

State of Nevada



Department of Business & Industry

HOUSING DIVISION

1535 Old Hot Springs Road Suite 50

Carson City, Nevada 89706

Tel.: (775) 687-4258 or (800) 227-4960

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DATE: April 13, 2009
TO: 2008 Tax Credit Recipients
CC: Chas Horsey, Administrator and Mark Licea, Federal Programs Supervisor
FROM: Hilary Lopez, Chief of Federal Programs
RE: Requests for Extension of 270-day Deadline

The Nevada Housing Division (NHD) has received several questions regarding the process for requesting an extension to the 270-day deadline requirements submitted as Exhibit 5 in the 2008 Tax Credit application. Staff is aware of the current challenges in the tax credit market which have impacted the ability of project sponsors to find investors and/or close projects. In response, the NHD will accept requests for an extension to the 270-day deadline as allowable by NAC 319.981.

NAC 319.981(2) states:

A project that is not closed within the period and in the manner specified in subsection 1 will lose its reservation of tax credits unless the Division receives from the applicant a written request for an extension of 45 days and the fee as provided in the annual plan. The request must be accompanied by proof satisfactory to the Division indicating that:

- (a) The requirements for financing the project have been substantially completed;*
- (b) The delay in closing was the result of circumstances that could not have been anticipated by and were outside the control of the applicant at the time the application was filed by the applicant; and*
- (c) The project will be closed within the 45-day period.*

Only one extension may be granted pursuant to this subsection. If the project is not closed before the expiration of the extension period, the reservation of tax credits will terminate.

The submitted letter must indicate that construction and permanent financing have been sought and a commitment has been obtained for these funding sources. The letter must also document attempts made to ascertain an equity investor for the project as well as the current status of discussions with an equity investor and/or other strategies (i.e. TCAP gap financing or additional local monies) for funding the project. Sponsors must also indicate the unanticipated

circumstances that have occurred since the time the application was file that have resulted in delayed project closing. Finally, the sponsor must indicate that the project is anticipated to close within 45-days and submit a timeline for closing within this timeframe.

Project sponsors that cannot meet these requirements may voluntarily return their reservation of 2008 tax credits and ask for the credits to be exchanged once the IRS and NHD exchange guidelines and procedures are in place. Voluntarily returned 2008 and 2009 forward allocated tax credits with a request for a credit exchange will not be placed in the 2009 pool and reallocated to another project unless staff determines that a good faith effort was not made to secure funding and/or a tax credit equity and/or the amount of exchanged credit needed is less than the tax credits allocated to the project based on NHD's staff underwriting. NHD has the right to reallocate tax credits if staff determines the project no longer meets the requirements of the 2008 QAP or for other justified reasons. It is anticipated that the IRS will issue a Revenue Procedure outlining the exchange program in late April. NHD will issue its exchange program guidelines and fees after IRS guidance is issued. The project sponsor will be responsible for any fees and associated charges implemented by NHD to exchange credits and to asset manage credit exchange projects through predevelopment, construction, and the extended compliance period. If a project sponsor does not want to pay the fees and associated charges, the reservation of tax credits and/or exchanged credits will terminate. The NHD will determine the amount of credit exchange funds that are provided to a project based on project need and underwriting.

To request an extension, voluntarily return tax credits, or request an exchange of credits, project sponsors/owners are required to submit a written request to:

Hilary Lopez, Ph.D.
Chief of Federal Programs
Nevada Housing Division
1535 Old Hot Springs Road, #50
Carson City, Nevada 89706

Or via electronic copy to: hlopez@nvhousing.state.nv.us

Or via fax to: (775) 687-4040.

Questions regarding this policy may be directed to Mark Licea at (702) 486-7220 x. 226 or Hilary Lopez at (775) 687-2033.