



Tennessee Housing Development Agency

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MEMORANDUM

TO: All interested parties

FROM: Ed Yandell
Director of Multifamily Development

DATE: December 8, 2008

SUBJECT: Amendment to the 2006, 2007, and 2009 Qualified Allocation Plans

The following is the text of an amendment to the 2009 Low-Income Housing Tax Credit Qualified Allocation Plan (the "2009 QAP") approved by the Tennessee Housing Development Agency Board of Directors on November 20, 2008. The amendment will be incorporated into the 2009 QAP, following which the 2008 QAP will be posted to the THDA web site at www.thda.org. **This amendment may also affect developments that received an allocation pursuant to the 2006 Low-Income Housing Tax Credit Qualified Allocation Plan or the 2007 Low-Income Housing Tax Credit Qualified Allocation Plan.**

If you have questions regarding this amendment, please contact:

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Part XVIII: Exchange of 2006 and 2007 Tax Credit

A. Applicability

Notwithstanding the requirements of this or any other QAP, applicants who accepted allocations of 2006 or 2007 Tax Credits through the competitive process and who demonstrate, to THDA's satisfaction, the ability to fully complete their developments by the deadlines specified in this Part XVIII, as determined in THDA's sole discretion, may be permitted to request an exchange of previously allocated 2006 or 2007 Tax Credits for 2009 Tax Credits (the "2009 Exchange Tax Credits"). An exchange may be permitted in THDA's sole discretion, subject to, without limitation, the requirements of the 2009 QAP and this Part XVIII. This Part XVIII shall be deemed to amend the 2006 QAP and the 2007 QAP to the extent necessary to effectuate exchanges in accordance with this Part XVIII.

B. Eligibility

1. The applicant must have a valid 2006 or 2007 Carryover Allocation Agreement for the development for which 2009 Exchange Tax Credits are sought (the "Exchange Development"); and
2. The applicant must **not** have submitted a placed in service application for the Exchange Development to THDA during the period beginning Thursday, November 20, 2008 and concluding December 31, 2008; and
3. The applicant must **not** have previously exchanged Tax Credits for the Exchange Development; and
4. The ownership entity must **not** have begun to claim Tax Credits for the Exchange Development; and
5. No changes to the Exchange Development shall have occurred, except as may have been approved by THDA; and
6. All applicants who wish to exchange 2006 or 2007 Tax Credits for 2009 Exchange Tax Credits must so notify THDA **no later than 4:00 PM CST on Monday, December 15, 2008**; and
7. Applicants with a valid 2006 Carryover Allocation Agreement must, in addition to all other requirements of this Part XVIII-B, meet the requirements of Part XVIII-C; and
8. Applicants with a valid 2007 Carryover Allocation Agreement must, in addition to all other requirements of this Part XVIII-B, meet the requirements of Part XVIII-D; and
9. All Exchange Developments must meet all requirements of this Part XVIII. Any failure to meet any applicable deadline, as determined by THDA in its sole discretion, including without limitation, the deadline for completion of construction, shall, immediately and without further action by THDA, invalidate any award of 2009 Exchange Tax Credits or additional 2009 Exchange Tax Credits, effective as of the applicable deadline.

C. Developments with 2006 Carryover Allocation Agreements

1. Any applicant that meets the requirements of Part XVIII-B and who notifies THDA **no later than 4:00 PM CST on Monday, December 15, 2008** of their intent to seek 2009 Exchange Tax Credits and who provides all documentation as deemed necessary by THDA, in THDA's sole discretion, to demonstrate their ability to complete the Exchange Development by the deadline in Part XVIII-F-1 below, may receive 2009 Exchange Tax Credits.
2. The documentation required in Part XVIII-C-1 above shall include, but not be limited to, the following:
 - a. A fully completed and executed **Declaration of Intent to Exchange or Return Tax Credits** (form furnished by THDA); and
 - b. A fully executed construction contract or contracts covering all low-income units in the development with a specified completion date prior to June 30, 2009.
 - c. Valid (e.g. not expired) building permits for all buildings in the Exchange Development.
3. THDA will provide documentation **no later than Wednesday, December 31, 2008** indicating whether an applicant with a 2006 Carryover Allocation Agreement will receive 2009 Exchange Tax Credits for the Exchange Development. *The tax credit amount specified in this documentation will not exceed that reflected in the 2006 Carryover Allocation Agreement. 2009 Exchange Tax Credits in excess of the amount of 2006 Tax Credit reflected in the 2006 Carryover Allocation Agreement may be requested in the Exchange Application.*
4. All other requirements of the 2009 QAP shall apply, with the exception of Part III, Part VII, and Part VIII.

D. Developments with 2007 Carryover Allocation Agreements

1. Any applicant who meets the requirements of Part XVIII-B and who notifies THDA **no later than 4:00 PM CST on Monday, December 15, 2008** of their intent to seek 2009 Exchange Tax Credits may receive 2009 Exchange Tax Credits.
2. The notification required in Part XVIII-D-1 above shall include, but not be limited to, the following:
 - a. A fully completed and executed **Declaration of Intent to Exchange or Return Tax Credits** (form furnished by THDA).

E. Applications for Additional 2009 Tax Credits

1. An Exchange Application, Attachments, and all other required documentation must be submitted **no later than 4:00 PM CST on Wednesday, February 18, 2009**, for the total amount of 2009 Exchange Tax Credit requested. The

Exchange Application and Attachments will be available from THDA's web site after January 1, 2009.

2. No Exchange Development that previously had a valid 2006 Carryover Allocation Agreement will receive an amount of 2009 Tax Credits that exceeds the amount stated in the 2006 Carryover Allocation Agreement, unless and until an Exchange Application is submitted in accordance with this Part XVIII-E, evaluated by THDA in THDA's sole discretion and an amount of additional 2009 Tax Credits is deemed appropriate by THDA in its sole discretion.
3. No Exchange Development that previously had a valid 2007 Carryover Allocation Agreement will receive an amount of 2009 Tax Credits that exceeds the amount stated in the 2007 Carryover Allocation Agreement, unless and until an Exchange Application is submitted in accordance with this Part XVIII-E, evaluated by THDA in THDA's sole discretion and an amount of additional 2009 Tax Credits is deemed appropriate by THDA in its sole discretion.
4. Alteration of the number of total units in the Exchange Development may be permitted in THDA's sole discretion and the amount of 2009 Exchange Tax Credit made available may be retained so long as the Final Application supports such amount. **The per low-income unit caps and the per development caps in this 2009 QAP will apply.**
5. All other requirements of the 2009 QAP shall apply, with the exception of Part III, Part VII, and Part VIII.

F. Deadlines for Completion of Construction

1. An Exchange Development that originally had a valid 2006 Carryover Allocation Agreement and meets all other requirements of this Part XVIII, must have one hundred percent (100%) of the units in the Exchange Development ready for lease-up **no later than June 30, 2009**. Certificates of occupancy for one hundred percent (100%) of the units in the Exchange Development shall be delivered to THDA **no later than 4:00 CDT on July 15, 2009**, together with a Final Application as specified in Part XI of this QAP.
2. An Exchange Development that originally had a valid 2007 Carryover Allocation Agreement and meets all other requirements of this Part XVIII, must have one hundred percent (100%) of the units in the Exchange Development ready for lease-up **no later than December 31, 2010**. Certificates of occupancy for one hundred percent (100%) of the units in the Exchange Development shall be delivered to THDA **no later than 4:00 CDT on January 15, 2011**, together with a Final Application as specified in Part XI of this QAP.
3. **Extensions to these deadlines will not be permitted.**

G. Placed in Service Applications/IRS Forms 8609

1. Final Applications for Exchange Developments may be submitted to THDA

pursuant to Part XI of this QAP. Notwithstanding the foregoing, Exchange Developments will not be permitted to extend the Placed in Service Deadline established in Part XI of this QAP and will not be permitted to defer the date for beginning to claim the 2009 Exchange Tax Credits for the Exchange Development.

2. An Exchange Development that originally had a valid 2006 Carryover Allocation Agreement and received 2009 Exchange Tax Credits must have all documentation submitted to THDA and otherwise in place to receive IRS Forms 8609 from THDA in February 2010 and to begin claiming the 2009 Exchange Tax Credits for 2009.
3. An Exchange Development that originally had a valid 2007 Carryover Allocation Agreement and received 2009 Exchange Tax Credits must have all documentation submitted to THDA and otherwise in place to receive IRS Forms 8609 from THDA in February 2011 and to begin claiming the 2009 Exchange Tax Credits for 2010.

H. Return of 2006 or 2007 Tax Credits

1. 2006 or 2007 Tax Credits, as reflected in any 2006 or 2007 Carryover Allocation Agreement, that are formally returned to THDA **no later than 4:00 PM CST on Monday, December 15, 2008**, will not subject the persons or entities involved to the point penalty for untimely return of Tax Credits under the 2009 QAP. Failure to notify THDA regarding a return of 2006 or 2007 Tax Credits by the deadline or failure to provide documentation required by the deadlines specified shall result in the invalidity of any award of 2006 or 2007 Tax Credits, ineligibility for 2009 Exchange Tax Credits, and will subject the persons or entities involved to the point penalty for untimely return of Tax Credits under the 2009 or any subsequent QAP. A fully completed and executed Declaration of Intent to Exchange or Return Tax Credits must be submitted **no later than 4:00 PM CST on Monday, December 15, 2008**.
2. This deadline for voluntary return of 2006 or 2007 Tax Credits shall not be waived or extended.

I. Deadlines in Part XVIII

1. Notwithstanding any provisions of the 2009 or any other QAP to the contrary, the deadlines established in this Part XVIII shall not be extended.