

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
Fax: (775) 687-4040

DATE: October 28, 2008
TO: Low Income Housing Tax Credit Recipients
FROM: Hilary Lopez, Chief of Federal Programs *HL*
RE: Process for Requesting a Forward Commitment of Additional Tax Credits

In accordance with the adopted 2009 Qualified Allocation Plan (QAP) for Low Income Housing Tax Credits (LIHTC), this letter outlines the procedure for requesting a forward-commitment of additional credits for your 2008 project. Requests for additional credits are subject to the following constraints and can only be provided to projects meeting the criteria outlined below:

- Requests for additional credits cannot exceed 10% of the original award;
- Additional tax credits cannot be awarded to cover increased developer fees;
- Additional tax credits can be requested to cover increased contractor fees provided the total contractor fee does not exceed the percentage stated in the original project application.

Projects receiving tax credits in previous allocation rounds may request additional credits due to:

1. Increased construction costs;
2. Existing eligible basis from initial application that was above the NHD per project tax credit cap, i.e. existing basis was above \$1 million; or
3. Decreases in credit pricing that resulted in a financing gap. Sponsor must submit third party documentation indicating the lower tax credit pricing committed to the project versus the tax credit pricing used in the submitted application. Projects may be re-underwritten using a 9% credit rate to calculate total eligible basis. Sponsors may apply for the funds resulting from the difference between the original eligible basis, underwritten at 7.8%, and the new eligible basis, underwritten at 9%, provided that the difference is less than or equal to 10% of the original eligible basis.

Example:

Original basis from 5/9/08 application = \$3,500,000
 Max Tax Credits based upon May 2008 credit rate = $\$3,500,000 \times .078 = \$273,000$
 Max Tax Credits based upon re-underwriting = $\$3,500,000 \times .09 = \$315,000$
 Difference = $\$315,000 - \$273,000 = \$42,000$
 Developer may apply for up to \$27,300 in additional tax credits which is 10% of original allocation.

Or

4. A combination of the above.

To request a forward commitment of additional credits for your project you must submit the information outlined below and referenced in the draft 2009 QAP (adopted and pending final publication) by November 21, 2008 to:

Mark Licea
Federal Program Supervisor
Nevada Housing Division
1771 E. Flamingo Rd., Suite 103-B
Las Vegas, NV 89119

(702) 486-7220
mlicea@nvhousing.state.nv.us

Items for Submittal

1. Modified application consisting of a cover letter clearly identifying the additional costs associated with the project, the decreased equity pricing and re-underwriting, or the remaining eligible basis from the initial application that warrants the need for additional credits;
2. Updated budget (showing original budget and eligible basis and new budget and eligible basis by line item)
3. Updated pro-forma (please resubmit even if no changes to back end debt)
4. Updated sources and uses showing any new funds and identifying how remaining funding gaps will be filled
5. Updated CPA certification of eligible basis
6. Updated project information if any items (i.e. number of units, amenities, etc.) have changed since the initial application.

Please contact Mark Licea or me with any questions. I can be reached at 775-687-2033 or hlopez@nvhousing.state.nv.us and Mark can be reached via the information provided above.