.

For each year of the Compliance Period, NIFA will perform a compliance review on the development. Certifications and other information submitted to NIFA (as described above) shall be reviewed for compliance with the requirements of Section 42 of the Code.

9.5 ON-SITE INSPECTION AND TENANT FILE REVIEW.

The LURA provides that NIFA, or its designated agent, shall have the right to perform on-site inspections of each building in the development, inspect each Qualified Unit and review the tenant file for each such Qualified Unit.

NIFA, or its designated agent, will conduct an on-site inspection of each building in the development and inspect at least 20% of the Qualified Units and review the tenant files for such Qualified Units. On-site inspections and tenant file reviews shall be conducted by the end of the second calendar year following the year in which the last building in the development was placed in service. Thereafter, NIFA, or its designated agent, will conduct on-site inspections of all buildings in the development and review the tenant files at least once every three years. NIFA shall notify each development owner in advance of any such on-site inspection and review. NIFA shall randomly select which Qualified Units and tenant records will be inspected and reviewed.

Any duly authorized representative of NIFA, the Department of the Treasury or the IRS may inspect the books and records of the development pertaining to the incomes of the Qualified Tenants residing in the development.

In conjunction with each on-site inspection, development owners must provide to NIFA, or its designated agent, any local health, safety or building code violations reports or notices received on the development. Based on the on-site inspection and NIFA's receipt and review of any local health, safety or building code violations reports or notices provided by the owner, NIFA shall determine whether each building in the development and its Qualified Units are suitable for occupancy.

9.6 NOTIFICATION TO OWNER.

In the event NIFA discovers a noncompliance issue with any of the provisions of the LURA or Section 42 of the Code, NIFA will immediately notify the development owner in writing. The development owner shall have 60 days from the issuance of such notice (the "Correction Period") to correct the noncompliance.

Noncompliance includes, but is not limited to, the following: (a) NIFA's failure to receive tenant income certifications, supporting documentation and rent records, (b) noncompliance with any provision of Section 42 of the Code and/or (c) any change in the applicable fraction or eligible basis of the development which would result in a decrease in the Qualified Basis of the development. NIFA shall be authorized and entitled, pursuant to the provisions of the LURA, to perform all acts necessary to comply with the monitoring and notification responsibilities set forth in Section 42(m)(i)(B)(iii) of the Code and any Treasury Regulations promulgated thereunder or other interpretations thereof by the IRS or the courts.

9.7 NOTICE TO INTERNAL REVENUE SERVICE.

Within 45 days after the expiration of the Correction Period, NIFA shall file with the IRS, a copy of Form 8823, setting forth the nature of the noncompliance and whether or not such noncompliance has been corrected.

9.8 LIABILITY.

Compliance with the requirements of Section 42 of the Code is the sole responsibility of the development owner. NIFA's obligations to monitor for compliance with the requirements of Section 42 of the Code does not, and will not, make NIFA liable for a development owner's noncompliance.

All CRANE Applications and LIHTC Applications, materials, exhibits and correspondence submitted to NIFA are the property of NIFA. An agreement may be made between NIFA and any other appropriate federal regulatory agency to exchange such information.

10. NIFA CONTACT INFORMATION.

Correspondence and inquiries should be directed to:

Nebraska Investment Finance Authority (NIFA)
Suite 200
1230 O Street
Lincoln, NE 68508-1402
Attention: LIHTC Program
Telephone: (402) 434-3900
(800) 204-NIFA
Facsimile: (402) 434-3921
Internet: www.NIFA.org

EXHIBIT A

FAIR HOUSING ACT ACCESSIBILITY CERTIFICATION

The following is a certification regarding design and construction requirements of the Fair Housing Act (the “Act”). This certification represents many, but not all, of the requirements to the Act. This certification is not intended to be exhaustive; rather, it is a helpful guide in determining if the major requirements of the Act have been met in designing and constructing the development. **If a box below is not checked due to the applicability of an exception to the Act, the architect MUST include an explanation of the exception, including a citation to the relevant section of the Act.**

GENERAL REQUIREMENTS

- Development has buildings containing 4 or more units and was designed and constructed for first occupancy on or after March 13, 1991.
- If it is an elevator building, all units are “covered units.”
- All units in buildings with elevators have features required by the Act.
- If it is a non-elevator building, all ground-floor units are “covered units.”
- All ground-floor units in buildings without elevators have features required by the Act.

NOTE: There is a narrow exception which provides that a non-elevator building in a development need not meet all of the Act’s requirements if it is impractical to have an accessible entrance to the non-elevator building because of hilly terrain or other unusual characteristics of the site.

ACCESSIBLE BUILDING ENTRANCE ON AN ACCESSIBLE ROUTE

- The accessible route is a continuous, unobstructed path (no stairs) through the development that connects all buildings containing covered units and all other amenities.
- The accessible route also connects to parking lots, public streets, public sidewalks and public transportation stops.
- All slopes are no steeper than 8.33%.
- All slopes between 5% and 8.33% have handrails.
- Covered units have at least one entrance on an accessible route.

- There are sufficient curb cuts for a person using a wheelchair to reach every building in the development.

COMMON AND PUBLIC USE AREAS

- At least two percent of all parking spaces are designated as handicapped parking.
- At least one parking space at each common and public use amenity is designated as handicapped parking.
- All handicapped parking spaces are properly marked.
- All handicapped parking spaces are at least 96" wide with a 60" wide access aisle which can be shared between two spaces.
- The accessible aisle connects to a curb ramp and the accessible route.
- The rental or sales office is readily accessible and usable by persons with disabilities.
- All mailboxes, swimming pools, tennis courts, clubhouses, rest rooms, showers, laundry facilities, trash facilities, drinking fountains, public telephones and other common and public use amenities offered by the development are readily accessible and usable by persons with disabilities.

USABLE DOORS

- All doors into and through covered units and common use facilities provide a clear opening of at least 32" nominal width.
- All doors leading into common use facilities have lever door handles that do not require grasping and twisting.
- Thresholds at doors to common use facilities are no greater than 1/2".
- All primary entrance doors to covered units have lever door handles that do not require grasping and twisting.
- Thresholds at primary entrance doors to covered units are no greater than 3/4" and beveled.

ACCESSIBLE ROUTE INTO AND THROUGH THE COVERED UNIT

- All routes through the covered units are no less than 36" wide.

ACCESSIBLE ENVIRONMENTAL CONTROLS

- All light switches, electrical outlets, thermostats and other environmental controls must be no less than 15" and no greater than 48" from the floor.

REINFORCED BATHROOM WALLS FOR GRAB BARS

- Reinforcements are built into the bathroom walls surrounding toilets, showers and bathtubs for the later installation of grab bars.

USABLE KITCHENS AND BATHROOMS

- At least 30" x 48" of clear floor space at each kitchen fixture and appliance.
- At least 40" between opposing cabinets and appliances.
- At least a 60" diameter turning circle in U-shaped kitchens unless the cooktop or sink at end of U-shaped kitchen has removable cabinets beneath for knee space.
- In bathroom, at least 30" x 48" of clear floor space outside swing of bathroom door.
- Sufficient clear floor space in front of and around sink, toilet and bathtub for use by persons using wheelchairs.

Certification completed by the development architect:

By _____

Printed Name _____

Company Name _____

Title _____

Date _____

