

State of Utah

2007 Federal Housing Credit Program

Allocation Plan

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ALLOCATION PLAN

INTRODUCTION

The Utah Housing Corporation (UHC) is the designated administrator of the Federal Low Income Housing Tax Credit Program ("Housing Credit Program" or "Program") for the State of Utah under Section ("§") 42 of the Internal Revenue Code of 1986, as amended ("Code"), and all regulations promulgated thereunder.

The objective of the Housing Credit Program is to develop housing that is affordable to lower income persons. To achieve this, the Program limits rents on the units and also limits the incomes of the tenants. Income and rent limitations will be those proposed by the applicant in their Application. These limitations are formalized in a contract (Land Use Restriction Agreement or LURA) which is recorded against the property to assure that the project maintains its commitments to UHC for the agreed upon period of time.

The use of Housing Credits will encourage the construction, rehabilitation and preservation of rental housing for lower income households earning no more than 60 percent of the area median income in the State of Utah.

The total amount of Housing Credits available to the State of Utah for any given year is the amount specified in §42(h)(3)(C)(the "Credit Ceiling Amount"). In addition, projects utilizing tax exempt bonds issued under the Private Activity Bond cap for the State of Utah may receive an allocation of Credits outside of the Credit Ceiling Amount.

To most efficiently administer the Program and to most effectively allocate its limited Housing Credits to those projects which best serve the needs of the State of Utah, UHC has developed this Allocation Plan, comprised of the "Administration Procedures," "Scoring Criteria," "Compliance Monitoring Plan," and "Application" (collectively the "Qualified Allocation Plan" or "QAP").

The federal laws establishing the Housing Credit Program are subject to change. Final interpretations of certain

rules and regulations governing various facets of the Program have not yet been issued by the U.S. Department of Treasury; consequently, additional requirements or conditions applying to the Program may be forthcoming. It is strongly suggested that project sponsors interested in utilizing the Program in their financing package contact their tax accountant and/or attorney prior to submitting an Application. While UHC may respond to requests for assistance in applying for Tax Credits, applicants may not rely on UHC for tax advice.

UHC is subject to the terms of the Utah Government Records Access and Management Act (GRAMA), all applications, records, and information provided to UHC and/or generated by UHC in connection with the Program will be received, managed, retained and/or released (if requested) in compliance with the terms of GRAMA.

UHC is also the designated administrator of the Utah Housing Credit (the "State Credit") Program under § 59-7-607 of the Utah Code, as amended, (the "Utah Code"), and all regulations promulgated thereunder. UHC is authorized and required by the Utah Code to establish criteria and procedures for allocating the State Credit and to incorporate the criteria and procedures into UHC's Allocation Plan. Pursuant to the Utah Code, UHC establishes this QAP as the criteria and procedures for allocating the State Credit.

UHC desires to accommodate applicants with physical or mental impairments regarding the Program application process. Qwest provides an "Operator Relay Service" for those persons with hearing disabilities who use a TDD (Telephone Devices for the Deaf). The service can be accessed by calling 298-9484 locally and 1-800-346-4128 for calls outside of the Salt Lake City dialing zone. Please contact UHC for any special needs accommodations.

Overview of Allocation Plan

Part I: Administration Procedures sets forth the procedures, processes, fees and other pertinent information regarding the preparation, submission and processing of the Application for a reservation of Credits.

Part II: Scoring Criteria sets forth the criteria by which applications that meet all threshold requirements will be selected for Credit reservations.

Part III: Compliance Monitoring Plan sets forth the regulations and process by which UHC shall monitor projects for compliance with the provisions of the Program.

Part IV: Tax Credit Application provides a uniform format by which applicants may submit projects for award of a reservation of Housing Credits by UHC. This is the only acceptable format in which an applicant can apply for reservation of Credits. Failure to provide a complete Application will cause it to be rejected as non-conforming. The Application, inclusive of all exhibits and attachments, must be submitted in triplicate along with a digital copy in Microsoft Excel 5.0 - XP format.

The accompanying Administrative Procedures, Scoring Criteria, Compliance Monitoring Plan, and Application provide an equitable and reasonable basis for the submission, review, processing, selection and subsequent follow-up of those Applications within the guidelines and requirements established by the federal government.

Along with these sections within the QAP are exhibits to be used for both Administrative procedures, Scoring purposes and Compliance procedures. A Glossary is located after the exhibits to define terms and acronyms used in the Housing Credit Program. The QAP also contains an Index.

Purpose and Goals of Program

The Program, as administered by UHC for the State of Utah, is intended to provide a fair and competitive means for utilizing the Credits to the fullest extent possible each year as an effective stimulus for the creation and preservation of housing for lower income households in such a way as to further the following goals.

- A. Promote the objectives of the Utah Housing Corporation Act;
- B. Promote projects that, through cost containment and resource leveraging, most efficiently and effectively utilize the Credits available to Utah;
- C. Promote projects that restrict the greatest number of units to the lowest possible rents for the longest period of time;
- D. Promote projects that encourage tenant empowerment;
- E. Promote projects that achieve equitable geographic distribution of resources;
- F. Promote projects that provide housing to special need populations including: larger family, elderly, physically disabled, and mentally disabled.

ADMINISTRATIVE PROCEDURES

APPLICATION PROCESSING GENERAL

Persons or entities desiring to apply for a reservation of Credits must submit the required number of copies of the completed Application and a computer diskette, including all support documentation, supplements and certificates along with the appropriate Application fee. Please refer to the most current Application, Page 2, entitled Consolidated Application Form (the Checklist page). This page computes the fees and number of binders that need to be submitted. Note that certain information in the Application including information in the Olene Walker Housing Loan Fund and the Private Activity Bond sections of the Application need to be filled in for the correct fees/binders to be calculated. This page also tells you how many CDs containing the Application(s) to submit.

Remember to forward appropriate fees to each agency with your submission. Incomplete Applications will be returned to the applicant without further review. Applications, once submitted, are considered final for review, although additional information and updates may be requested by UHC to effectuate the review process.

Applications must be mailed or delivered to:

Tax Credit Administrator
Utah Housing Corporation
2479 S. Lake Park Blvd.
West Valley City, UT 84120

Upon completing the review of all Applications received during a Reservation Cycle for completeness and general eligibility based on federal requirements, UHC will competitively score the Applications on the criteria outlined in the Scoring Criteria described in Part II of this Allocation Plan.

UHC will only allocate to a project the amount of Credits that UHC determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. In making this determination, UHC will consider, among other factors:

- the sources and uses of funds and total financing including loan terms, equity and contributions planned for the project;
- equity proceeds expected to be generated by use of the Credits;
- the percentage of the housing credit dollar amount used for "hard" project costs as compared to the cost of intermediaries (e.g. syndication, developer, consulting) and other "soft costs";
- the reasonableness of the developmental and operational costs of the project;
- the rate of return of the owner's investment, and;
- Every owner has an ongoing obligation to notify UHC of any new or additional federal, state or local subsidies utilized by a project during its compliance period. UHC reserves the right to reduce the annual Credit allocation to a project during the compliance period if, in its sole discretion, after applying uniform underwriting procedures, UHC determines the project to be over-subsidized as a result of additional or increased subsidies obtained by the project.

UHC, at its sole discretion, may reject or discount an Application submitted by previous Program participants that have failed to honor commitments made in previous Applications or who have failed to effectively utilize allocated Credits.

Notwithstanding anything else herein to the contrary, UHC reserves the right to either reject any Application or impose additional conditions upon such Application if, in its judgment, the proposed project (i) is not consistent with the goals of providing decent, safe and sanitary housing for low-income persons as set forth in its enabling legislation and this QAP or (ii) does not meet the requirements of §42 of the Code.

TAX CREDIT RESERVATION CYCLES

Credits are made available through a multi-stage process: (i) reservation, (ii) carryover allocation, and (iii) issuance of the IRS Form 8609. Credit Reservations are issued during a scheduled reservation Cycle. UHC shall schedule competitive Cycles for reservation of Credits from the Credit Ceiling Amount and non-competitive Cycles for approval of Applications for Bond Projects. Bond Project Cycles may share the same Award Notification dates as the competitive Cycles.

Applications for State of Utah Credits are accepted in any of the Cycles but the project seeking State of Utah Credits must be the previous recipient of Federal tax Credits or simultaneously be awarded Federal tax Credits. See the State Credit section.

Applicants applying for Credits must submit a completed Application, including all required supporting and supplementary documentation, to UHC on or before the dates indicated below. All completed Applications received by the submission deadlines will be competitively reviewed and scored within the Cycle received. Applications must be submitted in the following Cycles before 5:00 P.M. (Utah Time) on or before the dates specified below:

No.	Reservation Cycle	Submission Deadline	Award Notification	Submit To
1	Bond Projects Only	September 11, 2006	October, 2006	PAB
	Competing Projects	September 29, 2006	Mid-December 2006	UHC
2	*Bond Projects Only	December, 2006	January, 2007	PAB
3	*Bond Projects Only	March, 2007	April, 2007	PAB
	Cleanup Cycle	April 3, 2007	June, 2007	UHC
4	*Bond Projects Only	June, 2007	July, 2007	PAB
5	*Bond Projects Only	September 2007	October, 2007	PAB

*Dates subject to OWHLF Board approval. Note: The September Bond Project Cycle occurs in the 1st Cycle of the next year along with the October competitive Cycle.

A decision on each Application will generally be made no later than the Award Notification date for each Cycle;

however, UHC reserves the right to delay the decision and notification up to two months later to accommodate scheduling and processing.

If UHC should find it necessary to modify the Reservation Cycle Submission Deadlines, it will make reasonable efforts to inform interested parties of that modification.

No more than 20% of the Credit Ceiling Amount shall be available to any developer or related party during a tax credit year.

It is the intent of UHC to reserve all Credits through Cycles 1 and 3. UHC may hold additional Cycles if Credits remain available after UHC has exhausted its reservation/allocation process. It will be the responsibility of the interested applicant to contact UHC to determine if such additional Cycles will be held. In the event that any Credits revert back to UHC in a manner that requires UHC to re-allocate the Credits during the same calendar year or cause the Credits to be forfeited, UHC shall follow the reservation/allocation process set forth below.

- i. If Credits in excess of one third of the Credit Ceiling Amount are returned prior to July 1st, UHC shall conduct an additional Reservation Cycle to reserve the Credits.
- ii. If Credits returned prior to July 1st do not exceed one third of the Credit Ceiling Amount or if Credits are returned after July 1st, UHC shall reserve the returned Credits
 - first to those applicants that competed in the most recent Reservation Cycle, if the amount of remaining credits is sufficient to fund the project and scored within 2 standard deviations of the mean score of that Cycle, but did not receive reservations
 - then to projects selected by UHC on a basis that best accommodates the goals of the Program.

In recent years, all of the Credits available to UHC for allocation have been reserved in the first competitive Cycle and any unallocated and returned credits in the second competitive Cycle (Cycle 3). However, for any Cycle, UHC may in its sole discretion, establish a cut-off point after which no further Credits will be awarded.

Notice to Cycle 1 Applicants:

This 2007 Qualified Allocation Plan presumes that no changes will occur after its issuance.

HUD may announce changes to Difficult Development Area (DDA) designations annually during the last quarter of the year. Should such changes be implemented, UHC will amend the QAP accordingly.

Cycle 1 applicants should be aware that changes could negatively affect an allocation. UHC, at its sole discretion, may establish policy allowing an increase in project allocations where new regulations authorize such a change.

Should a DDA lose its designation, if a complete application (meaning all exhibits and required documentation) was received by UHC BEFORE the upcoming year's DDA designation list was issued, the complete application will be considered valid for the previous year's 130% DDA designation, subject to the project being allocated credits (Carryover Allocation Agreement) on or before 365 days from the date the complete application was received.

For Tax Exempt bond projects, the above also applies, but the bonds must be issued or buildings must be placed in service within the 365 day period.

TAX CREDIT SET-ASIDE POOLS

The Code mandates certain set-aside allocation pools and allows for establishment of additional set-aside pools by UHC to aid in meeting the goals of the Program. Applications meeting each set-aside pool's specified criteria may compete within such pool.

A. Non-Profit Organization Set-Aside 10%

To satisfy the requirement of §42 of the Code and encourage participation of Qualified Non-Profit Organizations in the Program, UHC will set aside 10% of the Credit Ceiling Amount for projects in which a Qualified Non-Profit Organization will own an interest and will materially participate in the development and operation of the project through the compliance period.

A Qualified Non-Profit Organization is one which is:

- i. Described in §501(c)(3) or (4) of the Code and is exempt from tax under §501(a) of the Code,
- ii. Not affiliated with or controlled by a for-profit organization, and
- iii. Has as one of its exempt purposes the fostering of low-income housing.

All Qualified Non-Profit Organizations will be required to complete a Non-Profit certification, (see Exhibit C). A project that is considered for Credits under this non-profit set-aside pool or receives scoring consideration as a project in which a Qualified Non-Profit Organization will own an interest and materially participate will be required to meet the requirements applicable to this set-aside throughout the extended use period applicable to the project regardless of what competition pool Credits were allocated to the project. Any unused Credits in this pool must be allocated in the Non-Profit organization set-aside for the following year.

B. Non-Metro Areas and Small Project Set-Asides 20%

To encourage the development of affordable rental housing in rural and distressed areas of Utah, and the development of small projects which typically do not have the economies of scale to compete with larger projects, UHC will set aside approximately 20% of the Credit Ceiling Amount for projects located in those areas of the State identified by UHC based in part on the U.S.

Department of Agriculture Rural Development Service ("RD") designation as areas of chronic, economic distress (see Exhibit B), and for projects with 25 or fewer units. Credits remaining in this set-aside following the first competitive Cycle shall be reassigned to the general pool during the current Cycle.

C. Government and Non-Profit Homeownership Set-Aside 5%

To encourage home ownership, approximately 5% of the Credit Ceiling Amount will be set aside for Government and Non-Profit Sponsored Homeownership projects. Credits remaining in this set-aside following the first Competitive Cycle shall be reassigned to the general pool during the current Cycle.

In the event that Credits are exhausted in a designated set-aside pool, all remaining projects submitted for such set-aside pool will compete in the general pool or, if eligible, in another available (appropriate) set-aside pool. UHC may designate additional set-aside pools during the year if deemed appropriate in meeting the goals and objectives of the Program.

D. General Pool 65%

UHC will set aside approximately 65% of the Credit Ceiling Amount for the general pool.

PROCEDURES FOR SELECTING PROJECTS FOR HOUSING CREDIT AWARDS

After applications have been fully processed for threshold and scoring criteria, including an underwriting determination, UHC staff will use the following procedure to place qualified applications into the various pools.

A. Government and Nonprofit Homeownership Pool Selection (5%)

- i. Determine which applications meet the criteria for this pool.
- ii. Rank by score all qualified applications and reject applications from the pool that fall below the minimum award score determined by UHC, when the credit balance is exhausted or there are no other qualified applications.
- iii. If there are excess credits, move credits to the General Pool.*
- iv. If excess applications are available, proceed to Small / Non-Metro Pool Selection.

B. Small / Non-Metro Pool Selection (20%)

- i. Determine which applications meet the criteria for this pool.
- ii. Rank by score all qualified applications and reject applications from the pool that fall below the minimum award score determined by UHC, when the credit balance is exhausted or there are no other qualified applications.
- iii. If there are excess credits, move credits to the General Pool.*
- iv. If excess applications are available, proceed to Nonprofit Pool Selection.

C. Nonprofit Pool Selection (10%)

The Nonprofit Pool and credit amount is required by federal statute.

- i. Determine which applications meet the criteria for this pool.
- ii. If qualified nonprofit applications received are insufficient to fully utilize the pool, the excess nonprofit credits will be carried forward to the following year or UHC may, at its sole discretion,

- make these credits available to a later qualified nonprofit applicant.
- iii. If the qualified nonprofit applications exceed the Nonprofit Pool amount, UHC may, at its sole discretion, utilize additional credits from the other pools to fully utilize the Nonprofit Pool.
 - iv. Rank by score all qualified applications and reject applications from the pool that fall below the minimum award score determined by UHC, or when the credit balance is exhausted, or there are no other qualified applications.
 - v. If excess applications are available, proceed to General Pool Selection.

D. General Pool Selection (65%)

- i. All remaining applications, including those that exceeded the foregoing pool limits or were not qualified or awarded in the foregoing pools, will compete in the General Pool.
- ii. Rank by score all qualified applications and reject applications from the pool that fall below the minimum award score determined by UHC.
- iii. UHC at its sole discretion may award the balance of remaining credits in a subsequent competitive and/or cleanup Cycle or allocate the credits to a reserve during the same credit year.
- iv. At its sole discretion, UHC may award credits from the current year and the subsequent year to the lowest scoring project that received a partial award.

*Any excess credits from the Government and Non-Profit Homeownership or Small/Non-Metro pools will automatically flow to the General Pool.

ALLOCATION PRIORITIES

The Code requires UHC to adopt an allocation plan that sets forth selection criteria to be used to determine housing priorities of UHC which are appropriate to local conditions and which, at a minimum, address:

- project location;
- housing need characteristics;
- project characteristics;
- sponsor characteristics;
- tenant populations with special housing needs;
- individuals with children; and
- public housing waiting lists.

UHC gives preference in allocating the housing credit dollar amount to:

- projects servicing the lowest income tenants; and
- projects, including existing housing, in a Concerted Community Revitalization Plan area.
- projects obligated to serve qualified tenants for the longest periods.

In addition to the above selection criteria and preferences, UHC, in its sole discretion, shall establish selection criteria and preferences that reflect the needs of the State of Utah as summarized in the Housing Needs and Priorities Section below. All selection criteria and preferences shall be consistently applied to all applicants through the Scoring System established in the Scoring Section of this QAP.

HOUSING NEEDS AND PRIORITIES

A. Housing Needs

To determine the appropriate selection criteria and preferences to be included in the QAP and to determine their relative priority, UHC, through direct inquiry of housing and related service providers, review of state sponsored surveys including state and local Consolidated Plans, and input from the public, has determined that the following housing needs are present in the State of Utah.

- Affordable housing for low and very low income households;
- Preservation and improvement of existing affordable housing units;
- Affordable housing for low income Older Americans (as defined by federal and state fair housing laws);
- Affordable housing for families needing three or more bedrooms;
- Transitional housing for very low income, homeless and near homeless individuals and families;
- Housing accessible to persons with physical disabilities; and
- Affordable housing for low income households with members who have mental disabilities.

NOTE: See Special Needs Units Section below, the Service Provider Questionnaire Exhibit N, and explanation in Scoring listed under Tenants with Special Housing Needs.

B. Housing Priorities

In conjunction with the housing needs identified above, UHC has established the following priorities, although not necessarily in the order presented, for housing development which, generally, will receive priority consideration for Housing Credits under the Allocation Plan.

- Housing that remains affordable for the greatest number of years;
- Creating housing affordable to households that are low and very-low income;
- Rehabilitating existing housing stock for tenants at the same or less than current rents;
- Increasing housing stock in rural and under-served communities;
- Providing affordable housing to special needs populations including homeless, elderly, disabled, and large families;
- Projects that give the residents a home ownership opportunity at some time in the future;
- Projects that incorporate unrestricted units with Credit income and rent restricted units.

Projects that target these housing priorities can receive points under the Allocation Plan.

ENERGY STAR

A. Requirements

Energy Star is a nationally recognized standard for housing construction and appliances used to foster more energy-efficient housing. The Energy Star Certification provides for a 15% improvement over Utah's current residential energy code. UHC believes that energy efficiency is important because increasing utility allowances will affect the future feasibility of Housing Credit projects.

- All New Construction must be Energy Star Certified.
- Rehabilitation projects not certified but includes Energy Star enhancements may receive 100 in Housing Credit points.
- Olene Walker Housing Loan Fund (OWHLF) requires rehabilitation projects to incorporate Energy Star enhancements.

To encourage projects to undertake these new standards, they may apply for Housing Credits, either intending to be Energy Star Certified or Not Certified. In either case, the project must receive a plan review analysis from the Utah Energy Conservation Coalition (UECC) or other certified reviewer as if the project were going to be certified upon completion of construction. The Application must include the Energy Star analysis form with expected cost increases and savings. See Exhibit R for the Application and follow-up procedures.

See the Energy Star website for information, forms, etc., relating to the Energy Star program at www.energystar.gov

B. Submit Energy Star Certification or Confirmation

Projects that are Energy Star Certified must submit a UECC (or other) Certification at the time of Final Cost Certification.

Projects that are Not Certified for Energy Star must submit a confirmation that the project was built

according to the Energy Star enhancements represented in the Energy Star analysis, its performance test results, and the HERS score.

See Preference Category for Energy Star scoring in the Scoring Section.

SPECIAL NEEDS UNITS

The Application must include a Service Provider Questionnaire (see Exhibit N or Exhibit N(a) in Administrative Exhibits) for each type of set-aside that the applicant specifies in the Application. This questionnaire will be in addition to the letter from each service provider showing their intention of supporting a project. A Service Provider Questionnaire must also be included for both:

- Primary service provider, (or referring entity for accessible units (Exhibit N(a))), and a
- Secondary service provider (or referring entity for accessible units)

A. Transitional Housing Units

The Housing Credit program requires transitional units for the transitional homeless to be at 25% or less AMI.

See the grid below that shows suggested exchanges from current set-aside units to new AMI limits.

Current Set-aside	Released Set-aside	Retained Set-aside
5 units at 35% AMI	3 units at 45%	2 units at 20%
4 units at 35% AMI	2 units at 45%	2 units at 25%
3 units at 35% AMI	1 unit at 45%, 1 at 40%	1 unit at 20%
2 units at 35% AMI	1 unit at 45%	1 unit at 25%
1 unit at 35% AMI		Negotiate favorable exchange, if possible with other units

Current Set-aside	Released Set-aside	Retained Set-aside
5 units at 40% AMI	4 units at 45%	1 unit at 20%
4 units at 40% AMI	3 units at 45%	1 unit at 25%
3 units at 40% AMI	2 units at 45%	1 unit at 30%
2 units at 40% AMI	1 unit at 45%	1 unit at 30% if other 40% available
1 unit at 40% AMI		Negotiate favorable exchange, if possible with other units

UHC staff and project owners may negotiate other combinations that are fair and reasonable for the project owner and the transitional housing objectives.

All owners/managers must use Exhibit HH in the Compliance Section of the QAP along with the procedures accompanying it for obtaining qualified tenants from service providers or referral entities.

Owners must utilize the new Affordable Housing Solutions (AHS) www.affordablehsgsolutions.org website to assure that transitional homeless set-aside units will be filled with qualified tenants in a timely fashion. The AHS website will not preclude utilizing current service providers.

Owners will utilize a six-month lease for the initial tenancy and month-to-month thereafter to facilitate a move if subsidized housing becomes available for the tenant.

B. Type "A" Fully Accessible Units for Long Term Mobility-Impaired Tenants

Applications that specify one or more accessible set-aside units for Long Term Mobility-Impaired Tenants are required to certify that those units are:

- Fully accessible Type A units;
- Constructed as specified in Accessible and Usable Buildings and Facilities Standard of the ICC/ANSI A117.1-1998 (International Code Council/American National Standards Institute), commonly known as the "Ansi Standard" which is referenced in the 2003 IBC, which has been adopted by the State of Utah;
- Certified using the Architect's Certification (Exhibit I (a)) signed by a licensed architect and the General Contractor's Certification (Exhibit I (b)) signed by the Project's General Contractor to be submitted with the Final Cost Certification. With prior approval of UHC, there may be exceptions to this requirement for residential buildings containing less than four units;
- Filled with qualified households according to the Special Needs Set-Aside Compliance Policy Section of the Compliance Monitoring Plan which also explains coordinating with referring entities to fill vacant Type A Units for Long Term Mobility-Impaired tenants, and;

- In corresponding ratio to the general mix of unit types in the project where there is more than 1 unit set aside as fully accessible, i.e., if there is an equal number of 2 and 3-bedroom units in the building, one 2-bedroom Type A unit and one 3-bedroom Type A unit would be set aside.

In addition to the above-specified units, all Multi-family buildings are required to follow the 2003 International Building Code which is inclusive of the Fair Housing Act. For exceptions, see IBC 1107.5.4. See Exhibit O, Fair Housing Act Design Manual, Part One, which can be found in its entirety at the following website: www.huduser.org/publications/destech/fairhousing.html.

A completed Exhibit N(a) Questionnaire - Referring Organization for Accessible Housing must be attached to the Application. This is a shortened version of the Service Provider Questionnaire that applies directly to the accessible housing units for Long-Term Mobility-Impaired tenants.

Where there are four or more dwelling units in a single structure, every dwelling unit shall be a Type B dwelling unit, except where there is no elevator. If there is no elevator, Type B dwelling units need not be provided on floors other than the ground floor.

C. All Other Special Needs Units

Applicants are required to use the Service Provider Questionnaire (Exhibit N) for all other Special Needs unit set-asides including:

- Mentally Ill
- Developmentally Disabled
- Battered Family Transitional
- Migrant Worker Transitional
- Assisted Living
- Persons with HIV/AIDS

- Other special needs units as negotiated with UHC

Please see further instructions in the Compliance Plan Section regarding working with the Service Providers for filling vacant units with each particular special needs qualified household.

PROJECT SELECTION PROCESS

A. Introduction

UHC shall select Applications for Credit reservations in accordance with the following process.

- Project Underwriting and Threshold Review;
- Scoring and Documentation Review;
- Market Study and Project Reasonableness Review;
- Legal Compliance Review;
- Calculation of Credit Amount; and
- Tax Credit Committee Review and Recommendation.

B. Project Underwriting and Threshold Requirements

Financial feasibility is critical to the long term affordability of the project. UHC will review the Application to determine if it meets minimum feasibility threshold requirements before scoring. The Application must satisfy the following criteria to be considered for the Reservation Cycle:

- i. Application with supporting exhibits must be complete, signed, and submitted with a CD or via email.
- ii. Only 2007 Applications with write protection intact will be accepted.
- iii. Tax Credit unit income and rent thresholds cannot exceed the maximum established by §42 of the Code, (60% AMI when using the 40/60 convention or 50% AMI when using the 20/50 convention).
- iv. Project must commit to an extended use period of not less than 50 years.
- v. Project must provide evidence of site control. UHC shall determine, at its sole discretion, the adequacy of the site control document (i.e. Real Estate Purchase Contract or equivalent).

- vi. Rehabilitation projects must provide an appraisal for Rural Development and HUD HAP project applications. UHC will require at least a land appraisal to confirm the value of the land for award purposes.
- vii. BE AWARE THAT ANY HOME FUNDING SOURCE WILL REQUIRE AN APPRAISAL BEFORE FUNDING THE LOAN.
- viii. Current zoning must permit Multiple Residential use and be consistent with the proposed project. Projects located on property zoned commercial must have obtained a conditional use permit consistent with the proposed project prior to the Application submission deadline. This threshold requirement shall be suspended for Applications submitted for the 1st Cycle. In lieu of this requirement being met at the time of Application, 1st Cycle applicants shall be required to meet the threshold requirement within 90 days of Reservation or post a Performance Bond in the amount equal to 10% of the annual awarded Federal Housing Credits.
- ix. Applicants that have not included a Phase I or Phase II environmental study must complete the Environmental Questionnaire (see Exhibit K). Sites having any potentially adverse environmental or habitat issues must complete a Phase I and/or Phase II and/or habitat study before making Application. If the lender and investor indicate in writing that a Phase I or Phase II study is not required, UHC will waive the environmental study requirement.
- x. Projects must demonstrate financial feasibility within UHC established Safe Harbors (see Exhibit E). There may be some deviation with regards to Safe Harbors described in Exhibit E. However, the DCR, vacancy, minimum cash flow per unit and capital replacement reserve minimums are threshold items, but exceptions will be made for RD 515 and Section 8 HAP contract projects that permit annual contract adjustments. All other Applications below these minimum criteria will not be processed.
- xi. Projects requesting Credits for acquisition and rehabilitation must consider rehabilitation costs per unit consistent with the Rehab Threshold ranges by age as shown in Exhibit E, except as otherwise approved by UHC. (See Exhibit M for Capital Needs Assessment requirements).

- xii. UHC, at its sole discretion, shall determine if a project qualifies as substantial rehabilitation, as required by §42. Generally, substantial rehabilitation requires the replacement of two or more major systems and their components including roof, fenestration, electrical, plumbing, HVAC, appliances, etc. The minimum rehabilitation expense per unit is \$10,000.
- xiii. UHC will inspect all rehabilitation projects upon Application, after rehabilitation work has begun, and before IRS Forms 8609 have been issued to verify that work was performed according to what was itemized in the Application or subsequent documents.
- xiv. Project owners must certify at the time of Application that they have inspected 100% of the units for all rehabilitation projects.
- xv. Rehabilitation projects will be required to meet current rehabilitation code, i.e., appropriate upgrades of furnaces to 85% efficiency and proper installation of efficient windows. Project Owners of historic buildings should consult with UHC staff regarding window replacements.
- xvi. Rehabilitation projects that are designated as either RD projects or HUD rent subsidized projects are required to submit all operating statements with the Application.
- xvii. A comprehensive independent third party market study is required on all projects according to the procedures in the Documentation Requirements section below. See the exception for rehabilitation projects in the Market Study section.
- xviii. Letters of interest are required from financial sources for all projects utilizing financing with below market rate terms. The letters of interest should stipulate the amount, loan terms and the lender's acceptable Debt Service Coverage Ratio floor. Letters of interest are also required for grants.

APPEALS PROCESS

During the scoring process, the applicant will receive a notification of any discrepancies between UHC's score and the score submitted by the applicant as part of the self-scoring Application. The applicant will be provided a reasonable period of time to defend its submitted score using solely the information provided in the original Application.

Within 15 days following the award of Credit Reservations by UHC's Board of Trustees for each Reservation Cycle, an applicant may request, in writing, that the Housing Credit Committee consider an appeal. The request must be directed to the President of UHC and must detail specifically the item(s) of disagreement. The appeal will be brought to the Housing Credit Committee for consideration.

The applicant may review all documents relating to the appeal and submit any issues and comments, in writing, to the President of UHC. Within 60 days following the filing of an appeal, the Housing Credit Committee shall conduct a full and fair review of the appeal at a hearing and shall invite the applicant to present its views with respect to the merits of the appeal. If the appeal is denied, the Housing Credit Committee shall provide written notice of the denial within 90 days after the filing of the appeal and provide the basis for the denial.

UHC may impose reasonable charges for photocopies and document production requested by the applicant pursuant to the appeal.

HOUSING CREDIT PROGRAM TRAINING

A. Application and QAP Training

All new applicants and new staff that are responsible for completing an Application for federal Housing Credits are required to attend training on that year's Application prior to the submission deadline. New aspects of the QAP will be covered at that time also.

B. Housing Credit Program Training

Developers and Staff New to Program

Developers who have no prior experience with the Housing Credit program are required to attend training on the major aspects and deadlines of the Housing Credit program from which they will receive a reference booklet. UHC will announce the date and time for such training.

New staff members who will be responsible for tracking, follow-through, or compiling packets for submission to UHC are also required to attend this training.

Experienced Developers

Developers who have utilized the Housing Credit program in the past are required to attend this training if UHC staff determines that there are issues that need to be clarified with both the developer and his or her staff.

Major changes in the program will be highlighted in this training. UHC will announce the date and time for such training.

DOCUMENTATION REQUIREMENTS

Applications must include all applicable documentation supporting claims made in the Application. Claims that are not sufficiently documented will not be considered by UHC. Documentation required to meet threshold requirements must be provided or the Application will not be considered for Credits. The Housing Credit Application Documentation Checklist (see page 2 of the Application) is provided to assist developers in properly documenting the Application and must accompany the Application. No new documentation will be accepted after the Reservation Cycle submission deadline.

A. Third Party Documentation

The following documentation from third parties must be included with the Application.

- Zoning
- Site control
- Environmental assessment (to receive points) otherwise use UHC Questionnaire (Exhibit K)
- Property tax estimate
- Memorandum of Understanding (MOU) with the housing authority, etc

B. Capital Needs Assessment

All rehabilitation projects are required to provide a comprehensive Capital Needs Assessment on the project as a threshold item, see Exhibit M for details. Rehabilitation projects are also required to include in the Application an independent third party verification of rents charged (before negotiations were entered into for the purchase of the project) in the form of actual checks, audited rent rolls etc., for at least one year, together with a review by a CPA or other independent third party approved by UHC.

C. Special Needs Units Documentation

A written explanation from the developer is required with each Application explaining the developer's intention regarding special needs units that are consistent with letters received from the service provider(s). Service Provider Questionnaires (Exhibit N) for each special needs category specified in the Application are required to accompany each Application, one for a primary service provider and one for a secondary service provider.

UHC will keep a completed questionnaire on each service provider, to be updated annually. See Exhibit N for further instructions and information, and the Special Needs Section. Also, for filling special needs unit vacancies, see the Special Needs Set-Aside section of the Compliance Monitoring Plan.

D. Chronically Homeless Projects

Projects serving the Chronically Homeless must participate in the State of Utah Ten-Year Homeless Plan.

The project will be required to serve chronically homeless people as defined by the Ten-Year Homeless Plan or UHC. A Supportive Services Plan Outline, a Letter of endorsement from the region Continuum of Care Coordinating Council and proposed service providers will be required at the time of Application. The complete Supportive Services Plan and Memorandum of Understanding (MOU) are required 120 days from the date of the award letter.

E. Market Study

UHC is an allocator of federal and state resources. A comprehensive market study is to inform UHC and the developer of the need for affordable housing and the best configuration/design of a project.

An independent comprehensive market study is required at the time of Application on all projects over 25 units. Projects with 25 or fewer units must provide a comprehensive study before the earlier of (i) 90 days after receiving a Credit Reservation or (ii) at the time the Carryover Allocation Agreement is requested. Without the statutorily required comprehensive study, the allocation

of credits is null and void. Applicants must submit Exhibit H with the market study.

Interested parties, such as lenders and investors, should determine for themselves the feasibility and merits of the project.

Rehabilitation projects may submit Applications without a market study where proposed rents do not exceed current rent levels in the project and the project is at least 75% occupied. An independent third party must certify the current rent and occupancy levels in the project. The Applicant may provide current leases, deposit slips and rent rolls with supporting bank statements for the most recent 12-month period in lieu of a third party certification.

For complete instructions on preparing the market study, see Exhibit H.

UHC is developing an approved market study provider list and will consider any qualified provider after review of required experience documentation as specified in Exhibit H, the Market Study Company Information section.

Applicants should contact UHC before ordering a market study to determine if the proposed provider is UHC approved. The Market Study must address a number of areas of study (see Exhibit H), while taking into consideration the project's location, amenity package, rent tier, unit type and size. In particular, the Market Study must address the feasibility of targeting special needs categories targeted in the Application. (See first item on the Market Study Checklist, Exhibit H).

The Application must conform to the Market Study conclusions or provide a reasonable defense of any deviations. UHC recognizes that smaller projects may require little explanation in several of the required areas of study and analysis.

MAXIMUM TAX CREDIT ALLOCATION

UHC encourages dispersion of Credit financed projects and the development of mixed-income projects.

A. Allocation of Tax Credits

- i. UHC will reserve no more than approximately 20% of the state's total annual Tax Credit Ceiling Amount to any one project, as defined by UHC and applied consistently during the Qualified Allocation Plan year.
- ii. Larger projects may phase projects to accommodate a greater allocation of credits. However, additional phases will be treated as a separate project that must be approved by submitting another Application during a subsequent year's competitive Cycle and provide a new market study supporting the additional phase.
- iii. UHC will make only one allocation of federal credits to a project/phase. Should the State of Utah be at risk of losing Credits, UHC, in its sole discretion, may allocate additional credits to a project(s) but generally not to exceed 20% of the Credit Ceiling Amount.
- iv. UHC may provide a forward year Housing Credit Reservation. Such forward reservation does not ensure Credit availability in the event the federal government sunsets the Housing Credit Program. The forward year reservation is subject to the rules and regulations in effect for that forward year.
- v. UHC may not allocate more Credits than it deems necessary for the financial feasibility of the project and its economic viability as a qualified affordable housing project throughout the compliance period.
- vi. In its sole discretion, UHC may adjust the credit allocation as part of the underwriting process. UHC reserves the right to adjust the Credit reservation limit each Cycle during the Qualified Allocation Plan year.

B. Small and Very Small Projects

To accommodate the higher cost of constructing small and very small projects, UHC shall apply a 1.2 multiplier to the Credit reservation limit for projects with 9 or fewer units, and a 1.1 multiplier for projects with 10 to 26 units. UHC reserves the right to adjust the Credit reservation limit each Cycle. Contact UHC staff for the current multiplier.

C. Financial Feasibility

UHC will evaluate each proposed project's financial feasibility and viability by taking into consideration, without limitation:

- i. The proposed sources and uses of funds;
- ii. The terms and conditions of the permanent financing package including debt, investor contributions, grants, etc;
- iii. The Credit purchase rate and net equity proceeds expected to be generated by their purchase;
- iv. The percent of the "hard" project cost basis eligible for Credits as compared to the costs of intermediaries and other "soft costs"; and
- v. The reasonableness of the developmental and operational costs, including cash flow and coverage ratios of the project.

D. Safe Harbors

UHC will utilize the Safe Harbor Schedule set forth in Exhibit E to evaluate feasibility and determine Housing Credit needs. Projects that propose fiscal scenarios outside UHC's established safe harbors must provide reasonable explanations for such proposals and evidence of acceptance of such proposals by the project's lender and investor. UHC reserves the right, at its sole discretion, to reject the proposed scenario and underwrite the project using the established safe harbors.

E. Final Determination of Reservation of Housing Credits

Based on its evaluation of a project, UHC will determine the amount of Credit to be reserved for each Application. A similar analysis will be completed upon allocation of the Housing Credit amount; and when each building within a project is placed in service.

UHC will underwrite projects for purposes of the feasibility and funding gap determination using the Tax Credit Applicable Percentages (TCAP) for the month of Application.

Applicants should request the TCAP from UHC for each round. UHC will attempt to allocate at a TCAP higher than the underwritten rate when possible.

(Note: Because the final Credit allocation may be less than the Credit Reservation, applicants may want to negotiate with their investor the delivery of eligible basis rather than delivery of Housing Credits.)

DEVELOPER, CONTRACTOR AND GENERAL REQUIREMENT FEE LIMITS

Fees related to the development of the project, include but are not limited to:

- Developer overhead and profit;
- Contractor overhead, profit and general requirements, and;
- Development consulting fees.

All development fees must be reasonable with respect to the low-income housing objectives while sufficient to attract quality projects to the Program. The Final Cost Certification of each project requires that the project owner's CPA complete an audit and evaluation of all fee and overhead contracts whether with related or unrelated parties. The developer of the project must make full disclosure and allow the CPA access to all developer contracts in connection with preparation of the Final Cost Certification.

UHC has established the limits for the purpose of determining:

- The maximum Credit allocation permissible for a project (based on a project's eligible basis) and
- The minimum Credit allocation required for a project (based on a project's funding gap).

A. Developer Fee

For the purpose of this section, Developer Fee shall mean all developer over-head and profit, and consulting expenses incurred by the project whether provided by the developer or another party. The fee limits in the grid below limit only the eligible basis, not the actual fee. The maximums include both developer and contractor/builder fees and ceilings (see below).

In competing projects, the Developer Fee qualifies for 9% credits. For acquisition/rehab projects, the acquisition fee qualifies for 4% credits.

Maximum fee deferral at the time of Application is 25% of the Developer Fee. The deferral can increase, if needed, during project development to maintain the feasibility of the project.

B. Contractor Fee (Builder Fee)

Contractor Fee shall mean those expenses incurred by the project for construction trades administration, including: all contractor over-head, profit and wage expenses exclusive of such expenses allocable to General Requirements.

C. General Requirements

General Requirements are limited to those items and limits for eligible basis set forth in Exhibit J. In general, contractor fees, overhead and general requirements should be consistent with HUD guidelines as set forth in 4450.1 and Section 911 reviews (HUD Notice H 95-4, amended).

UHC reserves the right to require further verification of General Requirement expenses and supervision costs if, in its sole discretion, such verification is warranted to comply with the spirit and intent of the Housing Credit Program. Applicants must complete the Identity of Interest Exhibit "AA" in the Application to disclose all interested party relationships.

Developer/Contractor Fee Calculations

All Fee Types	Limits of Eligible Basis (Not Actual Fee)	
	Percentage Calculation (26 units or more)	Small Percentage Calculation (25 units or less)
Developer and Contractor Fees Combined	18% of Developer Profit Basis*	25% of Developer Profit Basis* 20% of Developer Profit Basis in 130% Bonus Areas/QCTs
Acquisition Fee	6% of Building(s) Acquisition Cost**	
General Requirements	6% of Direct Construction***	

Maximum Fee Ceiling Per Unit
First 10 Units: \$22,000
Next 20 Units: \$18,300
Additional Units: \$14,600
For Competitive Projects
Maximum fee: \$1,350,000

*Developer Profit Basis = [Site Work + Rehab/New Construction + Contingency +A&E – Impact Fees]

**Building Acquisition Cost = [purchase price – land value – related party fees and commissions]

*** General Requirements Guidelines See Exhibit J.

RESERVATION OF HOUSING CREDITS

After each Application has been processed and the Credit amount has been determined, UHC staff will recommend projects for a Credit Reservation to the Housing Credit Committee. Following its review, the Committee will make its recommendation regarding Credit Reservations to UHC's Board of Trustees. Only formal actions by the Board will constitute Credit Reservations.

Following Board approval, UHC will enter into a Reservation Agreement setting forth:

- The Credit amount reserved to the project;
- The project characteristics, and;
- Any special conditions to the Credit Reservation.

UHC will thereafter enter into a carryover or final allocation of Credits to the project conditioned on evidence of timely progress toward completion of the project acceptable to UHC and in compliance with the QAP and §42 of the Code. (See Tax-Exempt Bond section for bond project procedures.)

Credit Reservations and Carryover Allocations may be unilaterally cancelled by UHC if material changes in the project occur during the predevelopment or development phases, including, but not limited to project scope, cost, location, progress, ownership, management or development team composition. UHC anticipates that applicants will be significant participants in the development of the projects and any changes, (e.g. changing the general partner in a limited partnership) may, at UHC's sole discretion, result in forfeiture of the Credit Reservation or allocation. Credit Reservations and allocations may not be transferred without prior written consent of UHC.

A project that has received a Credit Reservation shall not, under ordinary circumstances, receive any additional Credit Reservation. Projects receiving any additional reservation of Credits will be charged the additional Application fee.

Applicants that have received Credit Reservations will be subject to cancellation of the reservation if they are unable to provide evidence, satisfactory to UHC, of adequate progress towards the completion of the project. UHC, at its sole discretion, may allow additional time to satisfy the progress stipulations of UHC.

Pursuant to § 42(m)(i)(a)(iv) of the Code, a written explanation is available, upon request, to the general public for any reservation or allocation of a Housing Credit that is not made in accordance with established priorities and selection criteria of UHC.

ESTABLISHING WAITING LISTS

UHC will maintain a waiting list of Applications only for the calendar year in which the Application was received. Applications that fail to receive a Credit Reservation in a particular Reservation Cycle may re-submit an Application in a subsequent Cycle with no material changes in the Application. A re-application fee will be due at that time.

Applications that do not receive any Credit Reservation within the QAP year for which Credits were initially applied shall not be carried-over to the next year. To be considered in the next calendar year, an Application must be resubmitted under the QAP published for such calendar year and shall be subject to all requirements and fees of that QAP. (This section does not affect those projects that received a Credit Reservation and forward reservation.)

PROJECT STATUS REPORTING AND PERFORMANCE BONDS

All proposed projects receiving a Credit Reservation will be required to provide status reports in a frequency and format prescribed by UHC, outlining progress toward completion or satisfaction of requirements for carryover or final allocation of the Credits.

Information requested will be project specific and may include such items as: zoning approvals, firm debt and/or equity financing commitments (conditioned only on receipt of Housing Credits), reports on construction progress, site control, and an update of cost for analysis.

A. Project Development Schedule

A Project Development Schedule (see Exhibit D1-4) must be completed and delivered to UHC on or before April 1st and September 1st of each year the project is under development. Enter the currently scheduled date in the "Expected Date" column. Enter the actual date each event has been completed in the "Completed Date" column. Please note that there are four separate forms for (1) competitive new construction projects; (2) competitive rehabilitation projects; (3) new construction bond projects and (4) rehabilitation bond projects.

B. Performance Bonds

Awardees are required to achieve certain milestones within designated time limits to preserve their Credit Reservations. In the event that one or more of these milestones is not achieved within the time limit, the applicant will be required to post a Performance Bond equal to 10% of the annual Housing Credit amount reserved for the project.

Performance Bonds may be submitted in the form of cash or an irrevocable letter-of-credit from a UHC approved banking institution. UHC will only accept letters of credit with a term for the full period of the Carryover Allocation Agreement plus 30 days.

All Performance Bonds will be held by UHC until the project is successfully placed in service. UHC will refund/release the Performance Bond upon issuance of Form(s) 8609 to the project and payment in full of all

Administrative Fees due to UHC. Failure to complete the project in accordance with the Carryover Allocation Agreement (Reservation Agreement, if the Carryover Allocation Agreement has not been entered into) will result in the forfeiture of the Performance Bond to UHC.

C. Performance Bond Types

There are three conditions with associated deadlines under which a Performance Bond will be required. Those conditions are (1) obtaining approved zoning for a project approved during the first Cycle of the year only, (2) acquiring the site, and (3) submitting a Carryover Package. No project will be required to post more than one bond in total.

- i. Zoning Approval Performance Bond
Projects must achieve zoning approval within 90 days after a 1st Cycle Credit Reservation to preserve the Reservation. If zoning approval is not achieved within this period, the Reservation may be cancelled. The applicant may extend this deadline by posting a Zoning Approval Performance Bond.
- ii. Site Acquisition Performance Bond
Projects must demonstrate timely site acquisition in the form of a recorded deed or project lifetime lease by the earlier of 120 days (180 days for rehabilitation projects) after a Credit Reservation to preserve the Reservation. If site acquisition is not achieved within this period the Reservation may be cancelled. The applicant may extend this deadline by posting a Site Acquisition Performance Bond.
- iii. Carryover Performance Bond
Projects that are not placed in service within the calendar year in which a Credit Reservation is received must post a Carryover Performance Bond at the time the Carryover Allocation package is submitted. (See Exhibit F - Carryover Allocation Instructions) This Carryover Performance Bond is only required if neither a Zoning Approval nor a Site Acquisition Performance Bond was submitted.

D. Waiver or Modification of Performance Bond

To further the purpose and goals of the Program, UHC, in its sole discretion, reserves the right to waive or

modify the Performance Bond requirements for any project. No project will be required to post more than one Performance Bond. UHC shall not pay interest or other finance fees on Performance Bonds.

CARRYOVER OF HOUSING CREDITS

Pursuant to §42 of the Code, UHC may issue a Carryover Allocation to qualified projects that have not been placed in service within the year in which they received a Credit Reservation but have met certain minimum requirements set forth by §42 of the Code. Projects receiving Carryover Allocations must be placed in service not later than the close of the second calendar year following the calendar year in which the Carryover Allocation is issued.

A Carryover Allocation is issued for a specific amount of Housing Credits. The applicant will be required to enter into a Carryover Allocation Agreement for the Credits reserved to the applicant if the project is not placed in service by the end of the calendar year in which the Credit Reservation is issued. All projects obtaining Carryover Allocations are required to furnish a Carryover Performance Bond as described in Project Status Reporting and Performance Bond Section. All required outstanding documents (e.g. Market Study, Capital Needs Assessment, etc.) must be submitted with the Carryover Allocation package.

Projects must submit a Carryover Allocation package (available from UHC) on or before November 1st of the year in which a reservation of Credits was issued with or without the 10% cost certification (See 10% Cost Certification Section). A land use restriction agreement (LURA) shall be executed by the project owner and UHC and be recorded at the county recorder's office against the project's property committing the project to operate in accordance with the agreements (rent and income limits, special uses of units and extended use restrictions, etc.) made by the applicant and UHC as inducements for the Credit allocation. The LURA shall be recorded at the time the sponsor or project owner obtains an ownership interest in the site and shall be superior to other liens.

If the LURA is not created and recorded at the time of the Carryover Allocation, the project owner agrees to give UHC 30 days notice before the site/project acquisition takes place to facilitate document preparation. This applies to all projects, including Private Activity Bond projects.

UHC may cancel Carryover Allocations and recapture the Credits if material changes occur without the written consent of UHC. Material changes include, among others, changes in project, ownership, management, and composition.

incurred more than 10% of its reasonably expected basis of the project.

Please contact UHC for a copy of the current Certification of 10% CPA Report Schedules.

C. Verification of Owner

The Code also requires UHC to verify that the entity that has incurred the 10% expected cost basis owns or land-leases the underlying land and building of the project. The project owner must certify, in writing and under penalty of perjury, that the project owner owns the land and all depreciable real property thereon.

This certification must be accompanied by supporting documentation such as a copy of the recorded deed and closing statements. The project owner must submit all closing statements and deeds with respect to the land. Submissions are due no later than 30 days after the above-mentioned deadlines.

FINAL ALLOCATION OF HOUSING CREDITS

A. IRS Forms 8609

UHC will make a final allocation of Housing Credits (by issuing IRS Forms 8609) at the time that an eligible building or project is placed in service (i.e. available for rental occupancy) as evidenced by a Certificate of Occupancy. UHC interprets §42 to require Housing Credit allocations to be issued not later than the close of the calendar year in which a qualified building is placed in service.

The maximum Credit amount to be allocated via IRS Forms 8609 will be based upon UHC's review of the project costs, operations, financing and viability to determine both the total qualified basis for the building and the project funding gap to be closed by the proceeds from sale of the Credits.

IRS Forms 8609 will be released to the project owner after receiving any outstanding fees due to UHC and inspection of completed projects by UHC staff. The inspections are to ensure that representations made in the Application have been fulfilled. Project owners will be responsible to notify UHC when their project is completed or placed in service.

B. Final Cost Certification

To receive an IRS Form 8609, owners will be required to submit a complete project Final Cost Certification package 90 days after the last building in a project receives its Certificate of Occupancy or before December 1 of the current year, whichever is earlier. The Final Cost Certification package shall include, without limitation, those documents described in Exhibit G.

FEES

Project sponsors applying for Housing Credits under the Program are required to pay certain fees to offset the cost to UHC to administer the Program. All fees are non-refundable. The IRS has ruled that Housing Credit fees are not includable in eligible basis. Fees shall be assessed as follows:

A. Application Fees

An Initial Application Fee must accompany the initial submission of an Application. All competing projects will be assessed a fee equal to the greater of \$2,500 or 1% of the annual Credit amount being requested.

Bond projects will be assessed an application fee equal to the greater of \$2,500 or 2% of the annual Credit amount being requested, and an additional fee of the greater of \$2,500 or 2% at the earlier of the bond closing or within one year after Housing Credit approval.

Projects with less than 10 units will submit a fee of \$200 per unit.

B. Reservation Fee

A fee equal to the greater of \$2,500 or 3% of the annual Credit amount being requested by competing projects is due upon receiving a reservation of Federal Housing Credits.

Projects with less than 10 units will submit a fee of \$200 per unit.

C. Re-Application Fee

A \$200 Re-Application Fee must accompany the re-submission of any Application without substantial changes within the same QAP year.

D. Additional Credit Reservation

Any project receiving additional Credits over that which were originally applied for will be charged the applicable Application and Reservation fees.

E. Carryover Allocation Fee(s)

Carryover Allocation Fees of \$1,000 with a discount of \$500 if received by November 1. Extended carryover fees shall be due by January 1 for each full year thereafter that the Credit Reservation is still active but the project has not yet been placed in service and received its IRS Forms 8609.

F. Allocation Fee

An Allocation Fee shall be due prior to issuance of the IRS Forms 8609. Projects with 10 or more units (including Bond projects) will be assessed a fee equal to the greater of 4 percent with a 1% discount if received before December 10 of the annual Credit amount being requested or \$3,000. Projects with less than 10 units will be assessed a fee of \$300 per unit.

G. Initial Compliance Monitoring Fee

An Initial Compliance Monitoring Fee shall be assessed at the time of issuance of IRS Form 8609 in accordance with the following schedule.

1-10 units	No fee
11 - 25 units	\$500 + \$20 per unit
> 25 units	\$1,000 + \$20 per unit

See Compliance Fees in the Compliance Section for subsequent compliance annual monitoring fees.

H. Subsidy Layering Review Fee

If the project requires a subsidy layering review, a fee of \$1,200 will be charged. See the Financial Subsidy Review section.

I. Non-Compliance Monitoring Fees

See the Compliance Monitoring Plan, Fees section.

UHC, in its sole discretion, reserves the right to waive or modify the above indicated fees for any single

project, as UHC deems necessary, to further the purpose and goals of the Program.

FINANCIAL SUBSIDY REVIEW

Pursuant to federal regulations, UHC shall conduct financial subsidy reviews ("Subsidy Layering Review") on projects that directly or indirectly receive financial assistance from the U.S. Department of Agriculture Rural Development Service (RD) or the U.S. Department of Housing and Urban Development (HUD) exclusive of HOME, CDBG, or HOPWA assistance. These reviews are also called HUD 911 Subsidy Layering Review.

The Subsidy Layering Review shall be conducted in accordance with guidelines established by RD and HUD with respect to the review of any financial assistance provided by or through these agencies to the project and shall include, without limitation, a review of:

- the amount of equity capital contributed to a project by investors;
- the project costs including developer fees, and;
- the contractor's profit, syndication costs and rates.

In the course of conducting the review, UHC may disclose or provide a copy of the Application to RD or HUD for their review and comment and shall take any other action deemed necessary to satisfy its obligations under the respective review requirements. A Subsidy Layering Review will require a payment of \$1,200 before the review is completed.

**COMMON APPLICATION AND SHARING OF INFORMATION
WITH OTHER FINANCIAL SOURCES**

The applicant authorizes UHC to share Application information with and from other financially interested parties, including, but not limited to participating lenders, IRS, investors and others as determined by UHC in evaluating and tracking the progress of the project.

Upon request by UHC, the Project Owner will provide an IRS Form 8821 to UHC.

The Application also includes Applications for the Department of Community and Culture (DCC) housing programs, the Olene Walker Housing Loan Fund, State HOME funds and Private Activity Bonds. Application submission deadlines are identical for these programs.

UHC frequently receives requests from investors, owners and lenders for an annual compliance certification. UHC is mandated to inspect projects for compliance with §42 of the Code on behalf of the IRS. The extent of any disclosure by UHC of compliance, after written authorization of the owner, is limited to a statement whether IRS Forms 8823 have been filed, type of violation and the buildings/units affected.

UHC has entered into a "Memorandum of Understanding" with RD which states that UHC will share project information with RD with respect to RD projects. UHC complies with the provisions of GRAMA and Freedom of Information Acts.

UHC is the designated Compliance Monitor for the Olene Walker Housing Loan Fund (OWHLF). As such, UHC will share all information with OWHLF within the scope of work requested by OWHLF.

MANAGEMENT AND MAINTENANCE PERSONNEL UNITS

A. Requesting New or Changed Personnel Unit

The owner may request permission to set aside a unit(s) for management, maintenance and other personnel critical to the successful operation of the project. UHC permits one such set-aside-unit in projects with more than 20 units and up to two units in projects with more than 40 units.

The request must be submitted in writing and must stipulate the following:

- Type of unit (manager, maintenance, etc.),
- Reason for request (why is unit required, how it will enhance the project),
- Designation of specific unit to be set aside.
- All permitted set-aside units shall be required to satisfy criteria established by UHC on a case-by-case basis. All such set-aside units must:
 - Be used solely by personnel whose primary employment is that work performed for the project and described in the applicant's request;
 - Remain rent restricted under the terms of the LURA, and
 - Must be an unrestricted market rate unit, unless the project is 100% affordable, in which case the unit will come from the highest AMI tier of the appropriate size/type.

UHC will evaluate the request and respond in a reasonable period of time. (See Revenue Ruling 94-64 for further information.) Compliance Exhibit GG may be used to request a personnel unit.

B. Security Units and Police Substations (see Revenue Ruling 2004-82)

Security units may be classified as common area for calculating the applicable fraction. This is not available for tax-exempt bond projects under §42.

Police substations can be included in eligible basis under §42, if treated as a Community Service Facility. This is not available for tax-exempt bond projects.

OTHER CONDITIONS AND DISCLAIMERS

The Qualified Allocation Plan may be amended from time to time as new guidelines and regulations are issued under §42 of the Code or as UHC deems necessary to carry out the goals of the Program for the State of Utah.

UHC's review of documents submitted in connection with the Housing Credit allocation process is for its own purposes. UHC makes no representations to the owner or anyone else as to (i) compliance with the Code, Treasury regulations, or any other laws or regulations governing Housing Credits, or (ii) the financial viability of any project. All applicants should consult their tax accountant, attorney or advisor as to the specific requirements of the Code with respect to Housing Credits.

No member, officer, agent or employee of UHC nor any other official of the State of Utah, including the Governor thereof, shall be personally liable concerning any matters arising out of, or in relation to, the Credit Reservation, allocation or consent of transfer of ownership of Housing Credits or the approval or administration of this QAP.

The reservation or allocation of Housing Credits or the issuance of an IRS Form 8609, is not to be construed as a representation or warranty as to the feasibility or viability of the project or the project's ongoing capacity for success. The evaluation performed by UHC and the resulting determination is made solely at UHC's discretion and solely for the purpose of reserving and allocating Housing Credits under the Program. It is not a representation of the financial feasibility or economic viability of the project.

SIGNAGE

The project owner must include Utah Housing Corporation's name and logo on project signage during construction and press releases/interviews as the allocator of federal and state Housing Credits as applicable. When referring to the amount of Credits allocated, the project owner should reference the gross amount the investor is paying for the Credits.

TAX-EXEMPT BOND PROJECTS

A project financed with tax-exempt bonds:

- i. may receive an allocation of Housing Credits outside of the Housing Credit Ceiling Amount;
- ii. does not compete with other projects for an allocation of Housing Credits;
- iii. is eligible for 4% Housing Credits only;
- iv. must meet the minimum project requirements of this Qualified Allocation Plan including commitment to a minimum extended use period of 51 years. (99 years if State Credits are used for feasibility purposes) for the entire project;
- v. does not receive a Credit Reservation;
- vi. does not receive a Carryover Allocation of Housing Credits;
- vii. is not under time constraints determined by UHC;
- viii. does not have to submit a Performance Bond to UHC;
- ix. does not submit a 10% Cost Certification;
- x. must sign and record a Land Use Restriction Agreement (LURA);
- xi. must submit a Final Cost Certification;
- xii. receives a final allocation of Housing Credits in the year the project or a respective portion thereof, is placed in service, and;
- xiii. The amount of Credits allocated to a Bond Project is contingent upon a number of factors including the Bond Project's eligible basis, fees, applicable fraction, applicable percentage, funding gap, and financing terms.

To receive a Housing Credit allocation, Bond Projects:

- i. must submit an Application simultaneously with their bond Application (original and 3 copies to the PAB), including fees,
- ii. satisfy all the requirements of the QAP that are required of any other project applying for an allocation of Credit under the Credit Ceiling Amount, and

- iii. satisfy all requirements of §42 applicable to Bond Projects.

UHC will review and approve Applications for Bond Projects during the scheduled Housing Credit Reservation Cycles for Bond Projects. See Housing Credit Reservation Cycles section for deadlines. As an attachment to the Application, Bond Projects must submit:

- i. a copy of their Consolidated Application, and
- ii. a detailed explanation of all differences between the Private Activity Bond Application and the Housing Credit Application if not submitted to UHC and the PAB at the same time.

USE OF STATE OF UTAH CREDITS

The State of Utah has authorized UHC to allocate Credits against State of Utah tax liabilities pursuant to the Utah Code for the purpose of creating affordable rental housing. UHC has incorporated the use of the State Credit in this QAP's Application and set aside 50% of the annual State Credit Ceiling Amount for allocation through this combined federal and state Application format.

- i. Applicants will be required to first complete their Application without reliance on the State Credit and then complete the State Credit supplement.
- ii. In the event the Combined Application Set-aside has been exhausted, UHC may, at its sole discretion, allocate State Credits outside of the Combined Application Set-aside to combine Application requests.
- iii. State Credit requested to fund financing shortfalls must demonstrate a dollar-for-dollar leveraging (including developer fees) of the proceeds of the State Credit with other financial resources with finance terms at or below the applicable federal rates published by the IRS.
- iv. The applicant must demonstrate that other local, state, federal or private resources (including deferral of fees or equity contributions by the developer) have been approached and report the results of such efforts when applying for State Credits.
- v. State Credits are not to be used to fund increases in developer fees.

During each Reservation Cycle, State Credits may also be requested outside of the combined Application process. Contact UHC for a separate State Credit Application for this request method.

SCORING

PREFERENCE SELECTION CRITERIA

The Preference Selection Criteria are: 1) Lower Income Targeting, 2) Extended Affordable Use, 3) Ready-to-Go status score.

A. Lower Income Targeting weight = 300 to 1000

Maximum score for this criteria is: 8160

Purpose: To provide rental housing affordable to families at lower incomes.

§42 requires Tax Credit projects to set aside a minimum percent of the project units as rent-restricted units, affordable to households at certain income levels. UHC will award points in this category to those projects committing to limit rents to levels affordable to households with incomes lower than the maximum levels set forth in §42. County income and rent schedules for the State of Utah are provided with the Application. These are generally subject to change annually.

❖ **THRESHOLD:** Your affordable unit income and rents must not exceed 60% AMI (Average Median Income) using the 40/60 convention or 50% AMI using the 20/50 convention.

Applicant income and rent level commitments shall be fixed for the entire extended use period. Initial tenant incomes shall be restricted to the lesser of (i) the maximum AMI permitted by the Code under the chosen convention, or (ii) the AMI that is 5 percentage points greater than the committed rent level. Committed income and rent levels should reflect the conclusion of the project's Market Study.

Projects targeting lower rent and income levels will receive a higher "weighting" factor in the evaluation process. The weighting factor is calculated by subtracting the percentage of "Median Income Served", as calculated at (j) on the following Scoring Worksheet (see page 61), from 60% then multiplying the result by 10. The weighting factor shall not exceed 1000, nor be less than 300.

Points are earned as follows:

Income Election: 60%

(a) No. of Units	(b) Bedroom	(c) Monthly Rent		(e) Convention (50%/60%)	(f) Serving % of Median	(g) Reciprocal Squared	(h) Units % of Total	(i) LEVEL OF EFFORT
		Proposed	Rent limit					
20	2	486	544	60%	54%	3.43	27%	0.930
15	2	417	544	60%	46%	4.73	20%	0.950
20	3	582	628	60%	56%	3.19	27%	0.860
20	3	512	628	60%	49%	4.16	26%	1.080
75							100.00%	3.820
(j) % of AMI: Level of Effort					51.60% 3.820	Weight: SCORE:		840.00 3209.0

- (a,b,c) Schedule out the number of units by bedroom sizes that have differing rates of rent.
- (d) Enter the respective monthly rent limits from the schedule prepared by UHC attached to the back of the Application.
- (e) Enter the income convention selected: i.e., enter either 50% or 60% of the median income which the set-aside units will be targeting.
- (f) Reflect the percentage of the median income that is being served at the proposed rent levels. This is computed by $(c \div d) \times e$.
- (g) To give greater recognition to the lower targeted rents, square the reciprocal by $(1 \div f)$ squared. Transitional homeless units serving 25% or less of the median income will be scored at the 30% level.
- (h) To give proportionate recognition to the number of units (percentage of the project) that has been set aside for each rent classification, divide the number of units in each rent classification by the total units in the project.
- (i) The Level of Effort of the applicant to set rents to reach lower income tenants is determined by multiplying the value in (g) by the percentage in (h). The Total Level of Effort score for the overall project is the sum of each of the individual Levels of Effort.
- (j) The weighted % of Median being served by this proposed project is the average of sums of the number of units in each rent classification times the median income being served in that class. This is computed by taking the sum of all $(a \times f)$ and dividing that total by the total number of units.

Example Calculation:

A sample Level of Effort calculation is shown in the following hypothetical example and is supported by the analysis on the Scoring Worksheet:

Example: Applicant is proposing to construct a 75-unit project in Tooele County, Utah. The project will have a mix of bedroom sizes and range of rental rates, as shown in columns (a) and (b). The proposed and permitted rents are shown in columns (c) and (d) respectively. The applicant selects, in column (e), the 60% convention requiring that the project maintain at least 40% of the units affordable for households earning 60% or less of the area median income. A sample "Level of Effort" is calculated on below.

The total points for this category is calculated by multiplying the "Total Level of Effort" as calculated (3.82) by the weight calculated for this category of 8.4 or $(60.0 - 51.6) \times 10$. In this case the score would be $(3.82 \times 8.4) \times 10 = 320.90$.

The above scoring process is performed automatically in the Excel® (versions 95 or after) Application, available on CD for \$10 from UHC or request free of charge via email the most current version from Housing Credit staff (Robin: rkemker@uthc.org or Monica: mspangle@uthc.org)

B. Extended Low-Income Use Period

weight = 100

Maximum score for this criteria is: 5000

Purpose: To provide rental housing affordable to families for the greatest number of years.

Federal law requires that a project remain affordable for a minimum of 30 years. A significant objective of UHC is to encourage owners to maintain the project at affordable rent levels for the greatest number of years. UHC has established a minimum affordability period of 50 years for all projects receiving Housing Credits. Applicants will be required to execute a Land Use Restriction Agreement ("LURA") recorded on the subject property restricting its use for the period represented in the Application.

Points earned will be a measurement of how many years the applicant (also binding upon subsequent owners) commits the project to affordable rent levels. This commitment is realized in part by the applicant agreeing to waive its rights under § 42(h)(6)(E) and (I) of the Code to seek an early termination of the extended use period.

❖THRESHOLD: Project must commit to an affordability period of not less than 50 years.

	Maximum Score
a) Projects committing to an affordability period of less than 99 years	0
b) Projects committing to an affordability period of 99 years or longer	50
Subtotal	50
	x100
Maximum Extended Low-Income Use Score	5,000

C. Ready-to-Go Status **weight =100**

Maximum score for this criteria is: 500

Purpose: To encourage prompt utilization of Housing Credits, construction and occupancy of the project.

- ❖**THRESHOLD:** Zoning must be in place and permit multiple residential use consistent with the project.
- ❖**THRESHOLD:** All applicants must complete the environmental questionnaire if Phase II or I is not attached (see Administrative Procedures Exhibit K). Sites having any potentially adverse environmental or habitat issues must complete a Phase I and/or Phase II or habitat study before making Application.
- ❖**THRESHOLD:** All applicants must provide evidence of preliminary site control.

Environmental: Demonstrate that the site has no environmental or habitat issues:

	Maximum Score
a) Phase I Environmental and/or habitat study not required by either lender or investor.	5
b) Phase I Environmental and/or habitat study completed with outstanding issues. UHC must receive the Phase II or equivalent and a mediation plan and budget within 90 days after award.	5
c) Phase I Environmental and/or habitat study completed with outstanding issues. UHC must receive the Phase II or equivalent and a mediation plan and budget within 90 days after award.	5
d) Phase II Environmental and/or habitat study completed with <u>no</u> outstanding issues.	5
e) Phase II Environmental and/or habitat study completed with outstanding issues. UHC must receive a mediation plan and budget within 90 days of award.	5
(Applicants may receive points in only one of the above)	
Subtotal	5 X100
Maximum Ready to Go Status Total Score	500

D. Concerted Community Revitalization Plan weight =100

Maximum score for this criteria is: 40

Purpose: To encourage construction of projects in areas that meet the following guidelines:

Projects will be awarded 40 points if located in a qualified census tract and the development of which contributes to a Concerted Community Revitalization Plan ("CCRP").

This type of plan must be evidenced by a written document which establishes an active partnership between local government(s) and community-based organizations and which commits each signatory to specific and measurable goals, actions and timetables to foster, among other things, the construction or rehabilitation of affordable housing.

	Maximum Score
Project meets the above described location and Concerted Community Revitalization Plan requirements (Applicant must submit a copy of the plan and a letter from the local government supporting the proposed project and verifying that it is consistent with the plan)	40
Subtotal	40
	X100
Maximum Community Revitalization Area Total Score	4000

E. Chronically Homeless Projects weight =100

Maximum score for this criteria is: 80

Purpose: To encourage construction of projects in areas that meet the following guidelines:

Projects serving the Chronically Homeless must participate in the State of Utah Ten-Year Homeless Plan.

The project will be required to serve chronically homeless people as defined by the Ten-Year Homeless Plan or UHC. A Supportive Services Plan Outline, a Letter of endorsement from the region Continuum of Care Coordinating Council and proposed service providers will be required to meet the requirements of this scoring category. These must be articulated in a Supportive Services Plan included in the Application to UHC.

To provide flexibility to the project, the applicant will set rents at 60% AMI in the Application. UHC recognizes that this population will make significantly less income, but that the applicant will obtain operating income from various other private and public sources, which must be supported in the Application.

	Maximum Score
Project meets the above described requirements	80
	x100
Maximum Chronically Homeless Project Score	8000

F. Energy Star

Weight = 100

Maximum score for this criteria is: 100

Purpose: To encourage energy efficient rehabilitation projects:

See the Energy Star section and the Energy Star Exhibit R in this QAP or log on to www.energystar.gov for details on the Energy Star. Upon Application, you may receive points for designing the project to be Energy Star Certified or Not Certified but Energy Star enhanced. In either case, the project must receive a plan review analysis from the Utah Energy Conservation Coalition (UECC), or an organization certified by UECC, to be included with the Application.

	Maximum Score
Not Certified, but tested: will be rehabilitated according to Energy Star enhancements but no Energy Star Certification is required. Include plan review analysis with Application. Projects must attempt to reach a Home Energy Rating System (HERS) score of 86 for new construction, and a HERS score of less than 90	1
Subtotal	1
	X100
Maximum Energy Star Total Score	100

SECONDARY SELECTION CRITERIA

§42 mandates additional Secondary Selection Criteria Categories. These categories represent identified project social and quality characteristics.

A. Project Location weight = 20

Maximum score for this criteria is: 600

Purpose: To encourage the development of affordable housing in locations that are determined to be under-served.

Points in this category will be awarded as follows:

	Maximum Score
a) Project is located in a HUD "Hard to Develop" (See Administrative Procedures Exhibit A)	10
b) Project is located in a "UHC Rural Area", (See Administrative Procedures Exhibit B)	10
c) Project is located in a "Non-Participating Area"	
First Project in county*	5
First Project in community*	5
Subtotal	30
	X20
Maximum Project Location Total Score	600

* Communities and Counties which have not yet been the recipient of an allocation of Housing Credits and which UHC has targeted for greater geographic distribution. (See List in Exhibit S)

B. Project Characteristics

weight = 20

Maximum score for this criteria is:980

Purpose: To encourage the development of projects that serve certain populations or provide amenities deemed important to family stability.

To prevent accumulation of mold, UHC requires all bathrooms to have vents that lead to outside of the building and recommends stove hoods to vent to outside of the building. No points are awarded for these characteristics.

Points in this category will be awarded as follows:

1. Large Units: Project provides three or four bedroom units

	Maximum Score
a) 3 bedroom units: 1 pt. per 10% of the project up to 50% of project	5
b) 4 or more bedroom units: 2 pt. per 10% of the project up to 50% of project	10
Subtotal	15

2. Project amenities: Project provides above average non-fee amenities.

	Maximum Score
a) Covered Parking*	1
b) Tot lot	1
c) Day care facility	1
d) Education center	1
e) Clubhouse	1
f) Wireless or separate wired data network into each unit**	1
g) Life Skills Educations that meets UHC criteria ***	2
h) Other _____ (must be pre-approved by UHC)	1
Subtotal	9

* At least 1 covered stall per unit, unless city approves fewer parking stalls per unit.

** At maximum, project owner may charge tenants a proportional amount for the tenant access to the network,

i.e., in a 50-unit project the charge would be 1/50th of per unit.

*** Life skills should be made available to all tenants on an ongoing basis with scheduled classes, experts invited in as well as agencies and nonprofits that provide the types of training listed below. (Some nonprofits do the training free of charge). Provide in the Application a letter from the provider or a specific Life Education Skills "plan" if to be developed by project owner/manager.

Life Skills Education

1. Finance - banking, loans
2. Consumer credit - repair
3. Employment - resources, expectations
4. Medical - hygiene, care, pregnancy, resources
5. Insurance - auto, renter's
6. Driver education
7. Computer literacy
8. Education - vocational, children, resources
9. Shopping smart, budgeting
10. Apartment living
11. Transportation - resources
12. Childcare - resources
13. Government assistance - resources
14. Health - diet, exercise

3. Other:

	Maximum Score
a) Project rehabilitates existing housing stock and maintains rents at or below rent levels before negotiations were entered into for the Housing Credit Application. Available only to substantial rehabilitation projects that maintain or lower targeted rents below those paid by the current tenants (see Administrative Procedures, Documentation Requirements section.) Exception: preservation projects that maintain rent levels also qualify for this score.	10
b) Projects intended for eventual tenant ownership*	10
c) Projects that involve the use of existing housing as part of a Community Revitalization Plan ** (points cannot be taken in this category if they are taken in the Preference Scoring criteria Section D)	5
Subtotal	25

* Request GOVERNMENT AND NONPROFIT SPONSORED HOUSING CREDIT HOMEOWNERSHIP guidelines from UHC Housing Development Division.

** Projects that involve the use of existing housing as part of a CCRP. In general, the CCRP must be evidenced by a written document, signed by a local government, consistent with the goals and objectives used in the HUD CDBG program for revitalization areas. Projects must provide a copy of the CCRP and a letter from the local government supporting the proposed project and verifying that it is consistent with the plan.

	Maximum Score
Sum of Subtotals	49
	X20
Maximum Project Characteristics Total Score	980

C. Applicant Characteristics

weight = 20

Maximum Score for this criteria is: 400

Purpose: To encourage the development of affordable housing by experienced private sector, nonprofit and quasi-government organizations.

Points in this category will be awarded as follows:

1. **Development Experience:** Application contains substantial evidence confirming quality, experience and capacity of applicant to create and manage housing units. Joint ventures are acceptable for obtaining points in this category, but operating and other agreements must show that the Utah based developer has controlling interest and receives over 50% of the developer fee. *Applicant will receive points in only one of the following categories.*

	Maximum Score
a) Applicant has developed and has ownership interest in multifamily Housing Credit projects in other states.	5
b) Applicant is a Utah-based multifamily housing developer. Proof of experience and Utah local business licenses for a minimum of three years.	5
c) Applicant has developed and has ownership interest in Housing Credit or Tax-Exempt Bond projects in Utah.	10
Sub-Category Maximum	10

2. Sponsor Tax Status: Applicant is either a qualified nonprofit, Community Housing Development Organization (CHDO) or Public Housing Authority, as defined by HUD, and materially participates in the development, ownership (See above for further ownership details) and management of the project (Review the non-profit certification Exhibit C). *Applicant will receive points in only one of the following categories.*

	Maximum Score
a) Government Housing Entity	5
b) Community Housing Development Organization (CHDO)	10
c) Public Housing Authority or 501(c)(3) established by Public Housing Authority*	10
Sub-Category Maximum	10

*Must be governed by the same board as PHA

Applicant Characteristics Totals

Maximum Points (weighting)	20
	X20
Maximum Applicant Characteristics Total Score	400

D. Tenant Populations with Special Housing Needs weight = 20

CAUTION Applications scoring under this category are encouraged to consult with UHC for effect on the project.

Maximum score for this criteria is: 820

Purpose: To encourage the development of projects providing specialized units or assistance for under-served families.

Applicant agrees to set aside, continually rent and equip unit(s) to the tenant population agreed upon and properly equip, as represented in the Application, to meet the needs of the targeted group. Exceptions may be permitted only after meeting UHC requirements in attempting to lease to this population and demonstrating that no special needs tenants are available.

The required Market Study must address the feasibility of targeting special needs populations. Note that at initial rent-up, the specified tenant population is required to occupy the units. Subsequently, discuss with UHC whether other groups may be allowed to occupy the units.

Social service provisions must be evidenced by a letter of intent with a nonprofit or government provider or sponsor having experience and capacity. Project Owner is to make sure that primary and secondary Service Providers have completed Service Provider Questionnaires (Exhibit N) and attach them to the Application to receive Special Needs points.

Special Needs projects requiring onsite assistance (assisted living) must provide a legal opinion on the acceptability of the proposed services within the context of §42.

Points in this category will be awarded as follows:

1. Persons that are Long Term Mobility Impaired:

Provide one or more fully accessible Type A units that are ADA compliant for long term mobility-impaired tenants. These units are to include accessible food preparation areas, bathrooms, bedrooms and living areas. (See Administrative Section)

	Maximum Score
2 points per unit up to a maximum of 5	10
Subtotal	10

2. Persons with mental illness or developmental disabilities:

Provide units for use by persons with mental or developmental disabilities who are participating in formal case management with a licensed Service Provider. Tenant must be capable of independent living with minimal provider intervention. (See Administrative Section)

	Maximum Score
2 points per unit up to a maximum of 5	10
Subtotal	10

3. Older Americans:

Provide units for use by Older Americans in accordance with the federal and Utah Fair Housing laws.

	Maximum Score
80% or more of the units in project must be age-restricted by law. A smaller percentage will be acceptable to UHC, where approved by the Rural Development Service or by the State of Utah or HUD's Fair Housing Department.	10
Subtotal	10

4. Homeless or near-homeless transitional units:

Provide units at or below 25% AMI. Evidence of contractual participation by a nonprofit or government social service provider for referral of clients is required. (See Administrative Section)

	Maximum Score
2 points per unit up to a maximum of 5. AMI Score is also limited to 5 units.	10
Subtotal	10

5. Housing for individuals with children:

Accept families with children or individuals with children.

	Maximum Score
Projects providing housing for tenant populations of individuals with children*	1
Subtotal	1

*Projects housing Older Americans or certain special needs projects cannot claim points in this category.

Tenant Populations with Special Housing Needs Total Score:

Sum of Subtotals	41
	X20
Maximum Tenant Populations with Special Housing Needs Total Score	820

E. Service to Tenants on Public Housing Assistance weight = 20

Maximum score for this criteria is: 200

Purpose: To assist Public Housing Authorities ("PHA") in the placement of families utilizing HUD Section 8 Vouchers or Certificates.

Points in this category will be awarded as follows:

	Maximum Score
Applicant must provide a Memorandum of Understanding (MOU) with local PHA (see Exhibit T for the MOU), indicating willingness to accept tenant Applications under the applicable program and restrictions.	10
Subtotal	10
	x20
Maximum Service to Tenants of Public Housing Assistance Total	200

F. Housing Needs Characteristics

weight = 20

Maximum score for this criteria is: 300

Purpose: To encourage the leveraging of Housing Credits with other market uses.

Points in this category will be awarded as follows:

Mixed Income Projects:

Project combines income/rent restricted units (Housing Credit units) with units that are not income or rent restricted units.

	Maximum Score
0.5 points / % of project units that are not income/rent restricted	15
Subtotal	15
	x20
Maximum Housing Needs Characteristics Total	300

G. Bonus Points

weight = 10

Maximum score for this criteria is: 20

Bonus points are used to encourage the submission of additional data important to the allocation of the Credits.

❖**THRESHOLD:** All applicants must provide a Capital Needs Assessment with the Application for rehabilitation projects.

❖**THRESHOLD:** All applicants must provide letters of interest from all financial sources. (See Administrative Procedures)

	Maximum Score
Complete Market Study addressing all itemized areas of study	2
Subtotal	2
	X10
Maximum Bonus Total Score	20

COMPLIANCE MONITORING PLAN

COMPLIANCE MONITORING PLAN INTRODUCTION

The Code requires UHC to monitor Housing Credit projects for compliance with the provisions of §42 and to notify the IRS of any noncompliance of which UHC becomes aware.

This Compliance Monitoring Plan sets forth the procedures that UHC shall follow, and those procedures that an owner of a Housing Credit project shall be required to follow, to satisfy the requirements of §42 and the regulations issued thereunder.

As a condition to the allocation of Housing Credits, owners are required to enter into a binding agreement to comply with the terms and conditions of this Plan.

The Compliance Monitoring Plan is part of UHC's Qualified Allocation Plan for the State of Utah. It may be amended as deemed necessary by UHC to comply with §42 and the regulations issued thereunder, as the same may be amended, or to further promote the Housing Credit Program in the State of Utah.

RECORDKEEPING AND RECORD RETENTION REQUIREMENTS

A. Recordkeeping Requirements

A project owner is required to keep separate records for each qualified low-income building in a Housing Credit project that show for each year in the compliance period:

1. 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);
2. The percentage of residential rental units in the building that are low-income units;
3. The rent charged on each residential rental unit in the building (including any utility allowances);
4. The number and ages of occupants in each low-income unit, but only if rent is determined by the number of occupants in each unit under Code §42 (g)(2)(as in effect before the amendments made by the Revenue Reconciliation Act of 1989);
5. The status of all units in each building tracked on the Occupancy Report (see Exhibit CC) including Move-in/Move-out dates, Affordable or Market, Resident Name, Rent Concessions given for each unit for the year. See the instructions for filling out this form attached to Exhibit CC;
6. The annual income certification of each low-income tenant per unit;
7. Documentation supporting each low-income tenant's income certification (for example, a copy of the tenant's federal income tax return, Form W-2, or verification of income from third parties such as employers or state agencies paying unemployment compensation);
8. The eligible basis and qualified basis of the building at the end of the first year of the Credit period; and

9. The character and use of the nonresidential portion of the building included in the building's eligible basis under Code §42(d)(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 reasonable required by the Housing Credit project).

For purposes of §42 and the QAP, tenant income is calculated in a manner consistent with the determination of annual income under Section 8 of the United States Housing Act of 1937, and not in accordance with the determination of gross income for federal income tax liability.

Attached, as Exhibit AA, is a copy of 24 CFR 813.106 HUD Definition of Annual Income, which is required to be used for determining income levels under Code §42. In the case of a tenant receiving housing assistance payments under Section 8 of the Housing Act, the documentation requirement of this section is satisfied if the applicable public housing authority provides a statement to the owner declaring that the tenant's income does not exceed the applicable income limit under Code §42(g).

B. Record Retention Requirements

An owner is required to retain the records described in this section for at least six years after the due date (with extensions) for filing the federal income tax return for the year. The records for the first year of the Credit period, however, must be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building.

-CERTIFICATION AND REVIEW REQUIREMENTS

A. Certification Requirements

An owner is required to certify at least annually to UHC that, for the preceding 12-month period:

1. The Housing Credit project met the requirements of: the 20-50 test under Code §42(g)(1)(A) or the 40-60 test under §42(g)(1)(B), whichever minimum set-aside test was applicable to the project;
2. There was no change in the applicable fraction (as defined in Code §42(c)(1)(B)) of any building in the project, or that there was a change, and a description of the change;
3. The owner has received an annual income certification from each low-income tenant, and documentation to support that certification, or, in the case of a tenant receiving housing assistance payments under Section 8 of the Housing Act, the statement from a public housing authority described in the Recordkeeping Requirements section;
4. Each low-income unit in the project was rent restricted under Code §42(g)(2);
5. All units in the project were for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Code §42(i)(3)(B)(iii));
6. Each building in the project was suitable for occupancy, taking into account local health, safety, and building codes;
7. There was no change in the eligible basis (as defined in Code §42(d)) of any building in the project, or if there was a change, the nature of the change (e.g., a common area has become commercial space, or a fee is now charged for a tenant facility formerly provided without charge);
8. All tenant facilities included in the eligible basis under Code §42(d) of any building in the project, such as swimming pools, other recreational facilities, and parking areas, were provided on a

comparable basis without charge to all tenants in the building;

9. If a low-income unit in the project became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units in the project were or will be rented to tenants not having a qualifying income;
10. If the income of tenants of a low-income unit in the project increased above the limit allowed in Code §42(g)(2)(D)(ii), the next available unit of comparable or smaller size in the project was or will be rented to tenants having a qualifying income; and
11. An extended low-income housing commitment as described in Code §42(h)(6) was in effect.

B. Review Requirements

UHC will review the certifications submitted for compliance with the requirements of Code §42. UHC will also inspect at least 20% of Housing Credit projects each year and will inspect the low-income certification, the documentation the owner has received to support that certification, and the rent record for each low-income tenant in at least 20% of the low-income units in those projects.

UHC will determine which tenants' records are to be inspected or submitted by the owners for review. The records to be inspected must be chosen in a manner that will not give owners advance notice that their records for a particular year will or will not be inspected. However, UHC may give an owner reasonable notice that an inspection will occur so that the owner may assemble records (for example, 30 days notice of inspection).

As an alternative to inspecting at least 20% of Housing Credit projects each year and the inspection of low-income certifications, supporting documentation, and rent records for at least 20% of the low-income units in those projects, UHC may rely on either of the following in satisfaction of the Review Requirements:

1. The owners of at least 50% of all Housing Credit projects in UHC's jurisdiction shall submit to UHC for compliance review a copy of the annual income certification, the documentation the owner has received to support that certification, and the rent record for each of the low-income units in their projects; or
2. The owners of all Housing Credit projects shall submit to UHC each year information on tenant income and rent for each low-income unit, in the form and manner designated by UHC, and the owners of at least 20% of the Housing Credit projects must submit to UHC for compliance review a copy of the annual income certification, the documentation the owner has received to support that certification, and the rent record for each low-income tenant in at least 20% of the low-income units in their projects.

C. Frequency and Form of Certification

The certifications and Review Requirements shall be made at least annually covering each year of the fifteen year compliance period under Code §42(i)(1) and thereafter for such period determined by UHC not to exceed the Housing Credit project's extended use period. The certifications must be made under penalty of perjury. The certifications and reviews may be completed more frequently than on a 12 month basis, provided that all months within each 12 month period are subject to certification.

D. Exception for Certain Buildings

As a partial exception from the Review Requirements, an owner is not required to submit, and UHC is not required to review, the tenant income certifications, supporting documentation, and rent records for buildings financed by the Rural Development ("RD") under the section 515 Program, or buildings of which 50% or more of the aggregate basis (taking into account the building and the land) is financed with the proceeds of obligations the interest on which is exempt from tax under §103 of the Code (tax-exempt bonds).

In order for the above described buildings to be exempted from the Review Requirements, UHC must enter

into an agreement with the RD or tax exempt bond issuer under which agreement the RD or tax exempt bond issuer shall agree to provide information concerning the income and rent of the tenants in the building to UHC.

UHC may assume the accuracy of the information provided by the RD or the tax-exempt bond issuer without verification. UHC must review the information and determine that the income limitation and rent restriction of Code §42(g)(1) and (2) are met.

However, if the information provided by the RD or tax-exempt bond issuer is not sufficient for UHC to make this determination, UHC must request the necessary additional income or rent information from the owner of the buildings. For example, because RD determines tenant eligibility based on its definition of "adjusted annual income," rather than "annual income" as defined under Section 8 of the Housing Act, UHC may have to calculate the tenant's income for Code §42 purposes and may need to request additional information from the owner.

INSPECTION REQUIREMENTS

An owner shall permit, and UHC shall have the right to perform, an on-site inspection of any buildings in a Housing Credit project, at least through the end of the compliance period and thereafter for such period determined by UHC not to exceed the Housing Credit project's extended use period. The inspection provision of this section is separate from any review of low-income certifications, supporting documents, and rent records under the Review Requirements section.

NOTIFICATION OF NON-COMPLIANCE REQUIREMENTS

UHC has a continuing responsibility to monitor compliance. All recipients of Housing Credits will be required to supply UHC with annual Housing Credit certifications, and/or inspections will be conducted each year to monitor compliance. Prior to such inspections, Program participants will receive notification advising them of what records will be required by the inspectors. If non-compliance is discovered, UHC is required, and will, report events of non-compliance to the Internal Revenue Service.

A. Notice to Owner

UHC will provide prompt written notice to the owner if UHC does not receive the certifications as required by this plan, or has not received or is not permitted to inspect the tenant income certifications, supporting documentation and rent records described in this plan, or discovers by inspection, review, or in some other manner, that the Housing Credit project is not in compliance with the provisions of the Code.

B. Notice to Internal Revenue Service

UHC will file IRS Form 8823, "Low-Income Housing Credit Agencies Report of Non-compliance," with the IRS no later than 45 days after the end of the correction period (as including permitted extensions) and no earlier than the end of the correction period, whether or not the non-compliance or failure to certify is corrected.

UHC will explain on IRS Form 8823 the nature of the non-compliance or failure to certify and indicate whether the owner has corrected the non-compliance or failure to certify. Any change in either the applicable fraction or eligible basis, that results in a decrease in the qualified basis of a Housing Credit project under Code § 42(c)(1)(A) is non-compliance that must be reported to the IRS.

If UHC reports on IRS Form 8823 that a building is entirely out of compliance and will not be in compliance at any time in the future, UHC need not file IRS Form 8823 in subsequent years to report that building's noncompliance.

C. Correction Period

The correction period is that period during which an owner must supply any missing certifications and bring the Housing Credit project into compliance with the provisions of the Code. The correction period is not to exceed 90 days from the date of the notice to the owner. UHC may extend the correction period for up to 6 months, but only if UHC determines there is good cause for granting the extension.

D. Record Retention

UHC must retain records of non-compliance or failure to certify for six years beyond UHC's filing of the respective IRS Form 8823. In all other cases, UHC must retain the certifications and records described in this plan for three years from the end of the calendar year in which UHC receives the certifications and records.

SPECIAL NEEDS SET-ASIDE COMPLIANCE POLICY

Applicant agrees to set aside and continually rent unit(s) to the tenant population agreed upon and properly equip, as represented in the project Application, to meet the needs of the targeted group. *Exceptions* may be permitted only after meeting *UHC requirements* in attempting to lease to this population and demonstrating that no special needs tenants are available. (see below).

Use Exhibit HH (Special Needs Vacant Unit Notification) to notify UHC of attempts made to obtain referrals from primary and secondary Service Providers which were specified in Exhibit N of the Administrative Section (Service Provider Questionnaire) and which accompanied Applications beginning first Cycle 2005. Owners/managers are required to obtain primary and secondary Service Providers so that the referral process will be more successful.

A. Non-Accessible Unit Special Needs (See Accessible Units Below)

For ongoing operations and compliance: Non-Accessible Special Needs units must maintain casework throughout the agreed-upon period between the tenant and Service Provider. See Exhibit JJ, sample of Case Management Lease Addendum.

1. Owners/managers have four weeks to fill a transitional unit that becomes available.
 - i. The manager must contact the primary Service Provider to obtain a referral as soon as the manager knows the special needs unit will become vacant.
 - ii. If this provider fails to refer a qualified tenant(s) within two weeks after contact, the manager must contact the secondary Service Provider.
 - iii. At that time, the manager will complete Exhibit HH to notify UHC that the unit has not been filled by the primary Service Provider. See Exhibit HH for further instructions.
 - iv. This notification will also be sent to UHC if the secondary Service Provider does not refer a qualified tenant within two weeks after contacting

that provider. After 30 days total, owner/manager must call UHC to discuss the next step.

- v. Once the unit is filled with a qualified tenant if Exhibit HH was initially used because of a delay in receiving referrals, Exhibit HH will be completed and sent to UHC showing the date the unit was filled and the Service Provider who referred the tenant.

2. Special requirements for transitional units:

- i. For McKinney Act units, the tenant must transition to independent living within two years from initial occupancy. The Service Provider must facilitate this move no later than two weeks after the two-year anniversary. The owner/manager is to make every effort to relocate the tenant.
- ii. For Housing Credit transitional units (not part of McKinney Act) there is no deadline for transitioning to independent living. However, within a reasonable period of time, the tenant should be assisted during case management in the move on to a non-transitional unit to free these units up to tenants in need of them.
- iii. Owners must utilize the website of Affordable Housing Solutions (AHS) website www.affordablehsgsolutions.org to assure that transitional units will be filled with qualified tenants in a timely fashion. The AHS website will not preclude utilizing current Service Providers.

For all special needs except physical disabilities, leases must contain provisions requiring the tenants to comply with the casework requirements of their Service Provider.

Owners will utilize a six-month lease for the initial tenancy and month-to-month thereafter to facilitate a move if subsidized housing becomes available for the tenant.

B. Type "A" Fully Accessible Units for Long-Term Mobility-Impaired Tenants

1. These type "A" units must be fully functional for tenants who have a long-term mobility impairment needing an accessible unit.
2. When one of these units becomes vacant, offer the unit:
 - i. First, to a current occupant of the project requiring the ADA features;
 - ii. Second, to an eligible qualified applicant on the waiting list (if any) requiring the ADA features.
 - iii. Third, follow the instructions for other special needs in the Non-ADA Special Needs section above showing communication with referral entities.
 - iv. If advertising in the local newspaper, the For Rent Magazine or the Apartment Guide, include, when possible, the wheelchair logo for better response.
3. Include a lease provision that requires a non-mobility-impaired household occupying a fully-equipped accessible unit to relocate if a family with a disability needing that size unit applies and there is an appropriately sized non-accessible unit available for the relocating household.
4. During scheduled inspections, UHC will review the rental history of special needs units which will include:
 - i. Proof that the unit is actually occupied by a special needs tenant.
 - ii. Written documentation showing steps taken to find a qualified applicant, including Exhibit HH notifying UHC of any delay in acquiring a qualified tenant.
 - iii. A formal written waiver for each special needs unit that is being occupied by a non-qualified tenant or has been vacant for more than 30 days. A request for waiver must be obtained from UHC after meeting with or discussing the matter with UHC.

UHC will consider other options on a case by case basis to assist project owners in their commitment to UHC and the special needs populations within the community.

Project owners and site managers should work proactively with the referring organization(s) in a fashion consistent with the regular units. This would include establishing a waiting list of pre-screened families or individuals that are waiting for a housing opportunity.

Another way to insure continual compliance would be a policy of housing an additional special needs family or individual so that the project always has one more unit than required by the agreement with UHC.

DELEGATION OF AUTHORITY

UHC may retain an agent ("Authorized Delegate") or other private contractor to perform compliance monitoring. The authorized delegate must be unrelated to the owner of any building that the authorized delegate monitors. The authorized delegate may be delegated all of the functions of UHC, except for the responsibility of notifying the IRS under the Notification of Non-Compliance Requirements section.

For example, the authorized delegate may be delegated the responsibility of reviewing tenant certifications and documentation, the right to inspect buildings and records, and the responsibility of notifying owners of lack of certification or non-compliance. The authorized delegate must notify UHC of any non-compliance or failure to certify.

If UHC delegates compliance monitoring to an authorized delegate, UHC will use reasonable diligence to ensure that the authorized delegate properly performs the delegated monitoring functions. Delegation by UHC of compliance monitoring functions to an authorized delegate does not relieve UHC of its obligation to notify the IRS of any noncompliance of which UHC becomes aware.

UHC may delegate all or some of its compliance monitoring responsibilities to another governmental agency of the State of Utah. This delegation to a governmental agency may include the responsibility of notifying the IRS under the Notification of Non-Compliance Requirements section of this plan.

Independent Third Party Compliance Audits for Recertification Waivers under Code §42(g)(8)(B) may be contracted directly by the owner with nationally recognized compliance training and services companies that the project owner or affiliates have not had business dealings for at least three prior years. Audit Report agreed-upon procedures are available from UHC. Contact UHC for a list of Compliance Training and Service Companies.

LIABILITY

Compliance with the requirements of the Code is the responsibility of the owner of the building for which the Credit is allowable. UHC's obligation to monitor for compliance with the requirements of the Code does not make UHC liable for an owner's non-compliance.

FEES

The following are fees to be paid to UHC for administering the Compliance Monitoring Plan. All projects will be required to pay these fees.

- 1st year audit: (1) below
 \$1,000 plus \$20 per LIHTC unit.
 ≤25 Units \$500 plus \$20 per LIHTC unit.
 ≤10 Units no charge
- 2nd and Subsequent years: (2) below
 >11 Units \$20 per LIHTC unit annually
 ≤10 Units no charge

<u>Year Cost Certified</u>	<u>Annual Payment Begins</u>
2003	2007
2004	2008
2005	2009

- (1) First Year compliance audit fees will be collected with the Final Cost Certification fees.
- (2) Annual Compliance Payments are due February 1 of each year.

UHC has implemented a schedule of periodic on-site physical site and file inspections. UHC will perform a drive-by inspection of the site and buildings annually. UHC may, at its discretion, require unit inspections (appointment within a reasonable period of time) based on the site inspection results.

If deferred maintenance or other exceptions are discovered, UHC will notify the owner. Building code or equivalent, Fair Housing and other violations will be reported to the IRS according to the reporting requirements and procedures of §42 and IRS Form 8823.

File and unit on-site inspections that will be performed:

- i. annual drive-by project inspection,
- ii. initial first year of operation site inspection and courtesy file review,

- iii. a site and file inspection every other year thereafter according to UHC Inspection and Audit Procedures. UHC may select any year of project operation for inspections. Generally, projects will have at least 20% of a single year's files inspected and at least 20% of the project's units inspected.
- iv. HOME (OWHLF) requires annual unit and file inspections.

Projects will be charged additional inspection fees when:

- i. an expanded file inspection per the inspection procedures is required or,
- ii. additional units are inspected because of a trend of Code or other violations. Additional inspection fees will be charged as follows:

Tier	UHC Service	Cost
One	1. First-year project inspection. 2. First year Credits are claimed; project and file inspection. 3. Project and file inspection every other year according to UHC Inspection and Audit Procedures. UHC may select any year of project operation for file inspection. Generally 20% of the units and 100% of files will be inspected.	See Above
Two	1. Additional files or units over Tier 1 levels require inspection according to the requirements of UHC Audit Procedures 2. Issuance of a Notice to Owner of Non-compliance (anticipating the issuance of an IRS Form 8823) 3. Issuance of IRS Form 8823 Each IRS Form 8823 issued 4. Follow-up inspections subsequent to non-compliance 5. Following year inspection of files and/or units (required when an IRS Form 8823 is issued) * UHC will add travel and per diem charges as appropriate to the above fees.	\$10 per file \$15 per unit \$150 \$150 \$25 * plus above fees as applicable

At the discretion of UHC, any project receiving an IRS Form 8823 reportable violation may be required to provide its manager with professional independent §42 training at its own cost within 90 days. The owner must provide proof of professional training for a new manager replacement.

UHC reserves the right to revise the fee schedule (both Tier 1 and 2) from time to time, in its sole discretion, to offset the cost of conducting the compliance monitoring requirements of the Program.

MANAGEMENT, MAINTENANCE AND SECURITY PERSONNEL UNITS

The owner may request permission to set-aside a unit(s) management, maintenance and other personnel critical to the successful operation of the project. UHC permits one such set-aside-unit in projects that with more than 20 units and up to two units in projects with more than 40 units. The request must be submitted in writing and must stipulate the following:

- type of unit (manager, maintenance, etc.)
- reason for request (why unit is required and how it will enhance the project.)
- designation of specific unit to be set aside. All permitted set-aside units are required to satisfy criteria established by UHC on a case-by-case basis.

All such set-aside units must:

- be used solely by personnel whose primary employment is that work performed for the project and described in the applicant's request;
- remain rent restricted under the terms of the LURA;
and
- come from the highest AMI tier of the appropriate size/type.

UHC will evaluate the request and respond in a reasonable period of time. A sample request form is available as Exhibit FF. (See Revenue Ruling 92-61 for further information.)

Security personnel units will require a more detailed needs analysis. Review IRS Rev. Ruling 2004-82 for further information or contact Housing Credit staff if you are considering setting aside a unit for this use.

OPERATING STATEMENT

The Code requires that tax assessors consider the income approach when determining value for Housing Credit projects.

The Utah Code requires the taxpayer (owner of low-income housing project) to provide the local assessor with the following data:

1. Parcel Identification Number on County Assessment Notice.
2. Project owner's contact information with project name, address and telephone number.
3. Detailed operating statements for the calendar year.

This assessment data must be submitted to the local assessor before March 1 of each year.

MISCELLANEOUS ITEMS

A. Certifications of Owner

The following compliance forms attached as exhibits must be completed and submitted to UHC by the owner for the purposes and at the frequencies indicated below. The owner must maintain a copy or original as appropriate on file at its business office or that of its agent.

1. Recordkeeping Form (Exhibit BB) will be completed at least annually, and more frequently if necessary, to compile and maintain the information and records for each qualified low-income building in a Housing Credit project as required under the Compliance Monitoring Plan
2. Bi-Annual Occupancy Report (Exhibit CC) will be emailed to UHC bi-annually. This Excel spreadsheet contains all occupancy information and is due to UHC on August 1 for the period January 1 through June 30, and February 1 for the period January 1 through December 31.
3. Annual Tenant Income Certification (Exhibit DD) is issued by an owner for purposes of the annual income certification of each low-income tenant per unit. The Annual Tenant Income Certification form must be completed by each low-income tenant per unit (18 years of age and older) prior to occupancy of any low-income unit and annually thereafter.
4. Owner's Annual Compliance Report and Certification (Exhibit EE) must be completed and signed by the owner and filed with UHC by April 30th following the close of the preceding calendar year (January 1 - December 31). The Owner's Annual Compliance Report and Certification covers a full calendar year period.
5. Certification of Student Eligibility (Exhibit FF) is to be completed by a student tenant and owner prior to occupancy of any low-income unit and annually thereafter.

B. Compliance Manual

To assist owners in carrying out their responsibilities under the Compliance Monitoring Plan, UHC has prepared a Tax Credit Compliance Monitoring Manual. This manual is supplemental to the Compliance Monitoring Plan and does not supersede or replace it. The manual explains an owner's responsibilities under the plan, and provides supplemental forms which may be used by an owner in satisfying the income verification, record keeping and other requirements of the plan. The compliance manual may be revised by UHC from time to time.

C. Waiver of Annual Income Recertification

Pursuant to Revenue Procedure 2004-38, an owner may apply for a waiver of the annual recertification of tenant income requirements for 100% affordable buildings. Granting of such a waiver will be conditioned on compliance with all IRS requirements and any additional requirements that UHC may deem necessary. Revenue Procedure 2004-38 sets forth the procedures to be followed to request and be granted such a waiver.

- (i) Ineligible projects are: projects in first Credit year,
- (ii) First Recertification requirements are:
 - *Alternate Tenant Income Certification* and a simplified income verification: 1099s, W-2 or year-end payroll check stubs and the new short form recertification to discourage fraud.
 - *Alternate Tenant Income Certification* will be used thereafter to track: 40/50 rule on HOME funds in Housing Credit projects, unit occupancy changes to track adult additions to household which trigger a new initial certification, student status.

For procedure information, see Exhibit LL, Waiver Guidelines of Annual Income Recertification.

*Independent Third Party Compliance Audits for Recertification Waivers under Code §42(g)(8)(B) will be contracted directly by the owner with nationally recognized compliance training and services companies that the project owner or affiliates have not had business dealings for at least three prior years. Audit Report agreed-upon procedures are available from UHC. Contact UHC for a list of auditors.

D. Capital Needs Assessment

To assist UHC in compliance monitoring and maintaining the integrity of Housing Credit housing projects, UHC will require project owners to submit Capital Needs Assessments every seven years, unless required more frequently by the investor or lender. Previously completed projects will be asked to submit the Capital Needs Assessments with their next Housing Credit annual certification (see Exhibit M in the Administrative Section for assessment requirements).

E. Compliance Training

It is mandatory that managers and owners of projects that have market rate units mixed with Housing Credit units in their project attend Housing Credit Compliance Training from an §42 professional trainer, or attend one of UHC's training sessions offered twice annually. New property managers and owners are encouraged to also attend training sessions.

F. Casualty Loss

A project owner must report, in detail, to UHC any casualty loss of \$1,000 or more. A casualty loss is defined under the IRS Code as "the damage, destruction, or loss of property resulting from an identifiable event that is sudden, unexpected, or unusual."

G. Evictions and Terminations of Leases

Lease termination fees are not allowed in Housing Credit projects.

Revenue Ruling 2004-82 prohibits the eviction or the termination of tenancy (other than for "good cause") of a tenant in a low-income housing unit during the entire extended use period and the additional three years after the extended use period expires. This includes non-renewal of leases/contracts without cause.

All leases must incorporate these tenant protections. Failure to comply with this ruling will result in an IRS Form 8823 being issued.

H. Tax Assessment

To facilitate the tax assessment of affordable housing projects, owners are required to annually submit their Tax Assessment information to local assessors before March 1.

I. Occupancy Limits

UHC encourages project owners to implement local health code occupancy limits.

ADMINISTRATIVE EXHIBITS

**Exhibit A DIFFICULT DEVELOPMENT AREAS & QUALIFIED
 CENSUS TRACTS**

FOR DETERMINING THE 130% AREAS

EFFECTIVE January 1, 2006 *

HUD NON-METROPOLITAN DIFFICULT DEVELOPMENT AREAS BY COUNTY

BEAVER	CACHE	GARFIELD
JUAB	MILLARD	PIUTE
SANPETE	SEVIER	SUMMIT
WASATCH	WASHINGTON	WAYNE

QUALIFIED NON-METROPOLITAN AREA QUALIFIED CENSUS TRACTS BY COUNTY

CACHE COUNTY	0006.00	0007.02	0008.00
DUCHESNE	9401.00		
SAN JUAN COUNTY	9420.00	9421.00	
SANPETE COUNTY	9724.00		
UINTAH COUNTY	9401.00	9402.00	
WASHINGTON COUNTY	2713.00		

METROPOLITAN AREA QUALIFIED CENSUS TRACTS

SALT LAKE CITY-OGDEN MSA

DAVIS COUNTY

1256.00

SALT LAKE COUNTY

1001.00	1003.02	1007.00	1014.00	1020.00	1021.00
1022.00	1023.00	1024.00	1025.00	1027.00	1029.00
1115.00					

WEBER COUNTY

2002.02	2008.00	2009.00	2011.00	2012.00	2013.00
2018.00	2019.00				

PROVO-OREM MSA

UTAH COUNTY

0014.02	0016.01	0016.02	0016.03	0017.00	0018.01
0018.02	0019.00	0024.00	0025.00		

UHC WILL DETERMINE IF A PROJECT WARRANTS ADDITIONAL HOUSING CREDITS AVAILABLE TO PROJECTS WITHIN THE ABOVE DESIGNATED AREAS AND CENSUS TRACTS.

* As designated by the U.S. Department of Housing of Urban Development. Subject to change without notice

Exhibit B

RURAL TARGETED AREAS

All counties are rural targeted except the following SMSA counties:

Cache
Tooele-Salt Lake-Summit
Utah-Juab
Washington
Weber-Morgan-Davis

UHC will at its sole discretion consider awarding points to projects in the above listed SMSA counties that are considered to be rural.

Rural county cities with populations* greater than 20,000 are considered metropolitan for purposes of this scoring category (Developed from Rural Development Service's criteria). These are:

Cedar City, including Enoch in Iron County.

Exhibit C ANNUAL CERTIFICATION OF QUALIFIED NONPROFIT ORGANIZATION

For purposes of Internal Revenue Code the "Code" §42, _____(the "Corporation") hereby represents and certifies to the Utah Housing Corporation the following:

1. The Corporation owns an equity interest in _____ (the "Owner") which owns and operates the _____ , a Housing Credit project (the "Project"), located in _____, Utah.
2. The Corporation is a "Qualified Nonprofit Organization" within the meaning of §42(h)(5)(C) of the Code with respect to the Project such that the Corporation is:
 - (i) an organization described in §501(c)(3) or (4) of the Code and is exempt from tax under §501(a) of the Code;
 - (ii) not affiliated with or controlled by a for-profit organization; and
 - (iii) one of the exempt purposes of the Corporation includes the fostering of affordable housing.
3. The Corporation materially participates (within the meaning of §469(h) of the Code) in the development and operation of the Project throughout the compliance period with respect to the Project. For purposes of this material participation representation, the Corporation represents and certifies that it has satisfied one of the following material participation standards provided for under Section 1.469-5T of the Income Tax Regulations (check applicable line):

_____ The Corporation participated in the activity of the Project for more than 500 hours during the taxable year.

_____ The Corporation participation in the activity of the Project for the taxable year constitutes substantially all of the participation in such activity of all individuals (including individuals who are not owners of interests in the Project) for such year.

_____ The Corporation participated in the activity of the Project for more than 100 hours during the taxable year, and the Corporation's participation in the activity of the Project for the taxable year is not less than the participation in the activity of any individual (including individuals who are not owners of interest in the Project) for such year.

_____ The activity of the Project is a significant participation activity (within the meaning of Section 1.469-5T(c) of the Income Tax Regulations) for the taxable year, and the Corporation's aggregate participation in all significant participation activities during such year exceed 500 hours.

_____ The Corporation materially participated in the activity of the Project (determined without regard to this paragraph) for any five taxable years (whether or not consecutive) during the ten taxable years that immediately precede the taxable year.

_____ Other:

Explain:

Under penalties of perjury, the undersigned hereby certifies that the foregoing information is true and correct as of the date hereof.

DATED this ____ day of _____, 20_____.

CORPORATION:

By: _____

Its: _____

Exhibit D1 PROJECT DEVELOPMENT SCHEDULE – New Projects

To be submitted to UHC April 1st and September 1st each year until project is completed.

Project

Name: _____

<u>Activity</u>	<u>Source of Funds</u>	<u>Expected Date</u>	<u>Completed Date</u>
A. Site			
Option/Contract	_____	_____	_____
Site Analysis	_____	_____	_____
Zoning FINAL Approval	_____	_____	_____
B. Financing			
1. Construction Loan			
Application	_____	_____	_____
Conditional Commitment	_____	_____	_____
Firm Commitment	_____	_____	_____
2. Permanent Loan			
Application	_____	_____	_____
Conditional Commitment	_____	_____	_____
Firm Commitment	_____	_____	_____
3. Other Sources of Funds			
Type & Source	_____		
Application	_____	_____	_____
Award	_____	_____	_____
Type & Source	_____		
Application	_____	_____	_____
Award	_____	_____	_____
Type & Source	_____		
Application	_____	_____	_____
Award	_____	_____	_____
C. Plans & Specs (Final)			
D. Closing / Site Transfer			
E. Construction Begins			
F. Carryover Submission			
G. Occupancy Certificate			
H. Lease Up			
I. Placed in Service			
J. Final Cost Certification			

EXHIBIT D2 PROJECT DEVELOPMENT SCHEDULE – Rehab Projects

To be submitted to UHC April 1st and September 1st each year until project is completed.

Project

Name: _____

	<u>Activity</u>	<u>Source of Funds</u>	<u>Expected Date</u>	<u>Completed Date</u>
A.	Site			
	Option/Contract	_____	_____	_____
	Site Analysis	_____	_____	_____
	Zoning FINAL	_____	_____	_____
	Approval	_____	_____	_____
B.	Financing			
	1. Construction Loan	_____		
	Application	_____	_____	_____
	Conditional	_____	_____	_____
	Commitment	_____	_____	_____
	Firm Commitment	_____	_____	_____
	2. Permanent Loan	_____		
	Application	_____	_____	_____
	Conditional	_____	_____	_____
	Commitment	_____	_____	_____
	Firm Commitment	_____	_____	_____
	3. Other Sources of Funds			
	Type & Source	_____		
	Application	_____	_____	_____
	Award	_____	_____	_____
	Type & Source	_____		
	Application	_____	_____	_____
	Award	_____	_____	_____
	Type & Source	_____		
	Application	_____	_____	_____
	Award	_____	_____	_____
C.	Plans & Specs (Final)			
D.	Due Diligence/ Environmental			
E.	Syndicator Closing			
F.	Acquisition of Property			
G.	Construction Begin			
H.	Carryover Submission			
I.	Final Cost Certification			

EXHIBIT D3 PROJECT DEVELOPMENT SCHEDULE – Bond Projects

To be submitted to UHC April 1st and September 1st each year until project is completed.

Project

Name: _____

	<u>Activity</u>	<u>Source of Funds</u>	<u>Expected Date</u>	<u>Completed Date</u>
A.	Site			
	Option/Contract		_____	_____
	Site Analysis		_____	_____
	Zoning FINAL		_____	_____
	Approval		_____	_____
B.	Financing			
	1. Construction Loan	_____		
	Application		_____	_____
	Conditional		_____	_____
	Commitment		_____	_____
	Firm Commitment		_____	_____
	2. Permanent Loan	_____		
	Application		_____	_____
	Conditional		_____	_____
	Commitment		_____	_____
	Firm Commitment		_____	_____
	3. Other Sources of Funds			
	Type & Source	_____		
	Application		_____	_____
	Award		_____	_____
	Type & Source	_____		
	Application		_____	_____
	Award		_____	_____
	Type & Source	_____		
	Application		_____	_____
	Award		_____	_____
	4. Credit Enhancer	_____		
C.	Plans & Specs (Final)		_____	_____
D.	Closing / Site Transfer		_____	_____
E.	Construction Begins		_____	_____
F.	Occupancy Certificate		_____	_____
G.	Lease Up		_____	_____
H.	Placed in Service		_____	_____
I.	Final Cost Certification		_____	_____

EXHIBIT D4 PROJECT DEVELOPMENT SCHEDULE Bond Projects - Rehab

To be submitted to UHC April 1st and September 1st each year until project is completed.

Project

Name: _____

<u>Activity</u>	<u>Source of Funds</u>	<u>Expected Date</u>	<u>Completed Date</u>
A. Site			
Option/Contract		_____	_____
Site Analysis		_____	_____
Zoning FINAL		_____	_____
Approval		_____	_____
B. Financing			
1. Construction Loan	_____		
Application		_____	_____
Conditional		_____	_____
Commitment		_____	_____
Firm Commitment		_____	_____
2. Permanent Loan	_____		
Application		_____	_____
Conditional		_____	_____
Commitment		_____	_____
Firm Commitment		_____	_____
3. Other Sources of Funds			
Type & Source	_____		
Application		_____	_____
Award		_____	_____
Type & Source	_____		
Application		_____	_____
Award		_____	_____
Type & Source	_____		
Application		_____	_____
Award		_____	_____
4. Credit Enhancer	_____		
C. Plans & Specs (Final)		_____	_____
D. Due Diligence/ Environmental		_____	_____
E. Acquisition of Property		_____	_____
F. Construction Begins		_____	_____
G. Placed in Service		_____	_____
H. Final Cost Certification		_____	_____

Exhibit E

SAFE HARBOR SCHEDULE

2007 Applications will be underwritten with the following Safe Harbors.

Financing Safe Harbors

Debt Service Coverage Ratio*:

Hard debt:	minimum 1.15:1	maximum 1.25:1
Soft debt ¹ :	minimum 1.10:1	maximum 1.25:1

* Debt that is contractually payable from available cash flow. The DCR can be higher in cases where the debt structure and low income targeting produce a distorted ratio.

Housing Credit Purchase Rate:

UHC will take into account the schedule of payments in determining a safe harbor for Housing Credit purchase rates.

Financing Terms:

Publicly funded debt:	prevailing terms of funding agency
Privately funded debt:	All new loans shall amortize over no less than 25 years.
25 units or more:	minimum: 180 basis points* maximum: 225 basis points*
24 units or less:	minimum: 250 basis points* maximum: 265 basis points*

* Basis points above the current U.S. Treasury Note (USTN) of comparable amortization period and maturity date.

Operating Safe Harbors

Operating Expenses:*

	Minimums
	All Types
Studio & SRO	\$2,500
1 bedroom	\$2,600
2 bedroom	\$2,750
3 bedroom	\$2,900
4 bedroom	\$3,050

- Excludes capital replacement reserves and taxes. Assumes tenants pays electrical and gas utilities and owner pays typical municipal fees.
- The Application will be updated to calculate a blended minimum based on the unit mix.

Cash Flow:

Minimum annual cash flow per unit:	
1 bedroom or smaller	\$350
2 bedroom units	\$375
3 bedrooms or larger	\$425

Net Operating Income cannot exceed \$750 per unit per annum in 100% Housing Credit projects or \$1,200 in tax exempt bond or mixed income projects.¹

Capital Replacement Reserves¹ :

Replacement Reserve Minimum per unit annually unless funded at closing:

Rehabilitation Projects	\$300
Other Projects	\$225

Vacancy¹:

The greater of 7% or the market study on all except preservation and special needs projects.
Preservation and special needs projects may be 5% or greater.
Projects with more than 75 but less than 76 units: minimum 7% maximum 8%
Projects with more than 25 but less than 76 units: minimum 7% maximum 10%
Projects with 25 or fewer units: minimum 7% maximum 10%

¹“Soft” debt is defined as a cash flow loan as set forth in the debt instrument. The DCR, vacancy, minimum cash flow per unit and capital replacement reserve minimums are threshold items, but exceptions are made for RD 515 and Section 8 HAP contracts that have the potential for annual contract adjustments. Applications below the minimums for these criteria will not proceed beyond the threshold review. These categories are threshold underwriting criteria. Because of soft markets at this time, Tax-Exempt bond projects will submit their Applications using two income and expense schedules:

1. The regular Application area will be completed with the contracted rent limits which the project is applying for. Vacancy will be 5%, representing a stable market and the operating schedule will reflect normal program safe harbors. The market rent/Housing Credit rent margin schedule will also be completed.
2. The shaded rent area of the Application will be completed with the initial expected rents that will be collected using a vacancy factor of 7% or greater if indicated in the market study. The market rent/Housing Credit rent margin schedule will also be completed. Rents should be at least 10% below the market rents indicated in the market study.

Tax-Exempt bond projects will be limited to maximum contract rent limits (AMI) at a DCR not greater than 1.25 using safe harbor guidelines for operating expenses and a 5% vacancy factor.

Housing Credit Maximum Safe Harbors

Congress has mandated that allocators of federal Housing Credit set cost or other limits to encourage quality, yet efficient construction of projects. UHC may decrease the amount of Credits awarded below these limits if project costs are not considered reasonable for affordable housing projects.

Due to increasing construction costs, federal housing and other published costing services data for Utah remains outdated. Applicants will be responsible for their own project costs. Bids and estimates should be adjusted to the estimated period of construction.

Rehabilitation Safe Harbors

The following ranges represent rehab costs applicable to age of building(s).

Age of Building(s)	Ranges of Cost Per Unit
Pre 1940	\$30,000 - \$45,000
1940 – 1970	\$20,000 - \$30,000
1970 – 1990	\$15,000 - \$20,000

Rehabilitation costs outside these ranges should be discussed with UHC staff before submitting an Application. UHC encourages the preservation of Historic Buildings with Historic Credits where feasible.

The two major factors in determining the Scope of Work are, first the age of the property and secondly, the desired standard of the completed job. It stands to reason that a property constructed in the 1920's will often require total gutting and rehabilitation of all major systems, while a property built to modern code standards after 1970 might require only minimal renovation depending on updates to various systems.

Because Housing Credit projects admittedly have lower-than-market cash flow available for ongoing maintenance, it is of primary importance that developers minimize the risk of future high capital maintenance liabilities. Therefore, it is imperative that the developer not enter into a project that will just resolve some, but not all, of the major deficiencies of the subject property. To do so would be to the detriment of all parties involved, not just the prospective residents.

Rehabilitating inner-city properties that are about 80-years old generally need to be totally gutted. Usually the apartment layouts are undesirable by today's standards. Floor plans must be rearranged, windows replaced, rotted structure repaired, floors leveled, new kitchens and bathrooms, new roofs, and of course all plumbing, mechanical and electrical systems installed "from scratch." Obviously, all new finishes must be installed. Expected rehabilitation cost range: \$30,000-to-\$45,000 per unit.

Properties built after WWII, but before 1970 generally have good floor plan layouts, but their mechanical and electrical systems are usually antiquated and inadequate. Kitchens and bathrooms, as well all finishes have exceeded their useful lives. It is possible to refurbish and adapt the existing cast-iron soil stacks and heating distribution piping, but it usually requires the replacement of all water distribution piping, and upgrading of electric service and distribution wiring. Windows must be replaced because they usually are not double-glazed. Concerns about environmental pollutants are not limited to lead-based paints, but include asbestos, mold and now radon. To help assure a competitive project, developers should consider providing new air conditioning, disposals, dishwashers and laundry facilities. Because of the wide range of conditions found in properties in this category, rehabilitation costs generally range from \$20,000-to-\$30,000 per unit.

Properties built after 1970 fall under the jurisdiction of modern building codes. Apartment layouts and public facilities are usually good. These projects generally are free from lead-based paint or other contaminants. Market imperatives minimally require redecoration of all finishes and the upgrading of kitchens. Prudence will usually dictate the replacement of mechanical equipment with state-of-the-art energy-efficient systems. (Not to change out a thirty year old 50% efficient furnace now, when there is an opportunity to do that, is bad economics.) Projects in this category have rehabilitation costs in the range of \$15,000-to-\$20,000 per unit.

Exhibit F CARRYOVER ALLOCATION INSTRUCTIONS

Projects that have received a Credit Reservation, but will not be placed in service by year end, may receive a Carryover Allocation of Credits by submitting a Carryover Allocation package to UHC. The IRS regulation (§1.42-6) provides additional information and certification requirements with respect to Carryover Allocations.

To comply with §42 of the Code and requirements of UHC, the following information must be completed and submitted to UHC by November 1, 2007.

➤ Project Information for Carryover and LURA	Form attached. Follow instructions for completing all or Section II only.
➤ Project Status Certification or explanation of changes.	Form attached.
➤ If owned by time of Carryover, deed of land to owner with closing statements	Include any interim third party seller and other related party sellers, as applicable.
➤ Evidence of formation of the owner	Limited Partnership, LLC, etc.
➤ Federal Tax Identification Number of new entity	Attach copy.
➤ Payment of \$500 Carryover Allocation Fee	Include check with submission.
➤ Payment of 10% Performance Bond	If not paid previously (for zoning or site control). Pay in the form of check or letter of credit.
➤ Certification of Qualified Non-Profit Organization	If applicable. Form attached.
➤ All required outstanding documents	Market Study, Capital Needs Assessment, Environmental Phase I or II, etc.

Note: A 10% Cost Certification by owner's CPA is due by the later of the end of the year or within six months of Carryover Allocation by which time the site must be purchased. See instructions for 10% Cost Certification (Section 13).

Failure to comply with these requirements by the aforementioned deadline will result in the forfeiture of the project's Credit Reservation

Exhibit G FINAL COST CERTIFICATION INSTRUCTIONS

Final Cost Certification deadline is 90 days after the project receives a Certificate of Occupancy or December 1, 2007, whichever is earlier. This Certification must be complete and correct before IRS Forms 8609 can be issued (which constitutes the final allocation of Housing Credits).

Final Cost Certification documents for the project are provided by UHC via email. Please submit two complete copies (one original and one copy) as well as the Excel spreadsheets on diskette.

The files are in two formats, (1) MS Word 6.0 (doc) files comprising Certifications, and (2) MS Excel (xls) spreadsheet files comprising Owner and CPA Cost Schedules. Review all of them. The files are described as follows:

- **Checklist.doc** – The checklist shows the stacking order for the package. Submit as 1st sheet.
- **CPA FNL.doc** – Forward to your CPA to be completed and signed by the CPA.
- **FnlCert.xls** – The Project Owner completes the appropriate schedules, prints and signs them. Then the CPA must complete the CPA schedules and sign them. All printed and signed schedules need to be submitted in addition to the completed 2007FnlCert Excel file on diskette.
- **PC fnlcrtdoc** – This document contains all of the Project Owner certifications. It is for use on your word processor. You may change signature blocks by unprotecting the documents.
- **Sample LURA.doc** – (Land Use Restriction Agreement) If not already created, UHC will prepare this document after receiving the Final Cost Certification. You will be required to sign and record the final document before the 8609 forms can be issued.
- **Typecert.doc** – This is the same document as the PC fnlcrtdoc to be used with a typewriter.

Exercise care in completing all documents properly. UHC uses the data you submit explicitly without editing it. Check names, numbers, EIN, etc.

Other documents that need to be submitted in the Final Cost Certification Package are:

1. Subordination Agreement (if applicable)
2. EIN (Employer Identification Number) for the Project Owner
3. Copy of Certificate(s) of Occupancy or Final Inspection Report for Rehabs
4. Copy of rent roll containing number of occupants per unit and income
5. Utility allowance documentation
6. Housing Credit Purchase Agreement, Syndication agreement
7. Loan Commitment(s)
8. Copy of appraisal (for rehabs only)
9. Copy of recorded deed in the name of Project Owner
10. Energy Star Certification or Third Party Certification of Construction

For Tax Exempt Bond Projects Only:

1. Project Owner Certification of Tax Exempt Bond Financed Project
2. Bond Issuer's Determination Statement of Tax Credit Allocation

Failure to comply with these requirements by the aforementioned deadline will result in the forfeiture of the project's Credit Reservation.

Exhibit H

MARKET STUDY INSTRUCTIONS

I. Market Study Checklist and Certification Of Independence

- Fill out the Checklist with page numbers from the report that cover each item at the beginning of the report.
- Sign the bottom of the Checklist to certify that the Market Study was performed independently and without influence by the applicant.

II. Market Study Summary

- Create a summary of each checklist item. It is not uncommon for analysts to dedicate a separate page for each discussion summary item or have two summary items per page. This summary should come after the Checklist and precede the main body of the market study.
- Or the summary discussions can be integrated into the report. Begin each section of the report with the checklist item and its summary, and provide the back-up discussion and data immediately following to make complete sections.

III. Market Study Company Information

- Attach the Market Study Company Information sheet to the Market Study.

**MARKET STUDY CHECKLIST
AND
CERTIFICATION OF INDEPENDENCE**

Project: _____ Developer/Sponsor: _____

Please indicate the correlating page which addresses the following questions:

Page #

1. Assess whether there is a sufficient pool of prospective qualified tenants for the income targeted and/or special needs populations to be targeted in the project Application. This should be done by bracketing each income level (5% over and 10% under the committed AMI levels). Include capture rate analysis.
2. Are public transportation, employment centers, community centers, etc., readily available to the type of tenant population expected to occupy the project?
3. Is the project configuration (unit size, bedrooms, amenities) consistent with market's expectations and need?
4. Are rents sufficiently lower than the market to facilitate project rent-up considering the level of amenities in the proposed project?
5. What are current market needs in the community (vacancy, etc.) and how will this project impact them? Are there underserved markets?
6. Is over building a risk in the current or foreseeable market?
7. Assess in detail the probable impact the subject project will have on existing Housing Credit projects in the market area. Similar rent tiers should be evaluated.
8. Evaluate and explain the effect the project will have on local and community competitors?
9. Does the proposed operating budget and vacancy rate adequately reflect anticipated market conditions.
10. Address other pertinent issues and conditions.
11. The analyst must do primary research and site visitation to analyze demographic data, new renovations & construction, etc.
12. A precise delineation of market area is required.
13. Perform special analysis to determine the retention rate of existing tenants for rehabilitation projects.
14. Does the analyst have a current list of reserved and completed Housing Credit projects?
15. Market studies must be less than 90 days old at the time of the Application's submission to UHC.
16. Give conclusions and recommendations for making the project more marketable and attractive. "Tell it like it is."
17. How many studies has the analyst done in this market? Over what period of time?
18. The analyst's qualifications, education and experience.
19. Local Community Affordable Housing Plan summary, if available

The undersigned hereby certifies that the Market Study was performed independently and without influence by the applicant or any relation thereof. Date: _____

Company: _____

By: _____

Its: _____

MARKET STUDY COMPANY INFORMATION

New analysts must submit the following information.

1. Analyst's name, address, telephone, fax, primary contact and email.
2. Description of services provided and percent of time in each of the service areas.
3. Statement of experience. Include specifics for all project experience, including name of project, location, number of units, type of units (family, elderly, other special needs), financing subsidies in project (rental assistance, Housing Credits, other public agency financing), and date of completion.
4. Copy of license as an appraiser in the State of Utah. (if applicable)
5. List of References with addresses and telephone numbers from financial institutions, government agencies and developers.
6. Market Study

Exhibit I(a)

ARCHITECT'S CERTIFICATION

The undersigned, being a duly licensed architect registered in the State of Utah, has prepared for _____ (Project Owner) final plans, working drawings and detailed specifications (and addenda) dated _____ in connection with certain real property located at _____ known as _____ (the Project).

I hereby certify that I am a licensed Architect, License No. _____, with the requisite skills and experience to provide the professional services necessary to assist in the construction of the units proposed by Project Owner and that I have experience on _____ development(s) of similar magnitude and construction type as this Project. I am knowledgeable of all federal, state, and local requirements and the requirements of:

- (i) Architectural Barriers Act
- (ii) Section 504
- (iii) Fair Housing Act Title VIII
- (iv) Americans with Disabilities Act Title II
- (v) State of Utah fair housing laws and building codes compliant with ANSI 117-A.

I certify that the final design, plans, and specifications will comply with these requirements.

I hereby certify that _____ (#) fully accessible Type "A" residential unit(s) has been designed for long-term mobility-impaired tenants which meet(s) the minimum federal and state law requirements in those plans and specifications listed above.

The undersigned hereby certifies to the Project Owner and Utah Housing Corporation that the Plans and Specifications for the Project have been duly filed with and have been approved by all appropriate governmental and municipal authorities having jurisdiction over the Project and that the Project as shown on the Plans and Specifications is in compliance with all requirements and restrictions of all applicable zoning, environmental, building, fire, health and other governmental ordinances, rules and regulation. All conditions to the issuance of building permits have been satisfied.

In the opinion of the undersigned, the Project has been constructed in a good and workmanlike manner substantially in accordance with the Plans and Specifications and is free and clear of any damage or structural defects that would in any material respect affect the value of the Project. In the further opinion of the undersigned, all of the preconditions have been met justifying the issuance of:

- (i) The permanent certificate(s) of occupancy for the Project (or the letter or certificate of compliance or completion stating that the construction complies with all requirements and restrictions of all governmental ordinances, rules and regulations), and

- (ii) Such other necessary approvals, certificates, permits and licenses that may be required from such governmental authorities having jurisdiction over the Project pertaining to the construction of the Project.

The Project will be in compliance with all current zoning, environmental and other applicable laws, ordinances, rules and regulations, restrictions and requirements, including without limitation Title III of the Americans with Disabilities Act of 1990 and the Fair Housing Act.

There are no building or other municipal violations filed or noted against the Project. All necessary gas, steam, telephone, electric, water and sewer services and other utilities required to adequately service the Project are now available to the Project. All street drainage, water distribution and sanitary sewer systems have been accepted for perpetual maintenance by the appropriate governmental authority or utility.

Dated: _____

PROJECT ARCHITECT:

By: _____ (signature)

Print Name: _____

Title: _____

Exhibit I(b) GENERAL CONTRACTOR'S CERTIFICATION

The undersigned has served as general contractor of the real property constructed at _____ known as _____ (Project name) for _____ (Project Owner).

The undersigned hereby certifies to the Project Owner and Utah Housing Corporation that the Project was constructed or rehabilitated in conformity with the Plans and Specifications dated _____. [PLEASE NOTE: THIS DATE MUST MATCH THE PLANS AND SPECIFICATIONS DATE IN ARCHITECT'S CERTIFICATE]

Dated: _____

GENERAL CONTRACTOR FOR PROJECT:

By: _____ (signature)

Print Name: _____

Title: _____

Exhibit J GENERAL REQUIREMENTS GUIDELINES

To assist applicants in properly categorizing costs, and thereby avoiding re-categorizing by UHC when determining compliance with Contractor Fee and Developer Fee and General Requirement limitations (See Section C), UHC will allow the following items to be included under General Requirements for the purpose of determining eligible basis and fee limits.

- Supervision and job site engineering
- Job office expenses including clerical wages, whether on-site or offsite, if for the project.
- On-site temporary buildings, tool sheds, shops and toilets.
- Temporary heat, water, light and power for construction.
- Temporary walkways, fences, roads, siding and docking facilities, sidewalk and street rental.
- Construction equipment rental not in trade item costs.
- Clean up and disposal of construction debris.
- Medical and first aid supplies and temporary facilities.
- Watchman's wages, security cost, and theft and vandalism insurance.

Items not listed above, including, but not limited to, salaries of owners, partners or officers of the general contracting firm will not be allowed under General Requirements. Eligible Basis from General Requirement costs is limited to 6% of on-site and building costs.

(The above list was developed from HUD Manual 4450.1 pages 1 – 4.)

Exhibit K ENVIRONMENTAL QUESTIONNAIRE

[DO NOT FILL OUT THIS FORM IF YOU ARE SUBMITTING AN ENVIRONMENTAL PHASE I OR PHASE II REPORT WITH YOUR APPLICATION]

The following questions should be answered by the entity applying for Housing Credits (the "Applicant"). If the Applicant is not the current owner of the subject property (the "Property"), then the questions should also be answered by the current Owner. If the Property is not wholly residential, then the questions should also be answered:

(i) by the major occupant of the Property (one who uses at least 40% of the leaseable area of the Property) or if the Property does not have any major occupants, by at least 10% of the occupants of the Property and,

(ii) by any occupant likely to be using, treating, generating, storing or disposing of Hazardous Substances on or from the Property.

Owner (If different from Applicant)

Name: _____
Address: _____
Tel. No. _____

Occupant(s) (If applicable)

Name: _____
Address: _____
Tel. No. _____

Name: _____
Address: _____
Tel. No. _____

For purposes of this questionnaire, the following terms shall have the meanings indicated:

"Applicable Environmental Law" means all existing or hereafter enacted or amended federal, state or local laws, common law, statutes, regulations, rules, ordinances, licenses, permits, orders, approvals, plans and similar items, and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health and safety, or protection of the environment, including, without limitation, the Resource Conservation and Recovery Act (42 U.S.C. § 6901, et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601, et seq.), the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA," 42 U.S.C. § 9601, et seq.), the Clean Air Act (42 U.S.C. § 7401, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1471, et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f, et seq.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001, et seq.), the Utah Solid and Hazardous Waste Act (U.C.A. § 19-6-101, et seq.), the Utah Underground Storage Tank Act (U.C.A. § 19-6-401 et seq.), and the Utah Hazardous Substances Mitigation Act (U.C.A. § 19-6-301, et seq.), as same have been

amended from time to time, and the regulations promulgated under or implementing such statutes.

"Hazardous Substance" means

(i) any substance the presence of which requires investigation, remediation, or other response or corrective action under Applicable Environmental Law, or

(ii) any substance which is or hereafter becomes defined as a hazardous waste, hazardous substance, extremely hazardous substance, hazardous material, hazardous chemical, toxic substance, toxic chemical, or pollutant or contaminant, in or pursuant to Applicable Environmental Law, or

(iii) any asbestos or asbestos-containing material, polychlorinatedbiphenyls ("PCBs") or equipment or articles containing PCBs, petroleum, diesel fuel, gasoline, or other petroleum hydrocarbon.

"Property" (name and/or address):

"Release," in an environmental context, means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, placing, disposing, or dumping, onto or into the ground, the water, or the air, including without limitation, abandonment or discarding of barrels, containers, or other receptacles.

The following questions are to be answered in good faith to the best of the respondent's actual knowledge.

Please Circle

Question	Applicant	Owner (if not applicant)	Occupant (if applicable)
1. Is the Property or any adjoining property used for an industrial use?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If the answer is other than no, explain.			
2. Has the Property or any adjoining property been used for an industrial use in the past?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
3. Is the Property or any adjoining property currently used as a gasoline station, motor repair facility, commercial printing facility, dry cleaners, photo developing laboratory, junkyard or land-fill, or a waste treatment, storage disposal, processing or recycling facility?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
4. Has the Property or any adjoining property been used as a gasoline station, motor repair facility, commercial printing facility, dry cleaners, photo developing laboratory, or as a waste treatment, storage, disposal, processing, or recycling facility?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
5. Are there currently, or have there been previously, any damaged or discarded automotive or industrial batteries, or pesticides, paints, or other chemicals stored on or used at the Property or the facility?	Yes No Unknown	Yes No Unknown	Yes No Unknown

Question	Applicant	Owner (if not applicant)	Occupant (if applicable)
If other than no, explain.			
6. Are there currently, or have there been previously, any drums or other containers that contain or may have contained chemicals located on the Property or at the facility?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
7. Has fill dirt been brought onto the Property that originated from a contaminated site or that is of an unknown origin?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
8. Are there currently, or have there been previously, any pits, ponds, lagoons located on the Property?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
9. Is there currently, or has there been previously, any stained soil on the Property?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
10. Are there currently or have there been previously, any above-ground or underground storage tanks or vessels located on the Property?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
11. Are there currently, or have there been previously, any vent pipes, fill pipes, or access ways indicating a fill pipe, protruding from the ground on the Property or adjacent to any structure located on the Property?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			

Question	Applicant	Owner (if not applicant)	Occupant (if applicable)
12. Are there currently, or have there been previously, any flooring, drains, or walls located within the facility that are stained by substances other than water or are emitting foul odors?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
13. If the Property is served by a private well or non-public water system, have contaminants been identified in the well or system that exceed guidelines applicable to the water system or has the well been designated as contaminated by any governmental agency?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
14. Does the owner or occupant of the Property have any knowledge of environmental liens or governmental notification relating to past or current violations of environmental laws with respect to the Property or any facility located on the Property?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
15. Has the owner or occupant of the Property been informed of the past or current existence of hazardous substances or environmental violations with respect to the Property or any facility located on the Property?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			

Question	Applicant	Owner (if not applicant)	Occupant (if applicable)
16. Does the owner or occupant of the Property have any knowledge of any environmental site assessment of the Property or facility or other report or document that indicates the presence of Hazardous Substances on, or contamination of, the Property or recommends further assessment of the Property?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
17. Does the owner or occupant of the Property know of any past, threatened, or pending lawsuits or administrative proceedings concerning a Release or threatened release of any Hazardous Substance involving the Property by any owner or occupant of the Property?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
18. Does the Property discharge waste water on or adjacent to the Property other than storm water into a sanitary sewer system?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
19. Have any Hazardous Substances, unidentified waste materials, tires, automotive or industrial batteries or any other waste materials been dumped above grade, buried and/or burned on the Property?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
20. Is there currently or have there been any transformers, capacitors, hydraulic equipment, or any equipment for which there are any records indicating the presence of PCBs, stored or located on the Property or adjacent to the Property?	Yes No Unknown	Yes No Unknown	Yes No Unknown

Question	Applicant		Owner (if not applicant)		Occupant (if applicable)	
If other than no, explain.						
21. Is there currently or has there been in the past any asbestos or asbestos-containing material or lead paint stored, located or existing on the Property or at the facility?	Yes	No	Yes	No	Yes	No
	Unknown		Unknown		Unknown	
If other than no, explain.						
22. Are there any data, reports or information indicating the presence of radon in the facility?	Yes	No	Yes	No	Yes	No
	Unknown		Unknown		Unknown	
If other than no, explain.						
23. Is there any lead pipe used for conveying culinary water in the facility?	Yes	No	Yes	No	Yes	No
	Unknown		Unknown		Unknown	
If other than no, explain.						
24. Are there currently, or have there been previously any rivers, streams, creeks, lakes, ponds, pools, marshes, sloughs, wetlands or areas of standing water on the Property?	Yes	No	Yes	No	Yes	No
	Unknown		Unknown		Unknown	
If other than no, explain.						

This questionnaire was prepared on behalf of the Applicant by:

Name: _____
 Title: _____
 Company: _____
 Address: _____

 Tel. No. _____
 Date Prepared: _____

The Applicant represents that to the best of the Applicant's knowledge, the above statements are true and correct and to the best of the Applicant's actual knowledge, no material facts have been omitted or misstated.

APPLICANT:

By: _____
 Its: _____

Exhibit L

**PROJECT OWNER IDENTITY OF INTEREST
CERTIFICATION**

Project Name: _____

Address: _____

City: _____

UHC requires a full disclosure of all related party transactions affecting the payment of fees to the developer or contractor. Please see Exhibit AA in the Application, tab "Required Forms," for the "Identity of Interest Information" checklist. UHC must be notified of any changes in such relationships during the development process.

The undersigned represents that all fees and profit from the development of the project have been disclosed and that there are no undisclosed related party transactions involving the project owner / applicant, developer, contractor, officers, consultants, land owners, intermediaries, Realtors, or others.

Project Owner / Applicant Name

Date _____

Name:

Title:

Exhibit M CAPITAL NEEDS ASSESSMENT REQUIREMENTS

Utah Housing Corporation applicants for Housing Credit acquisition/rehabilitation must submit as a threshold item a Physical Condition Assessment (PCA) or recent Capital Needs Assessment (CNA) and replacement reserves analysis. The PCA/CNA must have been performed within six months of the submission date of this Application. Submit one (1) original and three (3) copies of the report to UHC.

An independent consultant, architect, general contractor or engineer, any of whom must be licensed in the State of Utah, shall prepare the report. This independent consultant shall inspect at least 50% of the units in the project for projects built before 1960 and at least 20% for newer projects built up to 1980. Use discretion for projects built thereafter. Increase the number of units to be inspected if necessary. Applicants must inspect 100% of the units before purchase. Certification will be required.

The PCS/CNA shall include the following four (4) components:

1. **Critical Repair Items.** All health and safety deficiencies or violations of Section 8 housing quality standards, including any/all Federal Lead Based Paint requirements and FHA's regulatory agreement standards that require immediate remediation.
2. **Twelve-Month Physical Needs.** An estimate of repairs utilizing B Grade finished construction, replacements, and significant deferred and other maintenance items that will need to be addressed within 12 months . Includes the minimum market amenities needed to restore the property to the affordable housing standard adequate for the rental market for which the project is approved.
3. **Long Term Physical Needs.** An estimate of the repairs, utilizing B Grade finished construction, and replacement items beyond the first year that are required to maintain the project's physical integrity over the next twenty (20) years, such as major structural systems that will need to be replaced during this period
4. **Analysis of Reserves for Replacement.** An estimate of the initial and monthly deposit to the Reserves for Replacement account needed to fund the project's long term physical needs (20 years), accounting for inflation, the existing Reserves for Replacement balance (if any), and the *Expected Useful Life* of the major building systems. This analysis should include the cost of the twelve-month physical needs, but not any work items that would be treated as operating expenses.

Statement of Work

1. The PCA/CNA shall be written with detailed narrative and accompanying color photographs and shall describe the property's exterior and interior physical condition, including architectural and structural components and mechanical systems.
2. The report shall:
 - a. Identify in detail any repair items that represent an immediate threat to health and safety, and all other significant defects, deficiencies, items of deferred maintenance, and material

- building code violations, (individual and collectively, Physical Deficiencies) that would limit the expected useful life of major components or systems;
 - b. Provide estimated costs to remedy the detailed Physical Deficiencies (for 1 year of immediate needs); and
 - c. Prepared a Replacement Reserve Schedule, including an estimate of the initial and annual deposits (projected to increase at the operating cost adjustment factor) based on the useful life of the major building systems. The term of the analysis should correspond to the mortgage period plus two years.
3. The report shall identify and physical deficiencies as a result of:
- a. A visual survey;
 - b. A review of any pertinent documentation; and
 - c. Interviews with the property owner, management staff, tenants, interested community groups and government officials.
4. The report shall provide a description of directly observed potential on-site environmental hazards.
5. The report shall assess the twelve-month physical needs. The standard is a non-luxury standard adequate for the rental market. The physical needs identified should be those necessary for the project to retain its market position as an affordable project in a decent, safe, and sanitary condition (recognizing any evolution of standards appropriate for such a project). The twelve-month physical needs should include those improvements the project requires to compete in the market. Where a range of options exists, the most effective options for rehabilitation should be chosen, when both capital and operating costs are taken into consideration.
6. The report shall determine the cost-benefit of each significant work item in the rehabilitation plan (i.e. greater than \$5,000 per work item) that represents an improvement to the product, an upgrade to current elements or that could be considered to reduce the operating expenses. For example, individual utility metering, extra insulation, thermopane windows, water savers on showers and toilets, automatic setback thermostats, and durable siding.
- Compare the cost of the item with the long-term impact on rent and expenses, taking into account the remaining useful life of the building systems as needed.
7. The report shall explain how the project will meet the requirements for accessibility/visibility to persons with disabilities, to the extent applicable.
8. The CNA report or PCA report, in addition to the four major aforementioned components, at a minimum shall include the following sub-components.
- a. Project Summary Sheet
 - b. Executive Summary (discussion of the physical condition of the property and any major repair/rehab items observed) and ;
 - c. An index; and
 - d. Introduction of the Report
 - e. Building evaluation (property identification- survey, legal description of property); and
 - f. Site improvement Evaluation/analysis (utilities, parking, paving, sidewalks, sewer and drainage, landscaping, trash enclosures/compactors and general site improvements); and
 - g. Building Architectural and Structural Systems Evaluation (foundation superstructure and floors, roof structures and roofing, exterior walls and stairs, siding, downspouts, and

- common areas energy efficiency, tenant amenities, playgrounds and playground equipment: and
- h. Building Mechanical and Electrical Systems Evaluation (building HVAC, plumbing, electrical, elevators, fire protection/security systems)and,
 - i. Interior Dwelling Units Evaluation (interior finishes, walls, ceilings, paint, kitchen and appliances, carpet, vinyl, interior doors, shelves, cabinets, vanities, closets, interior HVAC, plumbing, bathroom fixtures, electrical fire protection systems, security systems) and;
 - j. Evaluation/Analysis of Other Structures; and
 - k. Environmental Evaluation; and
 - l. Estimated Useful Life Analysis (computation of Repairs and Replacement Reserves); and
 - m. The basis for identifying any item for repair or replacement, and
 - n. Unit cost breakdown shall be provided for multiple items (i.e. stoves, refrigerators, cabinets, bathroom fixtures, etc); and
 - o. Acknowledgements (who prepared report, when report was prepared, who received report, and when report was reviewed); and
 - p. Appendices (photographs, site plans, maps title report etc.)
 - q. Identification of any observed hazards, flammable or explosive facilities/operations in the immediate area of the project; and
 - r. State whether the project is located in a Flood Plain.

The firm or person who prepared or supervised the preparation of the report must sign the report.

The architectural report must include the following:

- a. Total floor area in square feet for the entire development, units, common area
- b. That units will provide the furnishings as stated in the Application (range, hood, refrigerator, exhaust fans, grab bars, etc.)
- c. A final report itemizing the extent of renovation and replacement and summary comparing the CNA report submitted to UHC and final results.

Exhibit N

SERVICE PROVIDER QUESTIONNAIRE

This form is used by UHC to determine the capacity of the applicant to meet the needs of residents as described in the Qualified Allocation Plan. All applicants requesting consideration for resident services for Special Needs Housing, Support for Families in Transition, or Elderly Housing with Supportive Services must complete and include this form with the Application.

Project Name: _____

Project Owner Name: _____

Service Provider Name: _____

Please attach answers to questions 1 through 11 in narrative form.

GENERAL INFORMATION

1. Summarize the Service Provider’s mission and goals for the current fiscal year.
2. How many years has the Service Provider been active in delivering social services? If the Service Provider has no experience in delivering social services, describe the Service Provider’s experience with and knowledge of the community that the Service Provider will serve. Identify other community agencies with whom the Service Provider will collaborate.
3. Describe other activities, aside from social services, in which the Service Provider is engaged.

EXPERIENCE IN SERVICE-ENRICHED HOUSING

4. Is the Service Provider currently involved in service-enriched housing programs? If yes, summarize experience in providing supportive services on-site for residents. Include name of housing development(s), property management company, and type of services provided. If no, please describe methods that will be used to increase your company’s knowledge and understanding of providing service-enriched housing.
5. Describe collaborative efforts that demonstrate the Service Provider’s capacity to deliver supportive services. Please identify organizations or companies involved in the collaboration and the nature of the organization’s involvement.

PERSONNEL

6. How many people are employed by the Service Provider organization?
7. List the job titles of personnel who will work directly with residents of the proposed property. Attach an organizational chart. Attach resume(s) of key personnel who will be responsible for providing services in this proposed development. If new staff must be hired in order to implement the work at this property, attach job description(s), including qualifications and identify resources to pay for cost of salaries.

8. Are key personnel currently involved in service- enriched housing programs at other properties? If yes, explain how many properties, how many total units, where they are located, and how staff's time will be divided between current responsibilities and responsibilities at the new development.

STAFF PROFESSIONAL DEVELOPMENT

9. List the names of the professional training courses/workshops/seminars that staff who will be involved with this project have completed over the past 3 years. (List job title of staff, training attended, and date of training.)
10. Will participation in this service-enriched housing program require additional staff professional development? If yes, describe training and/or skills that will need to be developed or improved.

SERVICE PROVIDER'S OFFICE LOCATION(S)

Address of Principal Office: _____

Name/Title of Contact Person: _____

Telephone: _____

Fax Number: _____

E-mail Address: _____

Areas Served (County, Neighborhood, etc.) _____

Other office close to proposed development: _____

Address: _____

Telephone: _____

Address: _____

Telephone: _____

- A.** Is the Service Provider a subsidiary of another organization? Yes No (circle one)

If yes, please provide name and address of the parent organization and describe relationship, tax status.

- B.** Indicate the total number of clients served during the last fiscal year. Identify the amounts and sources of funding.

Client/Service Type	(Check one)		Number Served
	Referral Only	Referral and Case Management	
Senior/Elderly Services:			
Homeless/Transitional Services:			
Foster Care Graduates' Services:			
Addiction:			
Services for Domestic Violence Victims:			
Mental Health Services:			
Services for People with AIDS:			
Long Term Mobility-Impaired Services:			
Other: (please list)			

C. Has the Service Provider or any of its current personnel ever been involved in governmental investigation or judicial action or settlement concerning charges of a violation of local, state or federal laws or regulations concerning discrimination, fair housing violations or other civil rights laws, or concerning violations of federal, state or local regulations regarding use of funds?
 Yes No

D. Have any service grants or contracts held by the Service Provider over the past five years been terminated prior to their expiration dates?
 Yes No

E. Have any grants or contracts held by the Service Provider over the past five years not been renewed upon expiration?
 Yes No

If you answered **yes** to questions C, D, or E, attach an explanation or any supporting documentation necessary to explain the circumstances surrounding these situations.

I certify that the information contained herein and attached is accurate and complete.

Name of CEO/Executive Staff _____
 Signature _____
 Title _____
 Organization Name _____
 Date _____

Exhibit N(a)

**QUESTIONNAIRE - REFERRING
ORGANIZATION FOR ACCESSIBLE HOUSING**

This form is used by UHC to determine the capacity of the applicant to meet the needs of Long Term Mobility-Impaired residents as described in the Qualified Allocation Plan. All applicants requesting consideration for referral services for fully accessible housing must complete and include this form with the Application.

Project Name: _____

Project Owner Name: _____

Referring Entity Name: _____

Please attach answers to questions 1 through 5 in narrative form.

GENERAL INFORMATION

1. Summarize the referral entity's mission and goals for the current fiscal year.
2. How many years has this referring organization been active in referring Long-Term Mobility-Impaired individuals or families for housing? If the provider has no experience in delivering this type of service, describe the organization's experience with and knowledge of the community that the provider will serve. Identify other community agencies with whom this organization will collaborate.
3. Describe other activities, aside from referral for housing, in which this organization is engaged.

EXPERIENCE

4. Is the referring organization currently involved in service-enriched housing programs? If yes, summarize experience in providing supportive services for residents. Include name of housing development(s), property management company, and type of services provided.
5. Describe collaborative efforts that this organization has made to deliver supportive services. Please identify organizations or companies involved in the collaboration and the nature of the organization's involvement.

REFERRING ORGANIZATION CONTACT INFORMATION (INCLUDE MULTIPLE LOCATIONS)

Address of Principal Office: _____

Name/Title of Contact Person: _____

Telephone: _____

Fax Number: _____

E-mail Address: _____

Areas Served (County, Neighborhood, etc.) _____

Other office close to proposed development: _____

Address: _____

Telephone: _____

Address: _____

Telephone: _____

C. Is the referring organization a subsidiary of another organization? Yes No (circle one)

If yes, please provide name and address of the parent organization and describe relationship, tax status.

Client or Service Type	Number Served	Funding Level	Funding Source
Long Term Mobility-Impaired Services (if any)			

I certify that the information contained herein and attached is accurate and complete.

Name of CEO/Executive Staff _____

Signature _____

Title _____

Organization Name _____

Date _____

EXHIBIT O FAIR HOUSING

THE GUIDELINES

The design requirements of the Guidelines to which new buildings and dwelling units must comply are presented in abridged form below. Dwelling units are not subject to these requirements only in the rare instance where there are extremes of terrain or unusual characteristics of the site. Such instances are discussed in detail in Chapter One: “Accessible Building Entrance on an Accessible Route.”

REQUIREMENT 1

Accessible Building Entrance on an Accessible Route: Covered multifamily dwellings must have at least one building entrance on an accessible route, unless it is impractical to do so because of terrain or unusual characteristics of the site. For all such dwellings with a building entrance on an accessible route the following six requirements apply.

REQUIREMENT 2

Accessible and Usable Public and Common Use Areas: Public and common use areas must be readily accessible to and usable by people with disabilities. See Chapter Two.

REQUIREMENT 3

Usable Doors: All doors designed to allow passage into and within all premises must be sufficiently wide to allow passage by persons in wheelchairs. See Chapter Three.

REQUIREMENT 4

Accessible Route Into and Through the Covered Dwelling Unit: There must be an accessible route into and through the dwelling units, providing access for people with

disabilities throughout the unit. See Chapter Four.

REQUIREMENT 5

Light Switches, Electrical Outlets, Thermostats and Other Environmental Controls in Accessible Locations: All premises within the dwelling units must contain light switches, electrical outlets, thermostats and other environmental controls in accessible locations. See Chapter Five.

REQUIREMENT 6

Reinforced Walls for Grab Bars: All premises within dwelling units must contain reinforcements in bathroom walls to allow later installation of grab bars around toilet, tub, shower stall and shower seat, where such facilities are provided. See Chapter Six.

REQUIREMENT 7

Usable Kitchens and Bathrooms: Dwelling units must contain usable kitchens and bathrooms such that an individual who uses a wheelchair can maneuver about the space. See Chapter Seven.

For further information about the Fair Housing Accessibility Guidelines, call:

U.S. Department of Housing and Urban
Development
(303)672-5430 TDD (303)672-5248

Fair Housing Information Clearinghouse
1-800-343-3442 TDD 1-800-290-1617



Exhibit P

DUTIES OF SERVICE PROVIDERS

For Property Managers, Service Provider Case Managers of special needs tenants will:

- Assess physical and mental health, employment, education, and training goals, community support and children's needs for each tenant prior to placement in housing.
- Conduct credit/criminal background checks for each tenant.
- Verify permanent stabilized income or demonstrated capacity to meet rental requirements.
- Implement and adhere to case management addendum to lease.
- Develop self sufficiency case plans with each tenant to address such issues as; income stabilization, employment, educational or training goals, physical or mental health issues, budgeting and financial management skills including debt resolution and savings plans, housekeeping, positive neighbor relations, and any children's issues.
- Conduct an initial entry meeting between the property manager, case manager and tenant to review lease, case management addendum and expectations.
- Monitor self sufficiency case plans through case management meetings and on-site visits with the tenant for the first 3-6 months. The referring agency will determine frequency of visits, based upon assessment of tenant need.
- Communicate regularly with property managers to address crisis situations, follow up on housekeeping concerns, public behaviors or other issues that may jeopardize tenant placement or case management lease addendum.

For Special Needs Tenants, Case Managers will:

- Visit tenant regularly.
- Assess tenant needs and refer to appropriate affordable housing and community services to provide assistance and enhance self sufficiency.
- Help tenant establish a budget, savings and, if necessary, debt resolution plan.

Criteria for Housing Candidates

- Credit/criminal background checks completed and issues resolved or self sufficiency case plan in place to address issues.
- Demonstrated ability to set and achieve goals.
- Willingness to work with case managers.
- Understanding of lease and case management lease addendum.
- Adherence to budget, savings and debt resolution plans.
- If there is a history of substance abuse, the candidate must have maintained sobriety for a reasonable length of time and be enrolled in a sobriety program.
- If the family has a history of domestic violence, they need to have been away from the abuser for a reasonable length of time and have received counseling.
- Compliant with recommendations of health care providers.

Exhibit Q Good Cause Eviction – IRS Ruling

Internal Revenue Service ("IRS") Revenue Ruling 2004-82. Clarified the IRS' position regarding the timeframe during which eviction without "good cause" is prohibited under Section 42 of the Internal Revenue Code and the Housing Credit Program. The IRS determined that the prohibition applies during the entire extended use period as specified in the project's land use restriction agreement (LURA). "Good cause" has been defined generally, for federal public housing purposes, as "the serious and repeated violations of a material term of the lease."

Under the IRS revenue ruling evictions/terminations or non-renewal of leases that are not based on a serious or repeated violation of a material term of the lease violate Section 42 and the LURA.

The IRS also now requires that the owners of a building which participates in the Housing Credit Program, as part of their annual certification, certify that for the preceding 12-month period, no tenants in the low-income units were evicted or had their leases terminated other than for "good cause" and that no tenants had an increase in the gross rent with respect to a low-income unit, except as permitted by Section 42 of the Internal Revenue Code. If the owner fails to make the required certification or UHC determines that the owner has evicted tenants or terminated leases without "good cause" or increased rents, UHC will report the owner to the IRS using IRS Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition.

Rental agreements or leases with low-income tenants should be amended to conform to the IRS ruling. Your legal advisor may want to consider the following suggested language:

The Owner is prohibited from evicting you and is prohibited from refusing to renew your lease or rental agreement, other than for "good cause." For this purpose "good cause" shall mean the (1) serious or repeated violation of material terms of the lease as that phrase is applied with respect to federal public housing at 24 C.F.R. §966.5(1)(2) or (2) the failure to vacate the premises when they are destroyed or made uninhabitable by fire, flood or other casualty.

Owners should seek legal advice to comply with the laws and procedures governing eviction of tenants for "good cause."

Finally, you may want to notify tenants in projects participating in the Housing Credit Program of the IRS's clarification of "good cause" evictions. The attached Notice may be helpful.

NOTICE

As a tenant in an affordable housing unit that is within the Federal Housing Credit Program, you have a right to continue living in your rental unit unless you do something that gives your landlord "good cause" to evict you.

What is Good Cause?

A serious or repeated violation of a material term of your lease.

These violations are left to the courts to decide and define, but not paying your rent or intentionally causing serious damage to your rental unit are the types of things that judges will likely consider to be "good cause" to evict a tenant.

What if your current lease doesn't include this protection about being evicted without "good cause?"

Whether it's in your lease or not, you have this protection. You have the right to present this protection in court as a defense to an eviction action. However, in future lease renewals, the actual wording will be included in your lease.

What happens if your landlord tries to evict you even though you did not give him or her "good cause" to do so?

First, your landlord must provide you with written notice of the reasons (the "good cause") why he or she is entitled to terminate your tenancy or not renew your lease. If you do not move out after you receive this notice, your landlord may file an eviction lawsuit ("complaint or unlawful detainer") against you.

After the eviction lawsuit is filed, the law provides you with an opportunity to present your defense before a judge, including the reasons why there is not "good cause" to evict you, plus whatever other defenses you may have.

Why are you being notified now about this "good cause" rule?

This rule has recently been issued for all properties that participate in the Housing Credit program and that contain affordable housing units. We are passing this information on to you so that your rights will be protected.

What if you still have questions?

For more information, you may contact your manager,
_____.

Exhibit R ENERGY STAR PROCEDURES

When applying for Housing Credits:

1. All New construction must be Energy Star Certified.
2. Rehabilitation projects not Certified for Energy Star enhancements (may receive 100 Housing Credit points).
3. The OWHLF requires rehabilitation projects to incorporate Energy Star enhancements.

Project Criteria for Energy Star Certification (Buildings of 1 to 3 Stories)

Both new and rehabilitation projects must obtain a independent Home Energy Rating System (HERS) scores to determine ENERGY STAR eligibility. Projects receive an initial score during design and a final score after construction is completed.¹ It is important for developers to work carefully with the HERS providers to develop a strategy that achieves the highest, cost effective final score.

The rater will provider applicants with the list of the upgrades that can be implemented to achieve ENERGY STAR qualifying status. Although ENERGY STAR applies to both new and existing units, ENERGY STAR is a more difficult and expensive achievement for existing units. However, the Housing Credit program gives additional points for projects that cannot achieve ENERGY STAR qualified status while properly installing all cost effective energy upgrades during rehabilitation (projects a savings-to-investment ration of greater than or equal to 1.0). Once project development is completed, applicants will be expected to submit the initial certificate showing the preliminary score from the HERS provider for each project.

The costs of ENERGY STAR compliance including cost increments for equipment and envelope upgrades over and above the current statewide energy code and rating costs should be included in the overall project budget. In some instances, applicants may request loan funding to fund cost increments related to ENERGY STAR qualification from the Division of Housing and Community Development's Olene Walker Housing Loan Fund (OWHLF).

Facilities three stories or less with or without a central heating and cooling system require a sampling of individual housing units by the certified rater. The independent HERS providers generally charge \$250-300 per multifamily unit rating. For projects within the Rocky Mountain Power (formally Utah Power and Light) service area, the HERS provider can help prepare special rebate

¹ . For a list if independent HERS providers, please contact Mike Glenn at the Utah Division of Housing and Community Development (801-538-8666).

documentation for submittal to Rocky Mountain Power and helps the applicant to work with the utility representative.

As of June 23, 2005, EPA is still developing a category for "apartments" at the website. Any delay in developing this category could postpone a larger building's submittal for Energy Star qualification. In the meantime and for larger facilities (over three stories) with central heating and cooling plants, ENERGY STAR compliance will be determined by rating the entire facility using the "other building" category at EPA's ENERGY STAR website:
https://www.energystar.gov/index.cfm?c=evaluate_performance.bus_portfoliomanager

It should also be noted that existing multi-family units may be eligible for retrofit grant funding through the Utah Weatherization Assistance Program.
http://community.utah.gov/housing_and_community_development/weatherization_assistance_program).

Projects may be eligible for federal energy efficiency and renewable tax credits. For additional information, see:
<http://geology.utah.gov/sep/incentives/index.htm>

Procedure for New Projects Individual or Central Heated and Cooled Systems (1 to 3 Stories)

- Step 1. Let the project architect know that the proposed building's drawings and specifications must be ENERGY STAR qualified.
- Step 2. Work with the utility company to submit a pre-application for possible rebates (this must be submitted to the utility prior to construction).
- Step 3. Developers contact the HERS provider. The HERS provider can complete ratings or train and certify raters. For the new units, a certified rater reviews plans and specifications for necessary upgrades that achieve an ENERGY STAR rating which is approximately 15% more efficient than the current state energy code.
- Step 4. From the review, the certified rater prepares an improvement analysis based upon cost effective measures and then estimates incremental costs to be added for each measure. If necessary, these costs can be verified with local contractors.
- Step 5. The developer submits the initial HERS score contained on a HERS provider's certificate.
- Step 6. The developer selects contractors who are knowledgeable and sensitive to energy efficiency.

- Step 7. The HERS rater completes interim inspections of the construction site to ensure that contractors are meeting ENERGY STAR specifications.
- Step 8. Once the new units are complete, the rater samples the units and conducts tests (duck leakage and blower door) to confirm the ENERGY STAR score.
- Step 9. The developer submits the final certificate of ENERGY STAR achievement.
- Step 10. The applicant applies for the utility rebates if the project is located within the Rocky Mountain Power Service area. The utility rebate of up to \$250+ per unit helps offset the cost of the rating. The utility rebate applies to structures of 6 units or more and that are separately metered. Structures of 5 units or fewer may qualify for higher rebates.

Procedure for New Projects Individual or Central Heated and Cooled Systems (Over 3 Stories)

- Step 1. Let the project architect know that the proposed home's drawings and specifications must be ENERGY STAR compliant.
- Step 2. Work with the utility company to submit a pre-application for possible rebates (this must be submitted to the utility prior to construction).
- Step 3. Generally, new multifamily units that are centrally heated and cooled and that are 4 stories or taller are processed for ENERGY STAR compliance through the EPA ENERGY STAR rating system for commercial buildings. In such cases, the architect prepares plans and specifications in accordance with the EPA ENERGY STAR's targeted energy consumption baseline (see: http://www.energystar.gov/index.cfm?c=target_finder.bus_target_finder)
- Step 4. The architect prepares an improvement analysis with the estimated overall incremental costs needed to meet the qualifying building baseline for energy consumption.
- Step 5. The developer submits documentation of the initial ENERGY STAR score.
- Step 6. The developer submits the project for utility energy incentives (applications for utility incentives must be submitted before work begins).
- Step 7. The developer selects contractors who are knowledgeable and sensitive to energy efficiency.

- Step 8. The architect completes interim inspections of the construction site to ensure that contractors are meeting ENERGY STAR specifications.
- Step 9. Once the new units are completed, the architect completes a final rating through the EPA ENERGY STAR website to ensure that the building meets the ENERGY STAR qualifying threshold.
- Step 10. The developer submits a final certificate of ENERGY STAR qualification to UHC.
- Step 11. The applicant applies for the utility rebates if the project is located within the Rocky Mountain Power Service area. The utility rebate for larger buildings that possess central systems is based upon the amount of KWH and KW saved. Unlike smaller buildings where a rebate per unit is available, a representative of Rocky Mountain Power will calculate the rebate for these large buildings.

**Procedure for *Rehabilitation* Projects
Individual or Central Heated and Cooled Systems (1 to 3 Stories)**

- Step 1. Contact the HERS PROVIDER. For existing units, the certified rater conducts a diagnostic inspection and review of the units (a sample of units for large facilities), suggesting energy improvements to achieve ENERGY STAR.
- Step 2. The applicant works with the utility company to submit a pre-application for possible rebates (this must be submitted prior to construction).
- Step 3. From the inspection and review, the certified rater prepares a list of cost effective individual energy efficiency measures and estimates costs to be added to the rehab project for each measure. If necessary, these costs can be verified with local contractors.
- Step 4. The developer submits documentation of the initial ENERGY STAR score.
- Step 5. The developer selects contractors who are knowledgeable and sensitive to energy efficiency.
- Step 6. The rater completes interim inspections of the construction site to ensure that contractors are meeting ENERGY STAR specifications.

- Step 7. Once the improvements are completed through the rehabilitation process, the rater conducts tests (duct leakage and blower door) to confirm the ENERGY STAR score.
- Step 8. The developer submits the certificate of ENERGY STAR achievement to UHC for payment processing.
- Step 9. The applicant applies for the utility rebates if the project is located within the Rocky Mountain Power Service area. The utility rebate of up to \$250+ per unit helps offset the cost of the rating. The rebate applies to structures of 6 units or more and that are separately metered. Structures of 5 units or fewer may qualify for higher rebates.

It should also be noted that existing multi-family units may be eligible for retrofit grant funding through the Utah Weatherization Assistance Program.

(http://community.utah.gov/housing_and_community_development/weatherization_assistance_program).

Procedure for funding large *Rehabilitation* Projects (using third-party performance contracting) Individual or Central Heated and Cooled Systems (Over 3 Stories)

- Step 1. For applicants with large multifamily buildings or complexes, consider the use of performance contracting with an energy service company (ESCO) to upgrade efficiencies. ESCO provides a "turnkey" approach to upgrades. An ESCO can provide engineering, design, construction management, procurement, commissioning, financing, utility company interface, and verification of savings. For other non-ESCO options, contact DHCD.
- Step 2. Work with the utility company to submit a pre-application for possible rebates (this must be submitted prior to construction).
- Step 3. Contact DHCD for a list of ESCO's operating in Utah.
- Step 4. Develop a request for qualification (RFQ) to select the best-qualified ESCO for your project. Access the Energy Services Coalition website for draft procurement documents at <http://www.energyservicescoalition.org/>.
- Step 5. Release the RFQ and review proposals received from ESCOs.
- Step 6. Work with the best qualified ESCO to complete a technical energy audit of the facility and nominate the proposed project for utility energy incentives.

- Step 7. Develop a scope of work for the project, release a contract, and work with the ESCO to complete work in a timely manner.
- Step 8. Use the Rocky Mountain Power-funded reviewer to complete a final inspection of completed work.
- Step 9. Generally, new multi-family units that are centrally heated and cooled and that are greater than 4 stories tall are processed for ENERGY STAR compliance through the web based EPA ENERGY STAR rating system for commercial buildings in the "other" category.
- Step 10. After construction and commissioning, work with the ESCO to submit the facility through the EPA website for an ENERGY STAR qualification.
- Step 11. The applicant applies for the Rocky Mountain Power rebates if the project is located within the service area. The rebate for larger buildings that possess central systems is based upon the amount of KWH and KW saved. Unlike smaller buildings where a rebate per unit is available, a representative of Rocky Mountain Power will calculate the rebate for these large buildings.

It should also be noted that existing multi-family units may be eligible for retrofit grant funding through the Utah Weatherization Assistance Program (http://community.utah.gov/housing_and_community_development/weatherization_assistance_program).

SCORING EXHIBITS

Exhibit S

NON-PARTICIPATING AREAS

COUNTIES :

Daggett	Piute
Juab	Rich
Millard	Wayne
Morgan	

CITIES : (List from: "Local Government Officials Directory, Incorporated Cities and Towns)

Alpine	Coalville	Garland	Kanosh
Alta	Corinne	Genola	Kingston
Altamont	Cornish	Glendale	Koosharem
Alton	Delta	Glenwood	Lyman
Amalga	Deweyville	Goshen	Lynndyl
Annabell	Eagle Mountain	Gunnison	Manila
Antimony	East Carbon	Harrisville	Mantua
Aurora	Elk Ridge	Hatch	Mapleton
Ballard	Elsinore	Helper	Marysvale
Bear River	Elwood	Henefer	Portage
Bicknell	Emery	Henrieville	Providence
Big Water	Enoch	Highland	Randolph
Boulder City	Enterprise	Hildale	Redmond
Brian Head	Escalante	Hinckley	Richmond
Cannonville	Eureka	Holden	River Heights
Castle Valley	Fairview	Honeyville	Riverdale
Cedar Fort	Farr West	Howell	Riverton
Cedar Hills	Fayette	Huntington	Rockville
Centerfield	Ferron	Huntsville	Roy
Centerville	Fielding	Hyde Park	Rush Valley
Charleston	Fillmore	Hyrum	Salem
Circleville	Fountain Green	Ivins	Santa Clara
Clarkston	Francis	Joseph	Santaquin
Clawson	Fruit Heights	Junction	Scipio
Cleveland	Garden City	Kanarraville	

Scofield	Uintah
Sigurd	Vernon
Snowville	Vineyard
South Jordan	Virgin
South Weber	Wales
Spring City	Wallsburg
Springville	Washington Terrace
Sterling	Wellington
Stockton	Wellsville
Sunnyside	Wendover
Sunset	West Bountiful
Syracuse	West Point
Tabiona	Willard
Torquerville	Woodland Hills
Torrey	Woodruff
Trenton	

Exhibit T MEMORANDUM OF UNDERSTANDING

(regarding acceptance of qualified Section 8 vouchers or certificate holders)

This Memorandum of Understanding is by and between the HOUSING AUTHORITY NAME (the "Housing Authority") and PROJECT OWNER NAME, (the "Owner") (both parties are sometimes collectively referred to herein as the "Parties"), regarding Owner's renovation or construction development and operation of the PROJECT NAME (the "Project") located at ADDRESS, CITY, STATE.

Owner desires to enter into an agreement with Housing Authority to accept qualified Section 8 voucher or certificate holders and Housing Authority desires to enter into such an agreement with Owner.

Therefore, in the event Owner receives Federal Low-Income Housing Tax Credits through the Utah Housing Corporation for the construction or renovation of the low-income Project, the Parties agree as follows:

1. Owner shall accept referrals from Housing Authority on an ongoing basis, subject only to the availability of rental units.
2. It is understood that applicants referred by Housing Authority must meet, without exception, all requirements for tenancy as established by management for the above-referenced Project and that such requirements may be changed by management from time-to-time.
3. Resident referred by Housing Authority shall be required to sign the standard lease agreement or the applicable standard Section 8 lease agreement and abide by the rules and regulations of the Project as well as meet all income requirements of project management.
4. Owner and management reserve the right, from time-to-time, to alter, amend or change, without notices to Housing Authority, any portion of its procedures and criteria for tenancy.
5. Owner and/or project management shall have the final and absolute right, at its sole discretion, to accept or reject for tenancy, an applicant referred by Housing Authority, according to the same criteria used to accept or reject all other applicants.
6. Owner shall have the right to assign this Memorandum of Understanding at any time and without the comment of Housing Authority.
7. With respect to the leasing of units to tenants utilizing Section 8 vouchers, Owner agrees to limit rents charged under its management to an amount not greater than the maximum rents set forth in that regulatory agreement between Owner and the Utah Housing Corporation.
8. This Memorandum of Understanding is subject to modification as agreed to in writing by the Parties.

The undersigned hereby attest to their agreement of the aforementioned terms.

HOUSING AUTHORITY NAME

PROJECT OWNER NAME

By: _____
Its: _____
Date _____

By: _____
Its: _____
Date _____

COMPLIANCE EXHIBITS

**EXHIBIT AA H.U.D.
DEFINITION OF
ANNUAL INCOME**

24 CFR 813.106

§ 813.106 Annual Income.

(a) Annual income is the anticipated total income from all sources received by the Family head and spouse (even if temporarily absent) and by each additional member of the Family, including all net income derived from assets for the 12-month period following the effective date of certification of income, exclusive of certain types of income as provided in paragraph (c) of this section.

(b) Annual Income includes, but is not limited to:

(1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(2) The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the Family;

(3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income.

An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family. Where the Family has Net Family Assets in excess of \$5,000. Annual Income shall include the greater of the actual income derived from all Net Family Assets or a percentage of the value of such Assets based on the current passbook savings rate, as determined by HUD;

(4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment;

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see paragraph (c)(3) of this section);

(6) Welfare Assistance. If the Welfare Assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the Welfare Assistance agency in accordance with the

actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income shall consist of:

(i) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities plus

(ii) The maximum amount that the Welfare Assistance agency could in fact allow the Family for shelter and utilities. If the Family's Welfare Assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph (b)(6)(ii) shall be the amount resulting from one application of the percentage;

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (but see paragraph (c)(7) of this section); and Any earned income Tax Credit to the extent it exceeds income tax liability.

(c) Annual income does not include the following:

(1) Income from employment of children (including foster children) under the age of 18 years;

(2) Payments received for the care of foster children;

(3) Lump-sum additions of Family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement of personal or

property losses (but see paragraph (b)(5) of this section);

(4) Amounts received by the Family, that are specifically for, or in reimbursement of, the cost of medical expenses for any Family member;

(5) Income of a live-in aide, as defined in section 813.102;

(6) Amounts of educational scholarships paid by the Government to a veteran, for use in meeting the cost of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of the student. Any amount of such scholarship or payment to a veteran not used for the above purposes that is available for subsistence is to be included in income;

(7) The special pay to a Family member serving in the Armed Forces who is exposed to hostile fire;

(8)(i) Amounts received by a Disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

or(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(9) Temporary nonrecurring of sporadic income (including gifts); or

(10) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility of benefits under a category of assistance programs that includes

assistance under the United State Housing Act of 1937. A notice will be published in the Federal Register and distributed to PHAs and owners identifying the benefits that qualify for this exclusion.

Updates will be published and distributed when necessary.

(d) If it is not feasible to anticipate a level of income over a 12-month period, the income anticipated for a shorter period may be annualized, subject to a redetermination at the end of the shorter period.

(49 FR 19936, May 10, 1954, as amended at 50 FR 29591, June 24, 1985; 50 FR 39097, Sept. 27, 1985; 51 FR 21308, June 11, 1986; 52 FR 34113, Sept. 9, 1987; 53 FR 4388, Feb. 16, 1988; 53 FR 7734, Mar 10, 1988)

Exhibit BB RECORDKEEPING FORM

Project Name: _____

B.I.N. No.: _____

For calendar year ending December 31, _____.

- 1. a. Total number of residential rental units in the building: _____.
- b. Number of bedrooms and the size in square feet of each residential rental unit in the building:

_____ units of studios/SROs with a total square feet of _____ per unit
_____ units with _____ bedrooms with a total square feet of _____ per unit
_____ units with _____ bedrooms with a total square feet of _____ per unit
_____ units with _____ bedrooms with a total square feet of _____ per unit

- 2. The percentage of residential rental units in the building that are low-income units: _____%
- 3. The rent charged on each residential rental unit in the building (including any applicable utility allowance):

_____ units of Studios/SROs: \$_____ (rent) + \$_____ (utility allowance) = \$_____ (total)
_____ units of ___ Bedroom: \$_____ (rent) + \$_____ (utility allowance) = \$_____ (total)
_____ units of ___ Bedroom: \$_____ (rent) + \$_____ (utility allowance) = \$_____ (total)
_____ units of ___ Bedroom: \$_____ (rent) + \$_____ (utility allowance) = \$_____ (total)
_____ units of ___ Bedroom: \$_____ (rent) + \$_____ (utility allowance) = \$_____ (total)
_____ Total units in Building

- 4. For Housing Credit projects whose rent is determined by the number of occupants in each unit under § 42(g)(2) (pre-1990 projects), attach a schedule showing the number of occupants in each low-income unit.
- 5. Attach a schedule showing the low-income unit vacancies in the building and information that shows when and to whom the next available units were rented.
- 6. Attach a copy of the annual low-income certification of each low-income tenant (18 years and older) per unit.
- 7. Maintain a separate file per unit which contains sufficient documentation to support each annual low-income certification of each low-income tenant (for example, copies of federal tax returns, Form W-2, or certification of income from third parties such as employers or state agencies paying unemployment compensation).
- 8. The eligible basis and qualified basis of the building at the end of the first year of the credit period is:

Eligible Basis Amount: \$_____ Qualified Basis Amount: \$_____

- 9. Set forth the character and use of the nonresidential portion of the building included in the building's eligible basis under § 42(d) (for example, tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for such, or facilities reasonably required by the Tax Credit project)

THIS FORM MUST BE FILED WITH UHC BY APRIL 30 OF EACH COMPLIANCE YEAR

Exhibit CC

BIANNUAL OCCUPANCY REPORT

UTAH HOUSING CORPORATION

LOW INCOME HOUSING TAX CREDIT ANNUAL OCCUPANCY REPORT

Project Name:	<u>Joe's Apartments</u>	Total Number of Rental Units In Project:	<u>32</u>
Address:	<u>1320 West Main Street, Jackson Utah</u>	Total Number of Low-Income Units In Project:	<u>31</u>
Phone Number:	<u>(501) 689-8882</u>	Percent of Rental Units that are Low-Income Units:	<u>100.00%</u>
Report Prepared by:	<u>Chris Perry, Property Manager</u> Name and Title	Number of Buildings in Project	<u>6</u>
Period Report Covers:	<u>January 2005-June 2005</u>	Reporting/Compliance Year	<u>2005</u>

LIST ALL UNITS/TENANTS IN ORDER BY ACTIVITY DATE DURING PERIOD INCLUDING NON-RESTRICTED

BIN #	Unit #	Move-In Date	% AMI	LI or Mkt	Person(s) Signing Lease Last Name, First Initial	Move-Out Date	Reason Code	# Occ	# Children	Qualified Income (LIHTC)	# Bedroom	Sq Ft	Rent Conc	Net Rent	Rent Assisted (Y/N)	Special Needs Units
97-14001	A1	1/1/1999	30%	LI	SUPPIN, E	NA		1	0	\$6,624	2	980	\$-	\$92	Y	ADA
97-14001	A2	2/6/2004	30%	LI	KEATON, H	NA		2	1	\$3,624	2	980	-	\$15	Y	
97-14001	A3	11/1/1998	30%	LI	SMITEY, L	NA		1	0	\$7,008	2	980	-	\$101	Y	
97-14001	A4	6/7/2002	30%	LI	HANTSON, K	NA		2	1	\$0	2	980	-	\$0	Y	
97-14001	A5	12/15/2000	60%	LI	NISSEN, M	2/11/2005	1	3	2	\$24,045	2	980	-	\$318	Y	
97-14001	A5	2/15/2005	30%	LI	BORTON, T	NA		3	1	\$7,992	2	980		\$76	Y	
97-14001	A6	5/15/2004	30%	LI	JURRIS, K	1/21/2005	3	2	1	\$3,120	2	980		\$2	Y	
97-14001	A6	2/1/2005	30%	LI	DESIL, L	NA		2	1	\$3,360	2	980		\$8	Y	CMI
97-14002	B1	6/1/1998	30%	LI	BALKER, M	NA		1	0	\$9,414	2	980	-	\$161	Y	
97-14002	B2	1/16/2003	30%	LI	SEYER, T	NA		4	2	\$11,448	2	980	-	\$198	Y	
97-14002	B3	8/20/2004	30%	LI	KERGREN, J	NA		2	0	\$0	2	980	\$-	\$0	Y	
97-14002	B4	1/1/1999	30%	LI	JONES, T	NA		2	1	\$15,600	2	980	-	\$254	Y	

State of Utah Housing Credit Program
 Qualified Allocation Plan

Compliance
 Exhibit CC

97-14002	B5	10/8/2004	45%	LI	JERRY, A	NA		2	1	\$10,920	2	980		\$194	Y	
97-14002	B6	6/5/2000	30%	LI	BORRIS, R	NA		2	1	\$11,598	2	980	-	\$211	Y	DV
97-14003	C1	1/7/2003	30%	LI	HOUSEPAN, V	NA		2	1	\$9,922	2	980	-	\$172	Y	
97-14003	C2	12/1/1998	30%	LI	ROWN, E	NA		1	0	\$4,526	2	980	-	\$20	Y	
97-14003	C3	6/10/2004	45%	LI	JOLLETT T	NA		2	1	\$14,032	2	980	-	\$166	Y	
97-14003	C4	3/19/2004	35%	LI	RICHARD, H	NA		2	1	\$11,880	2	980	-	\$221	Y	
97-14004	D1	11/30/2004	30%	LI	GANBERG, G	NA		2	1	\$4,429	2	980	-	\$47	Y	TH
97-14004	D2	7/1/2002	45%	LI	DART, A	NA		2	1	\$16,640	2	980	-	\$265	Y	
97-14004	D3	10/29/2004	45%	LI	ZENKINS, S	1/13/2005	5	2	1	\$15,204	2	980	-	\$300	Y	
97-14004	D3	1/14/2005	30%	LI	REDD, H	NA		2	1	\$4,560	2	980		\$38	Y	
97-14004	D4	8/31/2004	60%	LI	FELD, D	1/19/2005	1	2	1	\$20,800	2	980		\$414	Y	
97-14004	D4	1/20/2005	30%	LI	CORD, M	NA		2	1	\$0	2	980		\$0	Y	TH
97-14005	E1	9/13/2004	30%	LI	BULLINGER, J	NA		2	1	\$5,040	2	980		\$50	Y	
97-14005	E2	12/6/2002	45%	LI	TAYLORS, S	1/19/2005	2	2	1	\$14,566	2	980	-	\$264	Y	
97-14005	E2	1/26/2005	35%	LI	SHAVANAUX, E	NA		2	1	\$11,796	2	980		\$159	Y	
97-14005	E3	6/21/2004	30%	LI	THORPE, C	NA		3	1	\$5,688	2	980	-	\$54	Y	
97-14005	E4	11/1/2003	35%	LI	WHITAKER, N	NA		2	1	\$12,889	2	980	-	\$150	Y	
97-14005	E5	9/10/2004	30%	LI	HARRIS, J	3/29/2005	7	2	1	\$3,552	2	980	-	\$13	Y	
97-14005	E5	4/1/2005	60%	LI	NOWEL, G	NA		3	2	\$8,400	2	980		\$122	Y	
97-14005	E6	4/1/2004	30%	LI	AGUILAR, C	NA		2	1	\$3,120	2	980		\$2	Y	
97-14006	FI				MANAGER UNIT					EXEMPT						
97-14006	F2	7/1/2002	45%	LI	HAMILTON, D	NA		1	0	\$14,570	2	980	-	\$300	Y	
97-14006	F3	2/1/2002	30%	LI	WIDE	6/24/2005	3	2	1	\$10,162	2	980	-	\$166	Y	
97-14006	F3	6/28/2005	30%	LI	SEISER, K	NA		3	2	\$4,007	2	980		\$12	Y	
97-14006	F4	11/15/2004	30%	LI	STANZA, L	NA		3	2	\$4,488	2	980	-	\$24	Y	
97-14006	F5	8/13/2004	30%	LI	TIMOTHY, K	NA		2	1	\$9,360	2	980		\$158	Y	
97-14006	F6	4/22/2004	60%	LI	DARTE, K	NA		3	2	\$21,326	2	980		\$373	Y	

or most recent recertification. This should be the same amount as listed on the most recent tenant income certification form (for market units, list "N/A").

Bedrooms and Square Footage List the number of bedrooms ("0" for SRO/studio) in the unit in one column (# BR), and the square footage of the unit in the other column (Sq Ft).

Rent Concessions List the dollar value of any rent concessions and/or incentives given (i.e., first month's rent free, referral allowances, free appliances, etc.) to the household at move-in or recertification (if none, leave blank).

Net Rent List the amount of rent less any applicable utility allowance that the household actually pays monthly. For HUD Section 8 recipients, list only the **tenant-paid** portion.

Sect 8 (Section 8 Housing Assistance) If the household is receiving HUD Section 8 housing assistance, mark "Y"; otherwise, mark "N".

Exhibit DD ANNUAL TENANT INCOME CERTIFICATION

Project Name: _____ B.I.N No. _____

Address: _____

Name of Adult Tenants: _____ Unit #: _____

(1) _____ (2) _____

(3) _____ (4) _____

(A) TO BE COMPLETED BY TENANTS (Note: Project Owner must verify the information below)

Anticipated Annual Income for the **Next Twelve Months** determined as of Occupancy Date

(B) AMOUNT OF ANTICIPATED ANNUAL INCOME

(C) OF ALL TENANTS OVER 18 YEARS OF AGE

1. Income from salary, wages, commissions, self-employment, etc.: \$ _____

2. Income from Net Family Assets ("NFA"):

(i) If NFA is **LESS** than \$5,000, then check "NO" on line (a); and enter the amount of Annual Income from NFA on line 2;

(ii) If NFA is **GREATER** than \$5,000, then check "YES" on line (a); enter total amount of NFA on line (b); enter amount of Actual Annual Income from

NFA on line (c); complete the calculation of imputed Annual Income from NFA

on line (d); and finally, enter the **GREATER** of line (c) or (d) on line 2.

a) Tenant's NFA exceeds \$5,000: YES NO

b) Tenant's NFA equals: \$ _____

c) Tenant's Actual Annual Income from NFA: \$ _____ or;

d) Imputed Annual Income from NFA: line (b) x (2%): \$ _____

Greater of line c or d 2) \$ _____

Total Income:

\$ _____

The undersigned tenant(s) hereby represents and certifies, under penalty of perjury, that the anticipated annual income and NFA amounts set forth above are true and correct to the best of his or her knowledge and belief.

Date: _____ 1) _____ 2) _____

Tenant

Tenant

3) _____ 4) _____

Tenant

Tenant

(B) TO BE COMPLETED BY PROJECT OWNER

Project Owner is required to verify the tenant(s) anticipated annual income for:
 initial; or ____ year occupancy.

Maximum income level for _____ (number of tenants) is \$
_____.

The undersigned Project Owner hereby represents and certifies, under penalties of perjury, that the proceeding maximum income level is true and correct to the best of his or her knowledge and belief.

Tenant complies with all student rules. Yes No

Project Owner: _____

Date: _____

11. Does the project owner retain records of the first year's Credit period for at least six years beyond the due date (with extensions) for filing the federal income tax return of the last year's compliance period for the building? YES NO
12. The project owner certifies to UHC that, for the preceding 12 month period, they did meet the following requirements:
- a. That the Housing Credit project had met the requirements of the 20-50 test or the 40-60 test, whichever minimum set-aside test was applicable to the project? YES NO
 - b. That there was no change in the applicable fraction and eligible basis of any building in the project, or if there was a change, that a description to the change was provided? YES NO
 - c. That the project owner has received an annual income certification from each low-income tenant, and documentation to support that certification? YES NO
 - d. That each low-income unit in the project was rent restricted as stated under IRC Section 42 (g) (2), and in the "Low-Income Housing Credit Commitment Agreement and Declaration of Restrictive Covenants?" YES NO
 - e. That all units in the project were for use by the general public and used on a non-transient basis? YES NO
 - f. That each building in the project was suitable for occupancy, taking into account local health, safety, and building codes and that if violation(s) have occurred, the project owner has officially notified UHC and corrected the violation? YES NO
 - g. That if a low-income unit in the project became vacant during the year, that reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income? YES NO
 - h. That if the income of tenants of a low-income unit in the project increased above the limits allowed in §42 (g)(2)(D)(ii), the next available unit of comparable or smaller size in the project was or will be rented to tenants having a qualifying income? YES NO
 - i. That all tenant initial and annual re-certifications include a disclosure by the tenant regarding the student status and changes in household composition. YES NO

Attach explanations of any exceptions to the above questions.

With respect to the above referenced Housing Credit project, the undersigned Project Owner hereby represents and certifies under penalty of perjury, that, for the calendar year ending December 31, 2006, the answers to the preceding questions are true and correct to the best of its knowledge and belief.

Project Owner: _____ Date: _____
By: _____ Phone: _____
Print Name: _____ Fax: _____
Its: _____ E-mail: _____
Address: _____ City: _____ State: _____ Zip: _____

THIS FORM MUST BE FILED WITH UHC BY APRIL 30 OF EACH COMPLIANCE YEAR

Exhibit FF CERTIFICATION OF STUDENT ELIGIBILITY

Unit #: _____

If all members of the household are full-time students, then the owner / manager must complete this form and obtain verification to document the household's eligibility under Tax Credit regulations.

Statement of Applicant / Resident:

In the household to occupy this unit, {Check the true statement(s)}

- A. At least one member of the household receives assistance under Title IV of the Social Security Act (for example, payments under AFDC).
- B. At least one member of the household is currently enrolled in a job training program that receives assistance under the Job Training Partnership Act(JTPA) or is funded by a state or local public agency.
- C. The head of the household is a single parent with children and neither the parent nor the children is the dependent of another individual.
- D. The members of the household are married and file a joint federal tax return.
- E. None of the four exceptions listed above are applicable.

I/we hereby certify that the statement above is true and complete to the best of my knowledge.

(Applicant/Resident signature) (date) (Printed Name)

(Applicant/Resident Signature) (date) (Printed Name)

Exhibit GG SAMPLE MANAGER UNIT DESIGNATION REQUEST

[LETTERHEAD]

DATE

W. Robin Kemker
Utah Housing Corporation
2479 S. Lake Park Blvd.
West Valley City, UT 84120

Re: XXXXX Apartments, XXXXX, Utah

Dear Mr. Kemker:

We are requesting the consent of the Utah Housing Corporation (“UHC”) to our proposed change of a low-income housing tax credit unit to a manager (maintenance) unit to service the XXXXXX Apartments (the “Project”). With respect to this proposed change, we represent to UHC as follows:

- Based on our past operating experience, there is a need for a full-time, onsite management OR maintenance employee.
- The manager will work on a full-time basis for the project.
- The manager will not otherwise be employed on a full-time basis by another person or entity.
- The manager will not provide any significant management services to any other non-low-income housing tax credit project.
- The unit occupied by the manager will continue to be rent restricted and must be taken from the highest rent and income set-aside tier.
- Once the unit is no longer utilized by a manager, it will be returned to the set-aside for use by the qualifying housing credit tenants according to our application, low-income housing Reservation Agreement and the Land Use Restriction Agreement.

The manager unit will be number _____

We understand that UHC’s consent to this change is neither a representation nor warranty by UHC as to the effect this change may have on the eligibility of the Project to receive the low-income housing tax credits. We also understand that a manager (maintenance) unit is acceptable as a qualified unit by the IRS.

Sincerely,

Project Owner Signatory's Name
Title

Exhibit JJ LEASE ADDENDUM FOR SPECIAL NEEDS UNITS

(PLACE ON SERVICE PROVIDER'S LETTERHEAD)

CASE MANAGEMENT LEASE ADDENDUM

Tenant(s) will adhere to the Case Management Addendum by taking all actions necessary to comply in all respects with the requirements of the (enter Service Provider Name) Program.

In the event of a breach of this Case Management Addendum, the Property Manager will exercise all the rights and remedies, up to and including lease violations or eviction, available under the Lease and Case Management Addendum.

Housing is contingent upon tenant participation in case management services and requirements of the (enter Service Provider Name) Program. In the event tenant defaults under the Case Management Addendum, tenant will be ineligible for housing and the Property Manager will terminate the Lease Agreement by providing thirty days' written notice to the tenant.

Tenant Signature

Property Manager Signature

Tenant Signature

Date

Exhibit KK ALTERNATE TENANT CERTIFICATION

To be used only by properties that have received IRS approval of the waiver of annual income recertification.

Property: _____ Unit Number: _____

List all occupants of the unit and indicate if full-time student: _____ Effective Date: _____

Occupant(s)	Birthdate	Full Time Student?

Are any of the above Adult occupants original members of the household? (check one)			Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
% AMI:	<input type="text"/>	Gross Household Income: \$	<input type="text"/>	Current Income Limit: \$	<input type="text"/>	<input type="text"/>

Are all members full-time students? (check one) Yes No

(Definition of student: Anyone who has been or will be a full-time student at an educational institution with regular facilities and students during 5 months of the year that this Certification is completed.)

If you checked "Yes" above:				
• are the students married and filing a joint tax return?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
• does the household receive Temporary Assistance to Needy Families (TANF)?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
• is the household comprised of a single parent & child(ren) none of whom are dependents of a third party?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
• are the students enrolled in a job training program under the Job Training Partnership Act?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

Resident's Statement: I understand that the above information has been collected to determine my eligibility for residency. I certify that the statements made in this certification are true and complete to the best of my knowledge and belief and are aware that false statements may be cause for termination of my lease and may be punishable under Federal Law. I agree to immediately inform the project manager of any changes to my household's family composition. I also agree to immediately inform the project manager if all members of my household become full-time students.

Signature of head of household/co-head:

 Date: _____

 Date: _____

 Date: _____

 Date: _____

Project Sponsor's Statement: Based on the representations herein, the household defined in this certification is eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, to live in a unit in this development.

Management Representative Signature: _____ Date: _____

**Exhibit LL WAIVER GUIDELINES OF ANNUAL INCOME
RECERTIFICATION**

April 2006

1. What is an annual income recertification?

The IRS requires that, after the initial income certification of a household in a Housing Credit project is complete, the owner will verify their income at least yearly. The owner must obtain documentation of all income and asset sources, among other requirements, for all low-income tenants.

2. What is a "waiver" of recertification?

An IRS Ruling says that an owner of a project with 100% of its units affordable (or low income) may receive from the IRS a waiver of needing to verify income annually. Another name for it is "reverification waiver." UHC must approve a request for this waiver before the owner may proceed to the IRS.

3. Is my property eligible to request the waiver?

To be eligible, the project must meet all of the requirements below:

- The project consists entirely of buildings with 100% of its units affordable.
- Low-income tenants occupy each building which means that the owner properly certified and documented all tenants as being eligible in the program.
- The project is placed in service, and the owner received an IRS Form 8609 for each building.
- The project completed its first year in service and submitted to UHC a copy of the first year IRS Form 8609 completed by the owner and filed with IRS.
- The project is in the 2nd through 11th year of the compliance period.
- The owner submitted to UHC at least one annual compliance report for the project.
- The project, its owner(s) and the owner's agent(s) are in good standing with UHC.
- No outstanding items of noncompliance exist in the project under UHC policies or IRS regulations.

4. What requirements are waived?

For each of the low-income tenants in the building whose annual income was previously verified, documented, and certified, and while a waiver is in effect, the owner does not need to verify income of the tenants nor keep any re-verification records. Instead, each adult tenant will

complete and sign an *Alternate Income Certification* form every year. The owner submits them with the annual report and keeps them in the tenant files. In summary, the waiver eliminates the requirement to verify via third party on an annual basis the income and assets of existing tenants.

5. What tenant income certification requirements remain?

The owner needs to produce documentation as required by IRS Section 42. This includes keeping records and documentation on each tenant's annual income when the tenant first moved into an affordable unit in the project. Except for the exempted recertification requirements, the owner must satisfy all compliance procedures adopted by UHC.

The owner receives income information via the *Alternate Tenant Income Certification* form once every 12 months from each household. This form shows the household's income, household composition, and student status.

The owner continues to fully certify all new move-ins and to verify their incomes. UHC requires that each tenant sign an extra set of income verification forms to discourage tenant fraud. These extra forms may be used by UHC in a later audit.

6. Does the waiver affect other housing programs?

No. The recertification waiver applies to the Housing Credit program only. Projects that participate in other programs, such as RHS, Section 8 or other project-based subsidies and/or that have tax-exempt bond financing need to complete recertifications. Other programs may require it, including local HOME, trust funds or other financing programs.

7. Whom do I contact to request the waiver?

To request a waiver, submit "LETTER #1" (attached) to UHC at the following address:

Utah Housing Corporation
Housing Credit Department, Compliance
2479 South Lake Park Blvd.
West Valley City, Utah 84120

For questions on the waiver, the owner should contact Alex Arona or Robin Kemker at UHC at the above address, or call (801) 902-8200.

8. Does the state housing credit agency (UHC) grant the waiver?

No, the Internal Revenue Service must review the waiver request and issue a letter either granting or denying the request.

9. What happens once I contact UHC?

After sending the Owner Request to Proceed LETTER #1, UHC will review its internal records to ensure that all information is current, that the project is eligible to request the waiver, and that there are no outstanding noncompliance issues. If the project is eligible, UHC provides to the owner a list of approved independent contractors to complete a tenant file inspection of 100% of the units in the building(s). The owner selects and contracts with directly the contractor to conduct the 100% file review.

Note: An approved contractor that has direct or indirect financial, consulting, or material business interest in the project or relationship with the owner, manager, developer, or investor of a project requesting a recertification waiver may not perform the 100% file review for that project. Contractors and owners must certify to UHC that there is no such interest or relationship.

10. When must the 100% file review be completed?

The letter from UHC "LETTER #2" (attached) gives the owner an effective date of authorization. The file review will not begin before that date and will be completed within six (6) months of that date.

11. Which tenant files comprise the 100% file review?

Review the tenant files for all households occupying the units at the end of the previous tax year. If any units were vacant at that time, review the tenant files for the last households to occupy those units. Also, review the tenant files for all new move-ins during the current tax year up to the effective date of the authorization to proceed. For example:

Salt Lake Villas has 95 affordable units. The owner receives an authorization to proceed with an effective date of March 15, 2006. As of December 31, 2005, 90 of the units were occupied and five were vacant. A contractor must review the move-in eligibility documentation for tenants residing in the 90 occupied units and the last households that moved out of the five vacated units. Between January 1, 2006 and March 15, 2006, eight new households moved into Salt Lake Villas. Review the tenant files for the eight new move-ins in addition to the 95 files.

12. What are the costs associated with requesting the waiver?

The owner will hire the contractor that is approved by UHC to perform the inspections of all tenant files. Fees are usually charged on a per-unit basis and will vary among contractors.

13. What happens after the file review is finished?

- a. If the contractor finds all tenant files to be compliant, the contractor will report to the owner "LETTER #3" (attached) that each affordable unit in the project is a qualified Housing Credit unit. They will also send a copy of the report to UHC for its final approval.
- b. UHC issues its final approval in "LETTER #4" (attached) to the owner allowing the owner to proceed with the waiver request.
- c. The owner then completes and signs Part I, Certification, of IRS Form 8877. See below for the web address to get this form.
- d. Forward a copy of the IRS Form 8877 to UHC, which will sign Part I and return it to the owner.
- e. The owner then completes and signs Part II, Consent of Disclosure to Monitoring Agency. Mail this completed IRS Form 8877 to the Internal Revenue Service (IRS) at the address shown in the instructions to IRS Form 8877. The IRS will not consider an owner's request unless both Parts I and II of IRS Form 8877 are properly completed and signed by the state agency.

14. What happens if the contractor finds noncompliance?

Because the independent company contracts with the owner and not UHC, UHC does not notify the IRS of the noncompliance. If the noncompliance is correctable, the owner should attempt to correct it. The owner and contractor decide whether or not (a) the contractor is able to certify that all tenant files are in compliance and (b) the owner wishes to go forward with the waiver request.

15. Once the IRS grants the waiver, when is it effective?

The waiver takes effect on the date the IRS approves the waiver. UHC must receive a copy of the IRS waiver approval. The waiver remains in effect until the end of the 15-year compliance period (defined in Section 42(i)(1)), unless the waiver is revoked, upon which date it ceases to be in effect.

16. Can the waiver be revoked?

Yes. The IRS may revoke the waiver:

- a. If the building ceases to be a 100% low-income building
- b. If the IRS determines that the owner has violated Section 42 in a manner that is serious enough to warrant it.
- c. If the compliance agency (UHC) requests it.
- d. A change in the ownership of the building for federal tax purposes (including a change resulting from the termination of a partnership under Section 708 of the Internal Revenue Code) will automatically cause the waiver to be revoked as of the date of the change in ownership. The new owner may apply for a waiver.

17. Will I still complete annual monitoring reports and pay fees to UHC?

Yes, the only change to the current process is that the owner does not need to verify income annually. The owner must continue to submit an annual compliance certification (i.e., an *Alternate Tenant Income Certification*), Building Rent Report, Owner's Certification of Continuing Compliance and the Bi-Annual Occupancy report. Annual compliance fees are still payable to UHC.

18. Will UHC still review tenant files?

Yes. UHC will inspect a minimum of 20% of the tenant files for new move-ins to the project once every three years.

19. Will the project still have to keep the project in physical compliance?

Yes, in accordance with IRS requirements, UHC (or its authorized agent) will continue to conduct physical inspections of the buildings and units in the project once every two years and "drive-by inspections" during the other years.

References

Internal Revenue Code §42(g)(8)(B) - Request a waiver of recertifications of income.

IRS Revenue Procedure 2004-38 - Procedure for obtaining a waiver.

Section 3 of Rev. Proc. 2004-38 - Buldings must be 100% affordable.

Requirements of Regulations sections 1.42-5(b)(1)(iv) and (vii) and 1.42-5(c)(1)(iii) - Recertifications requirements.

To download IRS Form 8877 and its instructions, Control + click to follow the link <http://www.irs.gov/pub/irs-pdf/f8877.pdf>

GLOSSARY

ADA	American Disabilities Act and its associated acts of Congress. Specific architectural regulations have been developed to house persons that are dependent on wheelchairs for mobility and other physical impairments.
AFDC	Aid to Families with Dependent Children - Now known as TANF.
Affordable Housing Unit	A Housing Unit that meets the definition of a Qualified Housing Credit Unit. Common area units are not included, i.e., manager's and maintenance personnel units.
AMI	Area Median Income - Income determined by HUD, published every year for metropolitan and county areas.
Annual Credit Amount	Qualified basis multiplied by Credit rate.
Applicable Fraction	The lesser of the following two ratios: percentage of qualified low-income units compared to the total within a project. percentage of qualified square footage compared to the total within a project.
Applicant	Applicant means the party that submits an Application to UHC for a Credit reservation and/or allocation, including its successors in interest as approved by UHC.
Application	Application means the Tax Credit Program Application submitted by an Applicant for a project.
Area Median Income	Mid-point income with half the population above and half below in a particular area. The HUD Area Median Incomes are updated annually. The AMI is adjusted for family size. UHC allows the actual income tenants earn to be 5% greater than the AMI used to determine rent, but cannot exceed the minimum set-aside election of <u>20%/50%</u> or <u>40%/60%</u> , which ever is applicable. See Minimum Set-Aside Election.

BIN	Building Identification Number
Carryover Allocation	Housing Credits are allocated to projects from Utah's Credit Ceiling available each calendar year. Housing Credit projects which are not completed in the calendar year in which the Credits are allocated may carry over that allocation for up to two additional calendar years.
CDBG	Community Development Block Grant. This is a Program administered by the Department of Community and Economic Development in the State of Utah. It is a federal Program designed to assist local municipalities in developing infrastructure such as water treatment plants, bridges, roads, etc. Occasionally it is used in a Housing Credit project to obtain land or to develop sewer, water and other infrastructure on or to the site.
Certification of Incorporation	Legal document filed with the State, which describes a corporation's legal organizational structure, as well as any amendments and restatements.
Certification Period	The 12-month period preceding the date that the Owner is required to give the Annual Certification in accordance with the reporting requirements of the LURA and §42(m) of the Code.
CHDO	Community Housing Development Organization. A nonprofit housing development corporation whose mission and organizational structure are defined by HUD. This type of organization can obtain various funds on a priority basis from HUD and other sources, because of its mission.
Code	Code means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable temporary, proposed, and final Treasury Regulations, and Revenue Rulings and pronouncements issued or amended regarding it by the U.S. Department of the Treasury or IRS to the extent applicable to the project.

<p>Common Areas</p>	<p>Land, improvements, and amenities for the benefit and use of all occupants, as well as the property owner. Examples are corridors, hallways, playgrounds, community rooms, management offices, and elevators.</p>
<p>Compliance Period</p>	<p>Period during which projects must comply with the requirements of the Housing Credit Program. The compliance period is fifteen years for projects that received 1990 and later Housing Credits. The extended use period involves an additional number of years as stated in the Land Use Restriction Agreement.</p>
<p>Concerted Community Revitalization Plan (CCRP)</p>	<p>The Plan must be evidenced by a written document which establishes an active partnership between local government(s) and community-based organizations and which commits each signatory to specific and measurable goals, actions and timetables to foster, among other things, the construction or rehabilitation of affordable housing. Is a published document, approved and adopted by a governing body, by ordinance, resolution, or other legal action, and targets funds or tax incentives to specific geographic areas for either of the following:</p> <ul style="list-style-type: none"> • economic development, including economic related initiatives • commercial/retail development, including infrastructure and community facility improvement.
<p>Cost Certification</p>	<p>Accounting of actual project-related costs as expended submitted in the 10% Cost Certification and Final Cost Certification, for example, verified by a CPA.</p>
<p>Credit Ceiling</p>	<p>Annual amount of Federal Housing Credits received by Utah and allocated according to the Qualified Allocation Plan.</p>

Credit Rate	Rates calculated to reflect the present values of either 70% (9 percent rate) or 30% (4 percent rate) of eligible basis. These rates are adjusted monthly by the U.S. Department of the Treasury, based on changes in federal borrowing.
Credit Reservation	The Credit reservation serves as the preliminary assignment of Housing Credits to a qualified project. It contains special conditions with which the project must comply in order to receive those Credits.
DCC	Utah Department of Community and Culture. A department of the State of Utah that administers various housing resources, including the State HOME funds and the Olene Walker Housing Loan Fund, which are frequently used by Housing Credit projects.
DCR	Debt Service Coverage Ratio. This is a commonly used measure of project feasibility. It is the annual net operating income before income taxes divided by the annual debt service.
Development Team	The Applicant, the developer, the project management consultant, and the general contractor, and includes all persons or organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the project.
Difficult Development Areas (DDAs)	Areas designated by HUD as having high construction costs, land and utility costs, relative to the AMI. Projects located in these areas can increase their eligible basis by 30%. DDAs are published annually by HUD.
Disabilities	A physical or mental impairment that substantially limits one or more of the major life activities of an individual, such as, being unable to care for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, or learning.

Due Diligence	Review performed by the syndicator of a Housing Credit project to assess the project's feasibility. It includes information on local approvals, environmental review, project funding, market demand, and capacity and experience of the sponsor.
Elderly Housing	<p>A project that conforms to the Fair Housing Act, as amended, and:</p> <p>(1) In which all housing units are intended for and solely occupied by residents who are 62 or older;</p> <p>(2) In which all housing units are each intended and operated for occupancy by at least one resident who is 55 or older, and where at least 80% of the total housing units are in fact occupied by at least one resident who is 55 or older; or</p> <p>(3) Is financed, constructed, and operated under the RD Section 515 program for the elderly (i.e., where each resident is either 62 or older or is a person with handicaps or disabilities regardless of age, as such terms are defined in the RD program).</p>
Eligible Basis	Development expenditures that are eligible for obtaining Housing Credits.
Energy Star	<p>Energy Star qualified construction incorporates</p> <ol style="list-style-type: none"> 1.Tight construction (reduced air infiltration) 2.Tight ducts 3.Improved insulation 4.High performance windows 5.Energy efficient heating & cooling equipment <p>The Utah Energy Conservation (UECC) does the rating certification and certifies other analysts. A project must be rated by UECC, or equivalent, and then certified after construction to be an Energy Star Qualified project.</p> <p>See website www.energystar.gov.</p>

Equity	Funds a developer receives from an investor or syndicator resulting from the sale of Housing Credits that were awarded to a project in the Housing Credit Program.
Equity Gap	This is the difference between long-term financing and project construction and interim expenses, including reasonable soft costs and reserves.
Extended Use Agreement	This is the Low-Income Housing Credit Commitment Agreement and Declaration of Restrictive Covenants, an agreement between UHC and the property owner that extends the use of the Housing Credit property beyond the initial 15-year compliance period. The agreement is a restrictive covenant that runs with the land. It is otherwise known as the LURA (Land Use Restriction Agreement).
Extended Use Period	The period of years (commencing after the close of the compliance period) that an applicant made a commitment in the Application to maintain the low-income housing units and all of the applicable commitments made to receive allocation <u>criteria</u> points and to comply with all the terms and conditions of the LURA, as well as the requirements of §42 of the Code and the Housing Credit Program. The period of years refers to the applicable commitment made in the Application to receive <u>criteria</u> points.
Fair Market Value	The highest price a property would bring if offered for sale in a competitive market for a reasonable time period, with both buyer and seller being fully aware of all the property's present and future uses without being compelled to conduct the transaction.
Federally Assisted Project	Any project or building that is substantially assisted, financed, or operated under: Section 8; Section 221 (d)(3) or Section 236 of the National Housing Act; or Section 515 of the Housing Act of 1949.

Firm Commitment	A lender's irrevocable agreement to loan a specific sum of money at a specified interest rate for a definite term, subject to certain conditions.
Forward Year Reservation	Reservation and/or allocation of Housing Credits to a project from the Credit Ceiling amount from the following year.
General Partner	A natural person, partnership, corporation or other person or entity in its own or any representative capacity who has been admitted to a limited partnership as a general partner in accordance with the partnership agreement.
Good Standing	A Project/Owner who has paid all UHC required fees, corrected any noncompliance within the Correction Period, and has no pattern of ongoing non-compliance in both the allocation and compliance aspects of the program.
Hard Costs	Costs incurred by the contractor in providing all labor, materials, equipment, general conditions, overhead and profit for the construction of a project.
HH	Household
HOME	HOME Funds. The "HOME investment partnership" is a Federal housing block grant program administered by HUD and granted to states. It provides loans at below market interest rates to assist Housing Credit projects in achieving below market rents. The Department of Community and Culture as well as various Participating Jurisdictions administer this program throughout the State of Utah. Please note that projects utilizing HOME funds must have 40% of their units at or below 50% AMI. For more information, call Robin Kemker at UHC.
Homeless	<p>(1) An individual who lacks a fixed, regular, and adequate nighttime residence; and</p> <p>(2) An individual who has a primary nighttime residence that is—</p> <ul style="list-style-type: none"> • a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and

	<p>transitional housing for the mentally ill);</p> <ul style="list-style-type: none"> • an institution that provides a temporary residence for individuals intended to be institutionalized; or • a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. <p>Income eligibility (1) The homeless individual must comply with the income eligibility requirements. (2) Notwithstanding paragraph (1), a homeless individual shall be eligible for assistance under title I of the Workforce Investment Act of 1998 [29 U.S.C. 2801 et seq.]. (c) The term "homeless" or "homeless individual" does not include any individual imprisoned or otherwise detained pursuant to an Act of the Congress or a state law.</p>
HOPE	<p>This is a housing loan and grant developed by HUD to assist the development of housing. It is also used in home ownership programs for down payment assistance.</p>
HOPWA	<p>Housing Of Persons With AIDS. The HOPWA Program is used to develop housing and assist in the operation of the project by providing rent subsidies for persons with AIDS or HIV.</p>
Housing Credit	<p>Refers to Federal Housing Tax Credits. Previously LIHTC (low-income housing tax credit).</p>
Housing Unit	<p>Housing Unit means an affordable housing unit and/or market rate housing unit in a building that is available for rent or rented by residents. A common area unit is not a Housing Unit in a project.</p>
HAP Contract	<p>The HAP Contract is an agreement between the PHA and the owner of a unit occupied by an assisted family. The HAP Contract provides sufficient operating subsidies.</p>

HUD	Department of Housing and Urban Development. A Federal agency responsible for housing. HUD is the regulatory body over Public Housing Authorities and provides funds for various housing priorities.
Identity of Interest	A financial, familial, or business relationship that permits less than arm's length transactions. For example: Related Parties; persons, entities, or organizations affiliated with or controlled by or in control of another; existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors, stockholders, or managers; or family relationships between officers, directors, or stockholders.
Investor Limited Partner	An investor who is admitted into the ownership of a project through a Limited Partnership Agreement, typically acquiring up to 99.9% of the interest without becoming involved in the daily management of the project. Its main roles are to contribute money to the project in exchange for claiming the Housing Credits, and to monitor a project's compliance with Housing Credit requirements.
IRS	Internal Revenue Service. The Federal agency having jurisdiction over the Program, as mandated by Congress. The Program is administered by each state's delegated agency, which is, in turn, regulated by the Internal Revenue Service.
Large Household	A group of four or more income qualified residents who are not necessarily related and who live together in a low-income housing unit containing three or more bedrooms.
Letter of Credit	A bank's agreement or commitment, made at a customer's request, to honor a third party's demands of payment upon compliance with the conditions specified in the letter of credit.

Limited Partnership	A partnership formed by two or more persons in accordance with Utah state laws, having one or more general partners and one or more limited partners.
Limited Partnership Agreement	Document that defines and governs the business relationship between the general partner and the investor limited partner.
Low Income	Households or persons whose incomes are from 50% to 60% of the AMI.
LURA	Land Use Restriction Agreement. This is the Low Income Housing Credit Commitment Agreement and Declaration of Restrictive Covenants, an agreement between UHC and the property owner that extends the use of the Housing Credit property beyond the initial 15-year compliance period. The agreement is a restrictive covenant that runs with the land. Except under some conditions, all other liens are subordinate to the LURA. The LURA is also known as the Extended Use Agreement.
Management Agent	The company or individual who markets, leases, manages, and maintains the project.
Management Agreement	A contract between a project owner and the management agent, which establishes the agent's obligations, compensation, scope of authority, methods of paying project expenses, and so on.
Market Rent	The rent level achieved in a housing market area for comparable units which are not subject to rent restrictions.
Minimum Set-aside Election	To participate in the §42 program, the project must dedicate (set aside) at least (i) 20% of the project units at 50% or less AMI rents, or (ii) 40% of the project units at 60% or less AMI rents.
Moderate Income	Households or persons whose incomes are from 60% to 80% of the AMI.

Non-Compliance	Failure to observe or perform any covenant, condition or term of any agreement between the Applicant and UHC or failure to meet the requirements of §42 of the Code, the QAP, or the Housing Credit Program.
Nonprofit Organization	An organization organized and operated exclusively for charitable purposes and that is tax-exempt under Section 501(a) of the Code. Examples of these are organizations described in Sections 501(c)(3) and 501(c)(4) of the Code. A Nonprofit Organization also includes public housing authorities and public development corporations and agencies that are tax exempt.
OI	Over income.
Operating Expenses	Periodic expenses which are essential for a project's continuous operation and maintenance. Operating expenses may be fixed, such as property taxes and insurance, or they may be variable, such as utilities or payroll. Operating and replacement reserve contributions are operating expenses; mortgage principal and interest, and depreciation are not.
PAB	Private Activity Bond Authority - allocates Tax Exempt Bonds. The PAB is within the Governor's Office of Economic Development Incentives program. See the following website: http://goed.utah.gov/incentives/index.html .
Partnership Expense	Any expense incurred by the partnership that is paid from the proceeds of syndication of Housing Credit which are not allocated to developer's fee or syndication cost.
Permanent Financing	A long-term loan often used to "take out" the interim lender who provides construction financing.

PHA	Public Housing Authority. An independent organization set up to provide housing assistance within a community. They are the issuing agent for HUD Section 8 vouchers and certificates. They also may have ownership interest in Housing Units.
Placed in Service Date (PIS)	For a residential rental building, it is the date when the first unit in the building is ready and available for occupancy under state or local law, usually taken as the date when a Certificate of Occupancy is issued. It can also be the first year the project claims Housing Credits. For rehabilitation projects, this date is at the close of any 24-month period over which the expenditures are aggregated, whether or not the building is occupied during the rehabilitation period.
Pre-development Costs	Costs which are incurred in conjunction with, but prior to, the actual commencement of the project's construction, such as site option costs, site carrying charges, architectural and engineering fees, and appraisal fees.
Present Value	The value today of payments to be made or received in the future.
Preservation of Federally Assisted Housing Credit Projects	The acquisition and rehabilitation of existing federally financed multifamily housing that includes rent subsidies to very low income tenants. HUD Section 8 Housing Assistance Program and USDA Rural Housing Services projects are included in this category.
PUD	Planned Unit Development. This is a form of ownership typical of townhouse construction. Unlike a condominium, where the owner owns a percentage of the project and the area within his unit, each owner of a PUD unit owns the land under their unit and a percentage of any common area.
Qualified Allocation Plan	A Plan prepared by UHC and adopted by the State of Utah pursuant to §42 that establishes the criteria and preferences for allocating Housing Credits.

Qualified Basis	Eligible basis multiplied by the applicable fraction.
Qualified Census Tracts (QCTs)	Census tracts where 50% or more of households have incomes of less than 60% of the AMI. Projects located in qualified census tracts can increase their eligible basis by 30%. A list of qualified census tracts is published by HUD and updated every 10 years.
RD	U.S. Department of Agriculture Rural Development Service, an agency of the federal government responsible for economic and housing development in rural areas. Formerly known as the Farmer's Home Administration.
Rehabilitation	Restoration of a building to its former or improved condition, as when buildings are renovated or modernized. Rehabilitation usually does not alter a structure's basic plan or style, but may include some new construction, buildings, or additions.
Related Party	<p>(1) The brothers, sisters, spouse, ancestors, and direct descendants of a person;</p> <p>(2) A person and corporation where that person owns more than 50% in value of the outstanding stock of that corporation;</p> <p>(3) Two or more corporations that are connected through stock ownership with a common parent with stock possessing:</p> <p style="padding-left: 40px;">(i) at least 50% of the total combined voting power of all classes that can vote, or</p> <p style="padding-left: 40px;">(ii) at least 50% of the total value of shares of all classes of stock of each of the corporations, or</p> <p style="padding-left: 40px;">(iii) at least 50% of the total value of shares of all classes of stock of at least one of the other corporations, excluding in computing that voting power or value stock owned directly by the other corporation;</p> <p>(4) A grantor and fiduciary of any trust;</p>

<p>Related Party (Cont.)</p>	<p>(5) A fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;</p> <p>(6) A fiduciary of a trust and a beneficiary of that trust;</p> <p>(7) A fiduciary of a trust and a corporation where more than 50% in value of the outstanding stock is owned by or for the trust or by or for a person who is a grantor of the trust;</p> <p>(8) A person or organization and an organization that is tax-exempt under Section 501(a) of the Code and that is affiliated with or controlled by that person or the person's family members or by that organization;</p> <p>(9) A corporation and a partnership, limited liability company, or joint venture if the same persons own more than:</p> <p>(i) 50% in value of the outstanding stock of the corporation; and</p> <p>(ii) 50% of the capital interest or the profits' interest in the partnership, limited liability company, or joint venture;</p>
<p>Related Party (Cont.)</p>	<p>(10) One S corporation and another S corporation if the same persons own more than 50% in value of the outstanding stock of each corporation;</p> <p>(11) An S corporation and a C corporation, if the same persons own more than 50% in value of the outstanding stock of each corporation;</p> <p>(12) A partnership, limited liability company, or joint venture and a person or organization owning more than 50% of the capital interest or the profits' interest in that partnership, limited liability</p>

	<p>company, or joint venture; or</p> <p>(13) Two partnerships, limited liability companies, or joint ventures, or a combination thereof, where the same person or organization owns more than 50% of the capital interests or profits' interests.</p> <p>For purposes of (1) through (13) above, the constructive ownership provisions of Section 267 of the Code apply.</p>
Replacement Reserve	<p>The amount set aside at the time of initial occupancy, or each month thereafter, for the future replacement of items including, but not limited to, flooring, plumbing systems, heating systems, security systems, electrical systems, roofs, and window and door units, as approved by UHC.</p>
Reservation and Carryover Allocation Requirements	<p>The terms, conditions, obligations, and restrictions of the Housing Credit Program, together with the satisfaction of the requirements under §42(h)(1)(E) and/or §42(h)(1)(F) of the Code and Treasury Regulation Section 1.42-6.</p>
Restricted Rent	<p>The rent limitation for a dwelling unit for purposes of qualifying for Housing Credits.</p>
Set-Aside Pools	<p>Pools of applicant or project types that are given specified percentages of the Tax Credit ceiling amount:</p> <ul style="list-style-type: none"> • Project sponsored by Nonprofit Organizations. • Non-Metro areas and Small Projects • Government and Nonprofit sponsored Housing Credit Homeownership. • General pool
Scoring Criteria	<p>Criteria set forth in the Scoring Section of the QAP and the Application used by UHC to assess the degree to which a proposed project promotes the priorities determined by UHC.</p>

Soft Costs	Costs, other than acquisition and construction/rehabilitation, which are incurred while holding unimproved property or during construction. Soft costs may include such items as carrying charges (interest, real estate taxes, and ground rents), professional service and audit fees, offering plan/prospectus costs, surveys, relocation expenses, insurance, assessment, mortgage insurance premiums, inspection, recording and filing fee, not-for-profit developer's allowance, FNMA/GHMA fee, mortgage recording tax, title examination costs, and others.
SRO	Single Residential Occupancy unit. This is a very small rental unit that usually has a small kitchenette with common bathroom and shower facilities. It is generally built for households having only one person.
Subsidy	A grant made by a government or other entity to reduce the cost of housing to the occupant.
Substantial Rehabilitation	A project which has a per unit total development cost in excess of \$10,000 and replaces at least two major systems. Energy Star certification is strongly recommended.
Syndication Costs	The costs of legal, marketing and syndicator fees necessary to sell partnership interest providing Federal tax benefits through Housing Credit.
Takeout/Permanent Financing	Long-term permanent financing used to pay off a project's short-term construction loan. This term is used when a project's financing involves two lenders: the construction lender and the permanent lender. Prior to making a construction loan, a construction lender usually requires a commitment from the permanent lender to "take out" or pay off the construction lender when construction is completed.
TANF	Temporary Aid to Needy Families (replaced AFDC)

Tax Credit (Federal)	A dollar-for-dollar reduction in Federal tax liability for parties that invest in affordable housing under the Housing Credit Program.
Tax Credit Program	UHC's program for awarding, reserving and allocating Housing Credits and monitoring projects for compliance with the Housing Credit Program and §42 of the Code, as set forth in the QAP and UHC's agreements, contracts, manuals, guides and documents.
Ten Percent Test	A 10% Cost Certification must be submitted to UHC by the end of the calendar year if a Carryover allocation is made before July 1st, or within six months after the Carryover allocation if the Carryover package is submitted after June 30th of the reservation year. This Certification is verified by a CPA and shows that 10% of the projected eligible costs have been spent.
Ten-Year Previous Ownership Rule - Rehabilitation Projects	A provision of the Housing Credit regulations that states that buildings must not have changed ownership nor have been placed in service in the previous ten years in order to be eligible for the acquisition Housing Credit. Certain exceptions apply.
Threshold Requirements	The requirements that must be met by the Application deadline in order for a project to be considered for a Housing Credit reservation and allocation as set forth in the QAP.
TIC	Tenant Income Certification
Total Project Costs	The sum of all eligible, necessary and reasonable acquisition, construction/rehabilitation, and soft costs for a project, as well as working capital and reserve fund capitalization costs, where applicable. Total Project Costs excludes intermediary costs, any amounts set aside for reserves and any amounts attributed to commercial areas or other non residential areas.

<p>Transitional Housing</p>	<p>Transitional housing is affordable, service-enriched housing in which the resident receives case management and/or other types of counseling. A resident of transitional units must be referred by a Service Provider and it is the responsibility of the Service Provider to provide case management and to work with the manager/owner of the transitional unit. While there is no time limit (i.e., 2 years) the goal is to help the resident reach independence and self sufficiency as soon as possible, at which time they can move to another type of housing.</p>
<p>UECC</p>	<p>Utah Energy Conservation Coalition. Scores construction of projects according to Energy Star. Certifies other organizations who do the same thing.</p>
<p>Unrestricted Units</p>	<p>These are units in a Housing Credit project that have none of the Housing Credit Program affordability or other reporting restrictions. They are also called market rate units.</p>
<p>UA</p>	<p>Utility Allowance.</p>
<p>Very Low Income</p>	<p>Households or persons whose incomes are equal to 50% of the AMI or less.</p>
<p>Working Capital Fund</p>	<p>A fund to be used for start-up expenses incurred in the first year after completion, including but not limited to, liability insurance, fidelity bond premiums, utility hook-up deposits, maintenance equipment, movable furnishings and equipment, and other initial project-related expenses, as approved by UHC.</p>