

FREQUENTLY ASKED QUESTIONS DEVELOPER EXPERIENCE POINTS

1. If one developer has two qualified deals and another has one (or three developers all have one qualified deal each), can they partner together and get credit for three qualified deals and hence receive 9 points?

Answer: No. In no case, no matter how it is constituted, shall any development entity be able to receive 9 points without at least one of the Qualified Persons or Entities having to their/its credit 3 qualified deals. 2+1 or 1+1+1 does not equal 3 in any case.

2. If a developer partners with another party in order to obtain some or all of the developer experience points available, at what point in the process may the Qualified Person/Entity be removed from the deal without any repercussions to the deal?

Answer: The Qualifying Person/Entity must remain in the deal until the day after the Preliminary Award Letter is accepted (which coincides with the first date by which an applicant can make a modification request). The standard modification fee policies would remain in place, so in order to avoid having to pay a modification fee, the change would need to be made with the Carryover Application or the Final Application. At any other time, a modification fee would be required to be paid. Once that day has passed, the Qualifying Person/Entity may be completely removed from the development; **HOWEVER, only those persons remaining with the deal at Placed-In-Service will be eligible to count the deal toward experience points going forward.**

3. Do TCAP, Section 1602 and 4% tax credit (as a part of a bond deal) count toward developer experience points?

Answer: Yes. The only deals which do not count would be straight bond deals with no 4% tax credits allocated to them.

4. Would a Qualifying Person/Entity who is removed from a deal prior to Placed-In-Service be subject to any penalty should the deal violate any provisions that subject the deal and the parties thereto to a five year ban or any ineligibility due to uncorrected IRS Form 8823's being filed against the development?

Answer: Yes. Any person listed in the Attachment 16 or 17 of the Initial Application would be subject to the 5-year ban or 8823 ineligibility set forth in the 2014 QAP.

5. If the Qualifying Person/Entity is the 51% shareholder in order claim the developer experience points, must that person/entity be the 51% shareholder of the developer entity in the 2014 deal?

Answer: No. The Qualifying Person/Entity can be placed in any qualifying position within the new developer entity.

For example, John owns 51% of the corporate developer entity of three qualifying deals since 1998, and wants to partner with Sue (who is not a qualifying person/entity in any deals) to do a deal in order for Sue's deal to claim the 9 developer experience points. Sue would not have to sell/give 51% of her developer entity to John, rather Sue could make John the President of the 2014 deal's corporate developer entity, and that would allow Sue's deal to claim all 9 points. Moreover, if Sue was the 51% shareholder of her deal, she would be able to use that deal, once it placed in service, as a qualifying deal to receive 3 points.

6. Will THDA look at my structure of my deal or the Attachment 5's from previous deals in order to tell me if I qualify?

Answer: No. THDA will not "pre-qualify" any developer for past deals or current deals. As has been said many times, tax credits is a varsity sport, so developers are expected to be able to assess their own deals and make the determination as to whether they want to apply or not.

7. Will THDA be using any discretion in determining which deals are Qualifying Developments or Qualifying Persons/Entities?

Answer: No. THDA will strictly construe the language of the 2014 QAP. Do not expect points if your development does not meet all the requirements or if the person or entity are not in the required positions within the Developer entity.

8. How will THDA determine a development/person/entity is qualified?

Answer: For the development and person/entity, THDA will look at the Final Application of the Qualifying Development to determine eligibility. If there was no change in the developer entity listed in the Final Application, staff will go back to the last Attachment 5 submitted for that development to determine the Qualifying Person/Entity (i.e., the Carryover Application, the Initial Application or the most recent approved modification). If those documents are inconclusive as to which party qualifies as a Qualifying Person/Entity, THDA may request additional documentation from the Applicant to demonstrate that the person/entity is indeed the Qualifying Person/Entity. Should THDA not have any documentation for whatever reason, the person or entity,

claiming the points for being the Qualifying Person/Entity will be required to sign a sworn affidavit swearing that the claims on the 2014 Initial Application are true and correct under penalty of perjury.

9. Will developer experience points for a Public Housing Authority (PHA) be based on the agency's Executive Director, or the PHA's past experience with Tennessee tax credit properties?

Answer: If the developer entity is the PHA itself, the only Qualifying Person/Entity would be the Executive Director listed on the Final Application, or whichever application or modification in which an Executive Director is listed was submitted to THDA last; however, in no case shall any modification be allowed or recognized with respect to the Qualifying Person/Entity after the Final Application is received, reviewed and approved. If, however, the developer entity for a Qualified Development was another entity, such as, a single purpose entity of which the PHA was the general partner, 51% owner, President, Managing Member, etc., then the PHA, itself, would be a Qualifying Person/Entity.

10. Also, will PHA's, or their Executive Directors, be allowed to serve as developers of properties outside of their own jurisdiction, just to assist another PHA or company solely to obtain the 9 developer experience points, and obtain a fee for doing so?

Answer: There is nothing in the 2014 QAP to prohibit a PHA, or its Executive Director, from operating outside its jurisdiction in this manner, nor from obtaining a fee for doing so. However, THDA makes no representation as to whether such conduct by the PHA or its Executive Director would be allowed under any Federal, State or Local law or regulation or under the requirements of such PHA's organizational documents.

11. Will developers who have been removed from partnerships by syndicators be allowed to participate and receive the developer experience points?

Answer: If the removal occurred before the 5-year ban was implemented, and those persons or entities qualified as a Qualified Person/Entity for deals that are Qualified Developments, then, the Qualified Person/Entity would be eligible to claim the points. However, if such a Qualified Person/Entity is subject to a 5-year ban (or a ban for any other reason, such as, uncorrected 8823's outstanding), that person would not qualify as a Qualified Person/Entity.