State of Utah

2008
Federal Housing Credit Program

Allocation Plan

Approved By UHC Trustees
July 26, 2007
Approved By Governor Jon Huntsman, Jr.
August 2, 2007

1. GENERAL OVERVIEW

THE HOUSING CREDIT PROGRAM AND 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 Program, as administered by UHC for the State of Utah, is intended to provide a fair and competitive means of utilizing the Credits to the fullest extent possible each year as an effective stimulus for the creation and housing preservation of rental housing for lower income households in such a way as to further the following objectives:

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 Housing 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 achieve equitable geographic distribution of resources;

E. Promote projects that provide housing to special need populations including: larger households, elderly, physically disabled, and mentally disabled.

To achieve the objectives, the Program limits rents on the units and also limits the incomes of the tenants. (Income and rent limitations will be proposed by the Applicant in its 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 the Program 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 "Housing 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 Housing Credits outside of the Housing Credit Ceiling Amount.

To most efficiently administer the Program and to most effectively allocate the limited Housing Credits to those projects which best serve the needs of the State of Utah, UHC has developed this Qualified Allocation Plan (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 Applicant's 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 technical assistance in applying for Housing Credits, Applicants may not rely on UHC for tax advice.

UHC is also the designated administrator of the Utah Housing Credit (the “State Housing 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 Housing 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 Housing 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 accommodations.

OVERVIEW OF ALLOCATION PLAN

Section 1: General Overview sets forth the Application, allocation, processes, fees and other pertinent information regarding the Housing Credit Program.

Section 2: Housing Credit Pools and Allocation Process sets forth the set-side pools and process in which Applications are assigned to those pools and the procedures thereof.

Section 3: Scoring Process sets forth the criteria by which Applications may receive points and how to meet all threshold requirements.

Section 4: Other Affordable Housing Resources sets forth other resources such as tax-exempt bonds, State of Utah credits, and Olene Walker Housing Loan Fund (OWHLF).

Section 5. Exhibits sets forth Exhibits A-X, to help complete the Application and/or for submission along with the Application.

Section 6: Compliance Monitoring Plan sets forth the regulations and process by which UHC will monitor projects for Program compliance and associated fees.

Section 7: Glossary sets forth definitions and acronyms used in the Program.

The QAP provides an equitable and reasonable basis for the submission, review, processing, selection and subsequent follow-up of Applications within the guidelines and requirements established by the federal government.

HOUSING CREDIT PROGRAM TRAINING

A. Application and QAP Training

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

B. Housing Credit Program Training

Developers and Staff New to Program

Developers who have no prior experience with the Program are required to attend training on the major aspects and deadlines of the Program. Furthermore, staff members who have never been responsible for completing, tracking, and follow-through, or compiling packets for the Program are 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 such as untimely, inaccurate, and/or incomplete submission of documentation that need to be clarified with both the developer and his or her staff.

UHC will announce the date and time for such training.

THE APPLICATION

APPLICATION PROCESS FOR COMPETITIVE PROJECTS

UHC has developed a Microsoft Excel based integrated application (Application) for submitting and processing project information. The Application encompasses the following affordable housing resources: Federal and State Housing Credits, the Olene Walker Housing Loan Fund (OWHLF), and the Private Activity Bond Authority (PAB). Further details regarding State Housing Credits, OWHLF and PAB can be found in Section 4.

Applicants desiring a reservation of Credits must:

- Submit Applications before 5:00 P.M. (Utah Time) on or before the first business day in October.
- Comply with the format and content of this QAP and submit clear and complete number of required Applications, including all required support documentation, supplements and certificates.
- Include CD containing the Excel spreadsheet with Application.
- Email the Excel Application to Robin Kemker at rkemker@uthc.org. The file name should be the same as the project name.
- Adhere to Exhibit A, the stacking order/checklist required for Application submission.

Submission of Applications:

- Competitive Housing Credit Applications with or without OWHLF must be delivered to UHC.
- Bond projects with Housing Credit Applications must be delivered to the PAB.
- The Application will also compute the required fees for all of the above mentioned programs. The appropriate fees need to be delivered to each agency with the Application.
- Applications that are incomplete and/or not in the proper stacking order 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.

Complete Competitive Housing Credit Applications must be mailed or delivered to:

Jonathan Hanks, VP, Multi-family Finance
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 and QAP requirements, Applications will be competitively scored on the criteria outlined in the QAP.

Projects will only be allocated the amount of Housing Credits necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. The following will be considered when making this determination:

- 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 Housing Credits and the rate of return;
- 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 development and operational costs of the project;

Project owners must 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 Housing 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 an Application submitted by previous Program participants if they are not in Good Standing, which is defined as all required fees not being paid, noncompliance issues not being completed within the correction period, or a pattern of ongoing noncompliance in either allocation or compliance.

Notwithstanding anything else herein to the contrary, UHC reserves the right to reject any Application that (i) is not consistent with the goals of providing decent, safe and sanitary housing for low-income persons as set forth in UHC’s enabling legislation (see Utah Code §19-4-901) and this QAP or (ii) does not meet the requirements of §42 of the Code.

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.

DOCUMENTATION REQUIREMENTS

Applications must include all applicable documentation supporting claims made in the Application. Applications without documentation required to meet threshold requirements or documentation claims that are not sufficiently documented will be rejected. The Housing Credit Application Documentation Checklist (See Exhibit A) 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 or UHC Environmental Questionnaire (Exhibit N)
- Property tax estimate
- Memorandum of Understanding (MOU) with the housing authority, if applicable

B. Capital Needs Assessment

- All rehabilitation projects are required to provide a comprehensive Capital Needs Assessment on the project. (See Exhibit P) for details.
- Rehabilitation projects are also required to include an independent third party verification of rents charged in the form of actual checks, audited rent rolls etc., for at least one year prior to negotiations for the purchase of the project, 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). A Service Provider Letter (Exhibit Q) for each special needs category specified in the Application is required to accompany each Application.

See the Special Needs Section for further instructions and information. 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, and 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

A comprehensive market study is required to inform UHC and the developer of the need for affordable housing and the best configuration/design of a project in a certain geographic area.

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 Housing Credit Reservation or (ii) at the time the Carryover Allocation Agreement is requested. Without the statutorily required comprehensive study, the reservation of credits is null and void. Appraisers must provide (Exhibit K) with the market study.

Rehabilitation projects may submit Applications without a comprehensive market study where proposed rents do not exceed current rent levels in the project and the project is at least 75% occupied. If rents exceed 10% of current rent levels and the project is not at least 75% occupied then a comprehensive market study must be submitted with the Application. 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. However, a comprehensive market study must be provided before a Carryover Allocation Agreement will be executed by UHC for projects which are not required to submit a study with the Application.

For complete instructions on preparing the market study, (see Exhibit K).

UHC will consider any qualified provider after review of required experience documentation as specified in (Exhibit K), the Market Study Company Information section.

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.

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 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 the preparation of the Final Cost Certification.

UHC has established the limits for the purpose of determining:

- The maximum Housing Credit allocation permissible for a project (based on a project's eligible basis); and
- The minimum Housing 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 overhead 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 new construction and Rehabilitation projects, the developer fee qualifies for 9% credits. For acquisition of Rehabilitation projects, the acquisition fee qualifies for 4% credits.

B. Contractor Fee (Builder Fee)

Contractor Fee shall mean those expenses incurred by the project for construction trades administration, including all contractor overhead, 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 M). 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 Required Form 1in 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 M).

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 allowable in eligible basis. Fees shall be assessed as follows:

A. Application Fee

An 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 Housing Credit amount being requested.

Bond projects will be assessed an Application fee equal to the greater of $2,500 or 2% of the annual Housing 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 $250 per unit.

B. Reservation Fee

A fee equal to the greater of $2,500 or 3% of the annual Housing 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 $250 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 Housing Credits over that which were originally applied for will be charged the applicable Application and Reservation fees.

E. Carryover Allocation Fee(s)

Carryover Allocation Fee must accompany the carryover packet. The Carryover Allocation Fees shall be due in the amount of $1,000 with a discount of $500 if received by November 1. Extended carryover fees of $500 shall be due by January 1 for each full year thereafter that the Housing 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 $3,000 or 4 percent of the annual Housing Credit amount being requested, with a 1 percent discount if received within 90 days after the last building is placed in service or December 10, whichever is earlier. 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(s) 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

H. Subsidy Layering Review Fee

If the project requires a subsidy layering review, a fee of $500 will be charged. See the Financial Subsidy Review section for further information.

I. Annual Compliance Monitoring Fees and 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.

PROJECT AND POPULATION TARGETING

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:

- Multi-family projects;
- projects servicing the lowest income tenants;
- projects, including existing housing, in a Concerted Community Revitalization Plan area; and
- 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 succeeding Housing Needs and Priorities Section. 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 households needing three or more bedrooms;
- Transitional housing for very low income, homeless and near homeless individuals and households;
- 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 and Tenants with Special Housing Needs in scoring section.

B. Housing Priorities

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

- 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 households;

- Projects that give the residents a home ownership opportunity at some time in the future;
- Projects that incorporate unrestricted units with Housing 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 requires 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 may receive 100 preference points by rehabilitating the project to Energy Star specifications and obtaining a certification showing an Energy Star score after project completion. This is done on a best efforts basis, realizing that some rehabilitation projects may not score well enough to obtain an Energy Star designation.
- Olene Walker Housing Loan Fund (OWHLF) requires rehabilitation projects to incorporate Energy Star enhancements.

New and Rehabilitation projects must receive a plan review analysis from the Utah Energy Conservation Coalition (UECC) or other certified reviewer and be certified upon completion of construction. The Application must include the Energy Star submittal form with expected cost increases and savings. See Exhibit S for the Energy Star Submittal Form and follow-up procedures.

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

B. Submit Energy Star Certification

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

Projects that do not receive Energy Star Certification must submit a confirmation that the project was built according to the Energy Star specifications or requirements enhancements represented in the Energy Star submittal its performance test results, and the HERS score.

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

SPECIAL NEEDS UNITS

If a project incorporates Special Needs units (as described down below). The Application must include a Service Provider Letter of Understanding (see Exhibit Q) for each type of Special Needs unit specified in the Application. The letter of understanding from each service provider (or referring entity for accessible units) must show the details of what the service provider will provide the project.

A. Transitional Housing Units

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

In order to better serve the Transitional Housing population in Housing Credit projects, existing projects may exchange previously agreed upon rent and income limits according to 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

See the Compliance Monitoring Plan for procedures on obtaining qualified tenants from service providers, also all owners/managers must utilize the Affordable Housing Solutions (AHS) www.affordablehssolutions.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 must utilize a six-month lease for the initial tenancy and month-to-month thereafter to facilitate a move if rent-subsidized housing becomes available for the tenant.

B. 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 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 International Building Code (IBC), which has been adopted by the State of Utah;

- Certified using the Architect's Certification (Exhibit L (1)) signed by a licensed architect and the General Contractor's Certification (Exhibit L (2)) 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 accessible 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 accessible unit and one 3-bedroom accessible unit would be set aside.

In addition to the above-specified units, all Multi-family buildings are required to follow the 2003 IBC which is inclusive of the Fair Housing Act. For exceptions, see IBC 1107.5.4. See Exhibit R. Fair Housing Act Guidelines can be found at www.huduser.org/publications/destech/fairhousing.html.

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 submit a letter from the service provider for all other Special Needs unit set-asides including:

- Mentally Ill
- Developmentally Disabled
- Battered Family Transitional
- Migrant Worker Housing
- Assisted Living
- Persons with HIV/AIDS
- Other special needs units as negotiated with UHC

Please see further instructions in the Compliance Monitoring Plan section regarding working with the service providers for filling vacant units with each particular special needs qualified household.

THE ALLOCATION PROCESS

PROJECT SELECTION PROCESS

A. Introduction

Applications shall be selected for Housing 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 Housing Credit Amount; and
- Housing Credit Committee Review and Recommendation to Board of Trustees.

B. Project Underwriting and Threshold Requirements

Financial feasibility is critical to the long term viability of the project. Applications will be reviewed 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 2008 Applications with write protection intact will be accepted.

iii. Housing 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 99 years.

v. Project must have zoning in place that is consistent with the project's density and use at the time of Application and 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. A land appraisal will be required on acquisition and Rehabilitation projects 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.

ix. Applicants that have not included a Phase I or Phase II environmental study must complete the Environmental Questionnaire (see Exhibit N). Sites having any potentially adverse environmental or habitat issues must complete a Phase I and/or Phase II and/or habitat study before submitting an Application. If the lender and investor indicate in writing that a Phase I or Phase II study is not required, the environmental study requirement will be waived.

x. Projects must demonstrate financial feasibility within UHC established Safe Harbors (see Exhibit F). Acceptable deviations with regards to Safe Harbors are described in Exhibit F. However, the DCR, vacancy, 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 Housing Credits for acquisition and Rehabilitation must consider rehabilitation costs per unit consistent with the Rehab Threshold ranges by age as shown in Exhibit F, except as otherwise approved by UHC.

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 $15,000.

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 prior year 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 for all projects from financial sources 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 (DCR) floor. Letters of interest are also required for grants.

MAXIMUM HOUSING CREDIT ALLOCATION

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

A. Allocation of Housing Credits

i. UHC will reserve no more than approximately 20% of the state’s anticipated annual Housing Credit Ceiling Amount to any one project.

ii. Larger projects may phase projects to accommodate a greater allocation of Housing 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. Generally, UHC will make only one allocation of Housing Credits to a project. Should the State of Utah be at risk of losing Housing Credits, UHC, in its sole discretion, may allocate additional Housing Credits to a project(s) but generally not to exceed 20% of the Housing Credit Ceiling Amount. At its sole discretion, UHC may also allocate additional Housing Credits to projects at risk of failure because of rising construction costs, etc.

iv. UHC may provide a forward year Housing Credit Reservation. Such forward reservation does not ensure Housing Credit availability in the event the federal government discontinues the Housing Credit Program. The forward year reservation is subject to the rules and regulations in effect for that forward year.

v. UHC will not allocate more Housing 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 Housing Credit allocation as part of the underwriting process. UHC reserves the right to adjust the Housing Credit reservation limit at any time.

B. 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 Housing 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 Housing 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.

C. Safe Harbors

UHC will utilize the Underwriting Guidelines set forth in Exhibit F to evaluate feasibility and determine Housing Credit needs. UHC reserves the right, at its sole discretion, to consider a proposed project that may not conform to all established safe harbors.

D. Final Determination of Reservation of Housing Credits

Based on its evaluation of a project, UHC will determine the amount of Housing Credits to be reserved for each Application. A similar analysis will be completed upon Carryover Allocation of the Housing Credit amount and again, 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 Applicable Credit Percentages (ACP) in the Application.

Applicants should request the ACP from UHC for each round. Because of rising labor and material costs, UHC will attempt to allocate at a ACP higher than the underwritten rate when possible.

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

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 determined by 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 Housing Credit Reservations by UHC's Board of Trustees, 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. A hearing shall be held at which the Applicant will be invited to present in detail, the purpose for the appeal as well as relevant justification for the Housing Credit Committee to consider reversing a previous decision regarding Housing Credit Reservations. 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.

Reasonable charges may be imposed for photocopies and document production requested by the Applicant pursuant to the appeal.

AFTER RECEIVING HOUSING CREDITS

RESERVATION OF HOUSING CREDITS

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

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

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

UHC will thereafter enter into a Carryover Allocation or final allocation of Housing 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.)

Housing 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 Housing Credit Reservation or allocation. Housing Credit Reservations and allocations may not be transferred without prior written consent of UHC.

Projects receiving any additional reservation of Housing Credits will be charged the additional applicable fee.

Applicants that have received Housing 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, as allowed by §42.

PROJECT STATUS REPORTING

All proposed projects receiving a Housing Credit Reservation, including bond projects, will be required to provide Project Development Schedules in a frequency and format prescribed by UHC, outlining progress toward completion or satisfaction of requirements for Carryover or Final allocation of the Housing 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 E1-4) must be completed and delivered to UHC on or before April 1st and September 1st of each year the project is under development.

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.

LAND USE RESTRICTION AGREEMENT (LURA)

The Housing Credit federal regulations state that no credit shall be allowed with respect to any building for the taxable year unless an extended low-income housing commitment is in effect as of the end of such taxable year. This commitment is an agreement between the taxpayer and the agency responsible for the program.

A Land Use Restriction Agreement (LURA) (see Exhibit G) is to be executed by the project owner and UHC and 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 Housing Credit allocation. The LURA is to be recorded at the time the project owner obtains an ownership interest in the site and is superior to other liens.

To facilitate document preparation, the project owner will give UHC 30 days notice before the project's site acquisition closing takes place. A LURA is required for all projects, including bond projects.

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 Housing 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 Housing Credits reserved to the Applicant if the project is not placed in service by the end of the calendar year in which the Housing Credit Reservation is issued. 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 (see Exhibit H) (available from UHC) on or before November 1st of the calendar year in which a reservation of Housing Credits was issued with or without the 10% cost certification (See 10% Cost Certification Section).

Subsequent Carryover Allocations

Should a qualified project receive a subsequent reservation of Housing Credits, the above requirements will also apply, i.e. an additional Carryover Allocation and 10% Cost Certification will be required if the project is not placed in service by the end of the year in which it received the subsequent Housing Credit Reservation.

UHC may cancel Carryover Allocations and recapture the Housing Credits if material changes occur without the written consent of UHC. Material changes include, but are not limited to, ownership, management, and composition changes.

10% COST CERTIFICATION

A 10% Cost Certification (see Exhibit I) must be submitted to UHC by the end of the calendar year if a Carryover Allocation is executed before July 1st, or within six months after the Carryover Allocation if the Carryover Allocation is executed after June 30th of the reservation year. This also applies to subsequent Carryover Allocations.

Date of Carryover	**10% Cost Certification Due**
Carryover Allocation before July 1st during year of reservation.	By December 31st of that year. (May be included with Carryover Allocation package or submitted separately by December 31)
Carryover Allocation after June 30th during year of reservation.	Within six months of Carryover Allocation

A. 10% of Expected Cost Basis

Costs that may be included in the 10% of expected cost basis amount are the project owner's Adjusted Basis in land or depreciable real property that is reasonably expected to be part of the project, and direct and indirect costs of acquiring, constructing and/or rehabilitating the project.

Application and Compliance Monitoring fees are not included in the 10% of expected cost basis amount. An amount is included in basis if it is treated as paid or incurred under the method of accounting used by the project owner.

B. Certification

The Code requires UHC to verify, by obtaining a written certification from the project owner, under penalty of perjury, that the project owner has incurred more than 10% of the reasonably expected basis in the project.

The project owner 10% Cost Certification must be accompanied by a written certification from a qualified attorney or CPA certifying to UHC that the attorney or CPA has examined all eligible costs incurred with respect to the project and that, based on this examination, it is the attorney's or CPA's belief that the project owner has incurred more than 10% of its reasonably expected cost basis of the project.

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

C. Verification of Land Ownership or Lease

The Code also requires UHC to verify that the owner has incurred the 10% expected cost basis owns or leases the underlying land and building of the project.

FINAL COST CERTIFICATION & ISSUANCE OF LOW-INCOME HOUSING CREDIT ALLOCATION AND CERTIFICATION FORMS

A. Final Cost Certification

To receive an IRS Form 8609, owners are required to submit a Final Cost Certification package within 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 J.

B. IRS Forms 8609

A final allocation of Housing Credits will be made (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 last business day of the calendar year in which a qualified building is placed in service.

The maximum Housing 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 Housing Credits.

IRS Forms 8609 will be released to the project owner after receiving any outstanding fees due to UHC and inspection of completed project~~s~~ by UHC staff. The inspections are to ensure that representations made in the Application have been fulfilled. This inspection will take place within 30 days from the date UHC receives notification from the owner that the project is completed or placed in service.

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. A Subsidy Layering Review will require a payment of $500 before the review is completed.

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 (see below). 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

Applicants who receive an award of Housing Credits must erect a sign at the project site indicating that the project is funded through Utah Housing Corporation and list all the sources of funds. The sign must be a minimum size of 24 inches high and 36 inches wide, include a minimum 5 inch high UHC logo and at a minimum 72 point font. An individual sign does not need to be provided if incorporated into a larger group sign. Applicants must also include Utah Housing Corporation in any press releases/interviews as the allocator of federal and State Housing Credits, as applicable. When referring to the amount of Housing Credits allocated, the project owner should reference the gross amount the investor is paying for the Housing Credits.

2. HOUSING CREDIT POOLS AND THE ALLOCATION PROCESS

HOUSING CREDIT RESERVATION CYCLES

Competitive Housing Credit Reservations are generally issued during a scheduled reservation cycle. UHC will generally hold one competitive cycle for reservation of Housing Credits each year.

Applicants must comply with the format and content of this QAP and present to UHC a clear and complete Application, including all required supporting and supplementary documentation, on or before 5:00 P.M. (MDT) on the first business day of October. All completed Applications received by the submission deadline will be reviewed and scored.

A decision on each Application will generally be made no later than 90 days after the Application deadline. However, UHC reserves the right, at its sole discretion, to postpone the decision and notification.

Should UHC find it necessary to modify the submission deadline, it will make reasonable efforts to inform interested parties of the changes. No Applicant or related party(s) shall receive more than 20% of the Housing Credit Ceiling Amount during a tax credit year.

It is the intent of UHC to reserve all Housing Credits through the Cycle.

Notice to Applicants:

The QAP presumes that no changes will occur after its issuance. However, pronouncements changes by HUD, IRS or other entities may be made that may impact the QAP and submitted Applications. When UHC becomes aware of such an action, it will reevaluate the QAP and submitted Applications affected by such changes and determine their effect on the feasibility of the project as submitted.

HOUSING 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.

UHC may in its sole discretion, establish a cut-off point after which no further Housing Credits will be awarded in any pool.

In the event that Housing 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.

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 Housing 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 throughout 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 Annual Certification of Qualified Non-Profit Organization, (see Exhibit D). A project that is considered for Housing Credits under this 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 pool Housing Credits were allocated to the project. Any unused Housing 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 Housing 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 C), and for projects with 25 or fewer units. Any Housing Credits remaining in this set-aside following the cycle shall be reassigned to the general pool during the cycle.

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

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

D. General Pool 65%

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

PROCESS FOR SELECTING WHICH POOL A PROJECT WILL COMPETE IN FOR HOUSING CREDITS

Applications will be fully processed for threshold and scoring criteria, including an underwriting determination. All Applications will have the opportunity to compete in all of the competitive pools, as applicable, using the process that follows.

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

i. Determine which Applications meet the criteria (qualify) 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, i.e. when the Housing Credit balance is exhausted or there are no other qualified Applications.
iii. If there are excess Housing Credits, move excess Housing Credits to the General Pool.*
iv. If additional Applications remain, move to Small / Non-Metro Pool Selection, if applicable.

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

i. Determine which Applications meet the criteria (qualify) 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, i.e. when the Housing Credit balance is exhausted or there are no other qualified Applications.
iii. If there are excess Housing Credits, move excess Housing Credits to the General Pool.*
iv. If additional Applications remain, move to Nonprofit Pool Selection, if applicable.

C. Nonprofit Pool Selection (10%)

The Nonprofit Pool and Housing Credit amount is required by federal statute.

i. Determine which Applications meet the criteria (qualify) for this pool.
ii. If qualified Nonprofit Applications received are insufficient to fully utilize the pool, the excess Nonprofit Housing Credits will be carried forward to the following year or UHC may, at its sole discretion, make these Housing 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 Housing Credits from the other pools to fully fund 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, i.e. when

the Housing Credit balance is exhausted, or there are no other qualified Applications.

v. If excess applications are available, move to General Pool Selection.

D. General Pool Selection (approximately 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, i.e. when the Housing Credit balance is exhausted, or there are no other qualified Applications.

*Any unused Housing Credits from the Government and Nonprofit Homeownership Pool (if sufficient nonprofit projects were approved in other pools to meet the 10% requirement) or from the Small/Non-Metro Pool will automatically flow to the General Pool.

UHC may, in its sole discretion, establish a cut-off point after which no further Housing Credits will be awarded in any pool.

In the event that any Housing Credits remain unallocated or revert back to UHC in a manner that requires UHC to allocate the Housing Credits during the same calendar year because the Housing Credits would otherwise be forfeited to the National Pool, UHC may, at its sole discretion, utilize any of the following selection criteria set forth below.

i. Reserve any unused Housing Credits to all projects needing them using a percentage increase set by UHC.
ii. Award Housing Credits from the current year and the subsequent year to the lowest scoring project that could receive a partial award.
iii. Fully or partially fund any Forward Year Reservation of Housing Credits.
iv. Fund previously allocated projects that are at risk of returning Housing Credits due to an inability to fund a shortfall in financing due to increased costs or other unforeseen events.
v. Reserve any remaining Housing Credits at risk of loss as follows:

- first to those Applicants that competed in the most recent cycle based on 1) the ability to proceed in a timely fashion; and 2) the next highest scoring Application; and
- then to projects selected by UHC on a basis that best accommodates the goals of the Program.

Pursuant to § 42(m)(1)(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.

3. THE SCORING PROCESS

PREFERENCE SELECTION CRITERIA

The Preference Selection Criteria are A) Lower Income Targeting, B) Concerted Community Revitalization Plan (CCRP), C) Chronically Homeless

A. Lower Income Targeting weight = 300 to 1000

Maximum weighted score for this criteria is 8160

<u>Purpose</u>: To recognize efforts to develop rental housing affordable to households at lower incomes.

§42 requires projects receiving Housing Credits to set aside a minimum percent of the project's units as rent-restricted units, affordable to households at certain income levels. Points will be awarded in this category to those projects committing to limit rents to levels affordable to households with incomes below the maximum levels permitted in §42. County area median income and related rent schedules for the State of Utah are provided with the Application. These schedules generally change annually.

- ❖ **THRESHOLD:** Affordable unit income and rents must not exceed 60% AMI (Area 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 49), 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:

(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., 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 ÷ d) x e.

(g) To give greater recognition to the lower targeted rents, square the reciprocal by (1 ÷ 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) 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 AMI being served by this proposed project is the average of sums of the number of units in each rent classification (column "a") times the median income being served in that class (column "f"). This
is computed by taking the sum of all (a x f) and dividing that total by the total number of units (column "a").

<u>Example Calculation</u>:

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 maximum 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.

The total points for this category is calculated by multiplying the "Total Level of Effort" 3.82) by the weight calculated for this category (840). In this case, the score would be (3.82 x 840) x 10=320.88.

Scoring Worksheet

Income Election: 60%

(a) No. of Units	(b) Bedroom	(c) Monthly Rent Proposed	(d) Rent limit	(e) Convention (50%/60%)	(f) Serving % of Median	(g) Reciprocal Squared	(h) Units % of Total	(i) LEVEL OF EFFORT
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:	51.60%		Weight: SCORE:	840.00
				Level of Effort	3.820			3208.8

The above scoring process is performed automatically after entering data in the electronic version of the Application.

B. Concerted Community Revitalization Plan weight =100

Maximum weighted score for this criteria is 4000

<u>Purpose</u>: To recognize efforts to develop projects in areas that are:

Located in a Qualified Census Tract (QCT) the development of which contributes to a Concerted Community Revitalization Plan ("CCRP").

A CCRP 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
Weighting	X100
Maximum Concerted Community Revitalization Plan Total Score	4000

C. Chronically Homeless Projects weight =100

Maximum weighted score for this criteria is 8400

<u>Purpose</u>: To recognize efforts in the construction or Rehabilitation of projects in areas that serve the chronically homeless.

The Project must participate in the State of Utah Ten-Year Homeless Plan and will be required to serve chronically homeless people as defined by that plan or UHC. A Supportive Services Plan, 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 provide flexibility to the project, the Applicant will set rents at 60% AMI in the Application where project-based Section 8 vouchers are utilized. It is recognized 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	84
Weighting	X100
Maximum Chronically Homeless Project Score	8400

SECONDARY SELECTION CRITERIA

§42 mandates additional Secondary Selection Criteria. These criteria represent social and quality characteristics.

A. Project Location weight = 20

Maximum weighted score for this criteria is 600

<u>Purpose</u>: To recognize efforts to develop Housing Credit projects in communities that have been determined to be under-served, hard-to-develop, or rural.

Points in this category will be awarded as follows:

	Maximum Score
a) Project is located in a HUD "Difficult to Develop" area, as defined by HUD (See Exhibit B)	10
b) Project is located in a "Rural Targeted Area", (See Exhibit C)	10
c) Project is located in a "Non-Participating Area" (See Exhibit U) First LIHTC restricted Project in county* First LIHTC restricted Project in community*	 5 5
Subtotal	30
Weighting	X20
Maximum Project Location Total Score	600

* Communities and Counties which have not yet been the recipient of an allocation of Housing Credits and are targeted to increase geographic distribution of Housing Credit projects. (See List in Exhibit U)

B. Project Characteristics weight = 20

Maximum weighted score for this criteria is 980

Purpose: **To recognize efforts to develop projects that serve certain populations or provide amenities deemed important to household stability.**

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- classes that meet UHC criteria ***	2
h) Other __________________ (must be pre-approved by UHC)	1
Subtotal	9

* At least 1 covered stall per unit, unless city only permits 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 per unit charge would be 1/50th of the total.

*** Life Skills Education 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 Skills Education plan if to be developed by project owner/manager.

Life Skills Education

1. Finance - banking, loans, budgeting, shopping smart
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. Apartment living
10. Transportation - resources
11. Childcare - resources
12. Government assistance - resources
13. Health - diet, exercise

3. Other:

	Maximum Score
a) Available only to substantial rehabilitation projects that maintain or lower the targeted rents below those paid by the current tenants. 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 B)	5
Subtotal	25

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

** In general, the CRP 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 CRP and a letter from the local government supporting the proposed project and verifying that it is in such an area and consistent with the revitalization plan.

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

C. Applicant Characteristics weight = 20

Maximum weighted score for this criteria is 400

<u>Purpose</u>: To recognize previous development experience of private sector developers, Nonprofits, and quasi-government organizations applying for Housing Credits.

Points in this category will be awarded as follows:

1. **Development Experience:** Application contains evidence confirming quality, experience and capacity of Applicant to create and develop Housing Credit units. Joint ventures are acceptable for obtaining points in this category, but operating and other agreements must show that the Utah based Applicant 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 with Housing Credit experience and a minimum of three years of Utah local business licenses.	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 and management of the project (if applicable, complete the Nonprofit certification Exhibit D. *Applicant will receive points in only one of the following categories.*

	Maximum Score
a) Qualified 501(c)(3) organization	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	20
Weighting	X20
Maximum Applicant Characteristics Total Score	400

D. Tenant Populations with Special Housing Needs weight = 20

Maximum weighted score for this criteria is 820

<u>Purpose</u>: **To recognize efforts to develop projects providing specialized units or assistance for households with special needs.**

Applicant agrees to set aside, continually rent and equip unit(s) to the tenant population as represented in the Application.

The required Market Study must address the feasibility of targeting the special needs populations noted in the Application.

Supportive services required for special needs population must be evidenced by a Service Provider Letter of intent with a Nonprofit or government provider or sponsor having experience and capacity describing the services to be provided. Applicant must attach a completed Service Provider Letter (Exhibit Q) be eligible for points in targeted categories.

Points in this category will be awarded as follows:

1. **Persons with Long Term Mobility Impairments:**

Provide at least one fully accessible unit that is ADA compliant for long term mobility-impaired tenants. These units are to include accessible food preparation areas, bathrooms, bedrooms and living areas. (See Project and Population Targeting Special Needs Units Section)

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

2. **Older Americans:**

Provide units for use by Older Americans (fifty-five 55 years or older) in accordance with the federal and Utah Fair Housing laws.

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

3. Homeless or near-homeless transitional units:

Provide at least one unit at or below 25% AMI. Evidence of contractual participation by a Nonprofit or government social service provider for referral of clients is required. (See Project and Population Targeting, Special Needs Units Section)

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

4. Housing for individuals with children:

Accept households.

	Maximum Score
Projects providing housing for tenant populations of households with minor children◘	1
Subtotal	1

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

5. Housing for other special need individuals:

Provide at least one unit for the following special needs groups:

- Domestic Violence*
- HIV / AIDS*
- Developmentally Disabled*
- Mentally Ill*
- Migrant Worker

*Requires Service Provider Letter

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

Tenant Populations with Special Housing Needs Total Score:

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

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

Maximum weighted score for this criteria is 200

<u>Purpose</u>: **To recognize efforts in the placement of households 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) between the Applicant and the local PHA (see Scoring Exhibit V), indicating willingness to accept tenant applications under the applicable program and restrictions.	10
Subtotal	10
Weighting	X20
Maximum Service to Tenants of Public Housing Assistance Total	200

F. Housing Needs Characteristics weight = 20

Maximum weighted score for this criteria is 300

<u>Purpose</u>: To recognize efforts to develop mixed-income projects.

Points in this category will be awarded as follows:

Mixed Income Projects:

Project combines income/rent restricted units (Housing Credit units) with market rate units that are not income/rent restricted and/or retail/commercial.

	Maximum Score
0.5 points per 1% of project units that are not income/rent restricted up to 30% of the project	15
Subtotal	15
Weighting	X20
Maximum Housing Needs Characteristics Total	300

G. Energy Star weight = 100

Maximum weighted score for this criteria is 100

<u>Purpose</u>: **To recognize efforts for energy efficient Rehabilitation projects.**

See the Energy Star section and the Energy Star Procedures, Exhibit S in this QAP or log on to www.energystar.gov for details on Energy Star. The project must receive a plan review analysis from the Utah Energy Conservation Coalition (UECC), or certified rating organization, to be included with the Application.

	Maximum Score
Not Certified, but Energy Star Enhanced: 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 greater than 86. Units must be tested for information purposes and the review included in the Final Cost Certification.	1
Subtotal	1
Weighting	X100
Maximum Energy Star Total Score	100

Rehabilitation projects must be improved to meet and Energy Star rating. The owner must work with the rating organization to implement certain construction enhancements to obtain an Energy Star Certification. A certified rating organization's analysis for a current HERS score and plan review analysis must be submitted with the Application. UHC will require test results using Energy Star sampling requirements from the rater at the completion of the project.

4. OTHER AFFORDABLE HOUSING RESOURCES

TAX-EXEMPT BOND PROJECTS

The Private Activity Bond Authority (PAB) allocates Private Activity Bonds (tax-exempt bonds) for the acquisition and rehabilitation or the new construction of multifamily rental projects in the State of Utah. Projects financed with tax-exempt bonds must use 4% Housing Credits. UHC administers the 4% Housing Credits.

An original application with 2 copies and an electronic version must be submitted to the PAB with appropriate exhibits and supporting documentation. The PAB will forward the Housing Credit Applications to UHC. There are two fees; one for the PAB and another for the Housing Credits. Contact the PAB for their fee schedule.

UHC is the sole issuer of tax-exempt bonds for residential projects in Utah. Applicants using PAB bonds must comply with UHC issuance requirements.

The maximum amount of tax-exempt bonds awarded to a project is generally $12 million.

From the time of initial PAB approval until the closing of the bonds, Applicants must request, in writing to the PAB, an extension of the approval every three months, or at each meeting of the PAB. All requests must detail the progress of the project and the anticipated date of bond closing. Applicants must send a copy of the extension request and approval to UHC, Housing Credit Department. If an extension is denied, PAB will notify UHC.

If either the initial request for tax-exempt bonds or a request for extension is denied by the PAB, Applicants may apply again to the PAB.

A project financed with tax-exempt bonds:

i. may only 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 requirements of this QAP 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 Housing Credit Reservation;

vi. does not receive a Carryover Allocation of Housing Credits;

vii. is not under time constraints determined by UHC;

viii. does not submit a 10% Cost Certification;

ix. must sign and record a Land Use Restriction Agreement (LURA);

x. must submit a Final Cost Certification; and

xi. receives a final allocation of Housing Credits in the year the project is placed in service.

The amount of Housing 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 be considered for a Housing Credit allocation, bond project Applicants:

i. must submit an Application simultaneously with the bond Application (original and 2 copies to the PAB), including appropriate fees,

ii. must satisfy all the requirements of the QAP that are required of any other project applying for an allocation of Housing Credits under the Housing Credit Ceiling Amount, and

iii. must satisfy all requirements of §42 applicable to bond projects.

UHC will review and approve or deny Applications for bond projects during the scheduled Housing Credit cycle. As an attachment to the Application, bond projects must submit all exhibits and supporting documentation as applicable, See Exhibit A.

Further information for the PAB can be found on the Division of Community and Culture website at www.community.utah.gov/housing_and_community_development

STATE OF UTAH CREDITS

The State of Utah has authorized UHC to allocate State 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 State Credits in this QAP's Application and set aside 50% of the annual State Credits 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 State Credits and then complete the State Credit section to reduce rents.

ii. In the event the State Credits Set-aside has been exhausted, UHC may, at its sole discretion, allocate State Credits over the State Credits Set-aside to Application requests.

iii. State Credits requested to fund financing shortfalls must demonstrate a dollar–for–dollar leveraging (including developer fees) of the proceeds of State Credits with other financial resources with finance terms at or below the applicable federal rates (AFR) 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.

State Credits may also be requested outside of the normal Application process. Contact UHC for a separate State Credits Application.

* Utah Code § 59-7-607

OLENE WALKER HOUSING LOAN FUND (OWHLF)

The Application allows Applicants to combine Housing Credits and OWHLF debt financing requests in one Application.

The OWHLF offers a 1.5% to 3% fixed interest rate, and a 30 year amortization loan to Housing Credit projects. The interest rate and amount of financing available to Applicants is a function of the average income targeting of the project.

Additional funds are available for Energy Star enhancements.

The OWHLF has both State funds and Federal HOME funds available to Housing Credit Applicants.

The OWHLF is a revolving loan fund. Payments made on these loans are returned to the fund allowing it to be used again for future projects. The fund is also supported by a leveraging ratio of $11 dollars from federal and other sources for each dollar contributed by the State.

Further information on OWHLF can be found on the Division of Community and Culture website at www.community.utah.gov/housing_and_community_development

5. EXHIBITS

Exhibit A STATE OF UTAH 2008 APPLICATION

STACKING ORDER AND CHECKLIST

This completed checklist **must** accompany the standard Housing Credit Application. Please use tab dividers to separate each checklist item. Applications lacking documentation may be considered non-conforming and returned without consideration. All scoring items must be supported by third-party documentation.

Please check box if enclosed

☐ 1. An Executive Summary attached to the front of the Housing Credit Application providing a thorough overview of the project that the Applicant feels should be considered in the Housing Credit review.

☐ 2. Certified copies of the organizational documents of all the entities involved in the project (articles of incorporation, or organization and/or partnership agreements).

☐ 3. Resumes and current financial statements of the Applicant(s).

☐ 4. For Nonprofits, a copy of the Nonprofit's articles of corporation or bylaws evidencing that one of its exempt purposes is the providing of low income housing and a copy of the IRS determination letter of tax-exempt.

☐ 5. If a CHDO, provide a designation certificate or letter attesting to the designation from the State or HUD.

☐ 6. Copy of "concerted" or regular Community Revitalization Plan and letter from local government supporting and verifying that the project is an integral part of the Plan.

☐ 7. Special Needs Set-aside Units: Service Provider Letter (Exhibit Q) to service the needs of special needs tenants proposed in the Application.

☐ 8. Memorandum of Understanding from Public Housing Authority accepting housing choice voucher holders (Exhibit V).

☐ 9. Chronically Homeless Projects: Letter of Endorsement from the region Continuum of Care Coordinating Council, Supportive Services Plan outline and proposed service providers.

☐ 10. A plan review analysis from the Utah Energy Conservation Coalition (UECC) or other certified reviewer. See Exhibit S.

☐ 11. Title Report, Environmental Study or Survey (Exhibit N), evidence of site control, site location map, plat map.

☐ 12. Evidence from the appropriate governmental authority stating the property is properly zoned for the proposed project and the current status, including procedures and timetable for the project relative to conditional use permits ("CUP"), density, public meetings, etc.

☐ 13. Elevation and floor plans, if available (8 1/2 x 11).

☐ 14. Completed copy of the Project Owner of Identity Interest Certification found in the required document section of Application.

☐ 15. Letters of Interest stipulating terms (or commitment letters) from each of the proposed sources of funds, including grants and investors. Letter from OWHLF is only required for split funding in bonus areas.

☐ 16. Supporting documentation for operating subsidies, and property tax assessment estimates.

☐ 17. Current utility allowance documentation from the local Public Housing Authority, HUD, or Rural Development utility allowance or a signed statement from the local public utility companies (based on actual data and not on engineering estimates of similar units).

☐ 18. Land Appraisal, independent third party Market Study (Exhibit K), Capital Needs Assessment (Exhibit P).

19. PAB application requirements see their website at www.community.utah.gov/housing_and_community_development

20. OWHLF requires additional documentation to accept an application. These documents are available from their website at www.community.utah.gov/housing_and_community_development

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Exhibit B DIFFICULT DEVELOPMENT AREAS (DDA) & QUALIFIED CENSUS TRACTS (QCT) FOR DETERMINING THE 130% AREAS

EFFECTIVE January 1, 2007 *

HUD NON-METROPOLITAN DIFFICULT DEVELOPMENT AREAS BY COUNTY

BEAVER	RICH	PIUTE
KANE	MILLARD	WAYNE
SANPETE	SEVIER	
WASATCH	GARFIELD	

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	0018.03	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 C RURAL TARGETED AREAS

All counties are rural targeted except the following Standard Metropolitan Statistical Areas (SMSA) counties:

Cache	Summit
Davis	Tooele
Juab	Utah
Morgan	Washington
Salt Lake	Weber

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 D ANNUAL CERTIFICATION OF QUALIFIED NONPROFIT ORGANIZATION

For purposes of Internal Revenue Code (the “Code”) §42, ____________________________(the "Corporation") hereby represents and certifies to 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 will materially participate (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 E1 PROJECT DEVELOPMENT SCHEDULE – ***New Project***

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

Project Name: ______________________________

	Activity	Source of Funds	Expected Date	Completed Date
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.	**Groundbreaking**		________	________
F.	**Construction Begins**		________	________
G.	**Carryover Submission**		________	________
H.	**Occupancy Certificate**		________	________
I.	**Open House**		________	________
J.	**Lease Up**		________	________
K.	**Placed in Service**		________	________
L.	**Final Cost Certification**		________	________

Exhibit E2 PROJECT DEVELOPMENT SCHEDULE – ***Rehab Project***

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

Project Name: ____

	Activity	Source of Funds	Expected Date	Completed Date
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 Begins**		________	________
H.	**Carryover Submission**		________	________
I.	**Open House**		________	________
J.	**Final Cost Certification**		________	________

Exhibit E3 PROJECT DEVELOPMENT SCHEDULE – ***Bond Projects***

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

Project Name: ____

	Activity	Source of Funds	Expected Date	Completed Date
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.	**Groundbreaking**		________	________
F.	**Construction Begins**		________	________
G.	**Occupancy Certificate**		________	________
H.	**Open House**		________	________
I.	**Lease Up**		________	________
J.	**Placed in Service**		________	________
K.	**Final Cost Certification**		________	________

Exhibit E4 PROJECT DEVELOPMENT SCHEDULE ***Bond Projects - Rehab***

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

Project Name: ______________________________

	Activity	Source of Funds	Expected Date	Completed Date
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.	**Due Diligence/ Environmental**		________	________
D.	**Acquisition of Property**		________	________
E.	**Construction Begins**		________	________
F.	**Placed in Service**		________	________
G.	**Open House**		________	________
H.	**Final Cost Certification**		________	________

Exhibit F UNDERWRITING GUIDELINES

Applications will be underwritten with the following Safe Harbors.

<u>Financing Safe Harbors</u>

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. Provide a wavier request if exceeding 1.25:1 with an explanation of need for waiver.

[1]"Soft" debt is defined as a cash flow loan as set forth in the debt instrument. The DCR, vacancy, 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.

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.

<u>Operating Expenses</u>	Minimum
Operating Expenses:[1]	
Studio & SRO	$2,600
1 bedroom	$2,700
2 bedroom	$2,850
3 bedroom	$3,000
4 bedroom	$3,150

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

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.

Capital Replacement Reserves[1] :

Replacement Reserve Minimum per unit annually unless funded at closing:

Rehabilitation Projects	$300
Other Projects	$250

Vacancy:

The greater of 5% 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:	minimum 5%	maximum 8%
Projects with more than 25 but less than 75 units:	minimum 5%	maximum 10%
Projects with 25 or fewer units:	minimum 7%	maximum 10%

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.

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

Rehabilitation Safe Harbors

The following ranges represent required rehab underline expenditures based on the age of building(s).

Age of Building(s)	Ranges of Cost Per Unit
Pre 1940	\$30,500 - \$50,000
1940 – 1970	\$25,000 - \$35,000
1971 – 1990	\$20,000 - \$25,000

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.

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.

Exhibit G LAND USE RESTRICTION AGREEMENT (LURA) INSTRUCTIONS

A Land Use Restriction Agreement (LURA) is to be executed by the project owner and UHC and is to 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 between the Applicant and UHC as inducements for the Housing Credit allocation.

The LURA is to be recorded at the time the sponsor or project owner obtains an ownership interest in the site and is to be superior to all other liens.

The project owner will give UHC 30 days notice before the site/project acquisition takes place to facilitate document preparation. A LURA is required for all projects, including tax-exempt bond projects. Upon receipt of this notice, UHC will send a LURA information packet to the project owner.

In order to accurately complete the drafting of the LURA for your project, the following information is required:

- Project Information
- Legal Owner Information
- Federal Tax Identification Number of Owner Entity (attach copy)
- Organization Documents of Owner Entity (attach copy)
- Certification of Good Standing of Owner Entity (attach copy)
- Legal Description of Site (attach copy)
- Site Interest
- Utah State Housing Credits, if applicable
- HUD Insured, if applicable
- Building Numbers and Street Addresses

Exhibit H 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. §42 provides additional information and certification requirements with respect to Carryover Allocations. Upon request, a Carryover Allocation package will be provided by UHC via email.

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

☐Project Information for Carryover	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, trust deed to owner with closing statements	Include any interim third party seller and other related party sellers, as applicable.
☐Evidence of project ownership entity	Limited Partnership, LLC, etc.
☐Federal Tax Identification Number of new entity	Attach copy.
☐Carryover Allocation Fee	$1000 with a discount of $500 if received by November 1st. Include check with submission.
☐Certification of Qualified Nonprofit Organization	If applicable. Form attached.
☐All required outstanding documents	Market Study, Capital Needs Assessment, Environmental Phase I or II, etc.

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

Exhibit I 10% COST CERTIFICATION

A 10% Cost Certification must be submitted to UHC by the last business day of the year if a Carryover Allocation is executed before July 1st, or within six months after execution of the Carryover Allocation Agreement, if executed after June 30th of the reservation year. Upon request, 10% Cost Certification documents for the project will be provided by UHC via email.

A. Certification of 10% Cost Report

This Excel spreadsheet needs to be submitted showing the costs. The costs that may be included in the 10% of expected basis amount are the project owner's adjusted basis in land or depreciable real property that is reasonably expected to be part of the project, including direct and indirect costs of acquiring, constructing and rehabilitating the project. Application and Compliance Monitoring fees are not included in the 10% of expected cost basis amount. An amount is included in basis if it is treated as paid or incurred under the method of accounting used by the project owner. Please consult your CPA or attorney for further clarification.

B. CPA Certification

A 10% Cost Certification must be accompanied by a written certification from a qualified attorney or CPA certifying to UHC that the attorney or CPA has examined all eligible costs incurred with respect to the project and that, based on this examination, it is the attorney's or CPA's belief that the project owner has incurred at least 10% of its reasonably expected basis of the project.

C. Owner Certification

The Code requires UHC to obtain a written certification from the project owner, under penalty of perjury, that the project owner has incurred at least 10% of the reasonably expected basis in the project.

Exhibit J FINAL COST CERTIFICATION INSTRUCTIONS

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

Upon request, Final Cost Certification documents for the project will be provided by UHC via email. Please submit two complete copies (one original and one copy) as well as the Excel spreadsheets via email.

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 the cover 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 must be submitted in addition to emailing the completed to rkemker@uthc.org.
- **PC fnlcrt.doc** – This document contains all of the project owner certifications. You may change signature blocks by unprotecting the documents (Tools/protection/unprotect).

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 must 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

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 could result in the forfeiture of the project's Credit Reservation.

Exhibit K MARKET STUDY INSTRUCTIONS AND COMPANY INFORMATION

1. Market Study Checklist and Certification Of Independence

- Fill out the Checklist on the following page with page numbers from the report that cover each item.

- Sign the bottom of the Checklist to certify that the Market Study was performed independently and without influence by the Applicant.

2. Market Study Summary

- Complete a narrative summary for each checklist item. This summary should come after the Checklist and precede the main body of the Market Study.

3. Market Study Company Information

New analysts (if not submitted in the last 3 years) must submit the following information.

- Analyst's name, address, telephone, fax, primary contact and email.

- Description of services provided and percent of time in each service areas.

- Statement of experience. Include specifics for all project experience, including name of project, location, number of units, type of units (households, elderly, other special needs), financing subsidies in project (rental assistance, Housing Credits, other public agency financing), and dates of completion.

- Copy of license as an appraiser in the State of Utah.

- List of references with addresses and telephone numbers from financial institutions, government agencies and developers.

MARKET STUDY CHECKLIST
AND
CERTIFICATION OF INDEPENDENCE

Project: ________________________________Developer/Sponsor: ____________________________

Provide a summary for each of the following items to be included at the beginning of each section and indicate the page(s) in the market study that address the item:

		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.	Show 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 objective conclusions and recommendations for making the project more marketable and attractive. ______

17. State how many studies the analyst has done in this market? ______

18. List 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: ____

Exhibit L(1) 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 comply with these requirements.

I hereby certify that ________(#) fully accessible residential unit(s) have 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 regulations. 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 L(2) 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 CERTIFICATION].

Dated:__________________

GENERAL CONTRACTOR FOR PROJECT:

By:___________________________
(signature)

Print Name:__________________________

Title:__________________________

Exhibit M GENERAL REQUIREMENTS GUIDELINES

To assist Applicants in properly categorizing costs, thereby avoiding re-categorizing by UHC when determining compliance with Contractor Fee, Developer Fee, and General Requirement limitations, 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; and
- 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 are not 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 N 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 Applicant. If the Applicant is not the current owner of the subject property (the "Property"), then the questions must be jointly answered by the current owner. If the Property is not wholly residential, then the questions must 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 in the past?	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, pesticides, paints, or other chemicals stored on or used at the Property or the facility?	Yes No Unknown	Yes No Unknown	Yes No Unknown
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

Question	**Applicant**	**Owner** (if not applicant)	**Occupant** (if applicable)
If other than no, explain.			
8. 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.			
9. 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.			
10. 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.			
11. 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.			
12. 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.			
13. Does the owner or occupant of the Property have any knowledge of environ-mental 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.			

Question	Applicant	Owner (if not applicant)	Occupant (if applicable)
14. Has the owner or occupant of the Property been informed of the past or current existence of hazardous substances or environ-mental 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.			
15. 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.			
16. 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.			
17. 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.			
18. 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.			
19. 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
If other than no, explain.			

Question	**Applicant**	**Owner** (if not applicant)	**Occupant** (if applicable)
20. 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 Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
21. Are there any data, reports or information indicating the presence of radon in the facility?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
22. Is there any lead pipe used for conveying culinary water in the facility?	Yes No Unknown	Yes No Unknown	Yes No Unknown
If other than no, explain.			
23. Are there currently, or have there been previously, any pits, rivers, streams, creeks, lakes, lagoons, ponds, pools, marshes, sloughs, wetlands or areas of standing water on the Property?	Yes No Unknown	Yes No Unknown	Yes No 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: ____________________________________

Date: ____________________________________

Exhibit O 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 Required Form 1in 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

By:_________________________________ Date _________________

Name:______________________________

Title:_______________________________

Exhibit P CAPITAL NEEDS ASSESSMENT REQUIREMENTS

Applicants for Housing Credit on acquisition/rehabilitation projects must submit as a threshold item a Physical Condition Assessment (PCA) Capital Needs Assessment (CNA) and replacement reserves analysis. The PCA/CNA must have been performed within six months of the submission date of the Application.

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. Applicants must inspect 100% of the units before purchase. Certification will be required.

The PCA/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. Provide 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 be twenty-two (22) years.

3. The report shall identify any physical deficiencies note from:
   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 project, an upgrade to current standards or that will 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 PCA/CNA report, in addition to the four major components stated on the previous page, at a minimum shall include the following checklist sub-components:

- ☐Project Summary Sheet;
- ☐Executive Summary (discussion of the physical condition of the property and any major repair/rehab items observed);
- ☐An index;
- ☐Introduction of the Report;
- ☐Building Evaluation (property identification-survey, legal description of property);
- ☐Site Improvement evaluation/analysis (utilities, parking, paving, sidewalks, sewer and drainage, landscaping, trash enclosures/compactors and general site improvements);
- ☐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;
- ☐Building Mechanical and Electrical Systems Evaluation (building HVAC, plumbing, electrical, elevators, fire protection/security systems);
- ☐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);
- ☐Evaluation/Analysis of Other Structures;
- ☐Environmental Evaluation;
- ☐Estimated Useful Life Analysis (computation of Repairs and Replacement Reserves);
- ☐Basis for identifying any item for repair or replacement;
- ☐Unit cost breakdown for multiple items (i.e. stoves, refrigerators, cabinets, bathroom fixtures, etc);
- ☐Acknowledgements (who prepared report, when report was prepared, who received report, and when report was reviewed);
- ☐Appendices (photographs, site plans, maps, title report, etc.);
- ☐Identification of any observed hazards, flammable or explosive facilities/operations in the immediate area of the project; and
- ☐State whether the project is located in a Flood Plain.

An individual representing the firm 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. Demonstrate 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 PCA/CNA report submitted to UHC and final results.

Exhibit Q SERVICE PROVIDER LETTER OF UNDERSTANDING

[Service Provider Letterhead]

[Date]

Jonathan Hanks
V.P. Multi-Family Finance
Utah Housing Corporation
2479 S. Lake Park Boulevard
West Valley City, UT 84120

RE: [Project Name]
[Project City]
[Name of Ownership Entity]

Dear Mr. Hanks:

This letter is in support of the ______[Project Name]_____________ affordable housing project, located at _____[Project Address]___________ in ____[Project City]___, Utah. _____[Service Provider Name]_______ understands that this project will target ____[set-aside type]____ in need of affordable housing, through the IRS Section 42 Low-Income Housing Tax Credit Program.

____[Service Provider Name]____ supports the set-aside of __[# units]__ at __[AMI Percentage]__ for ___[set-aside type]___, and will make referrals to place eligible households into these units.

We look forward to working with the project owner on this project.

Sincerely,

[Name of Authorized Official]
[Title]
[Service Provider Name]

Exhibit R 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.

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.

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.

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.

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.

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.

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.

For further information about the Fair Housing Accessibility Guidelines, call or visit their website:
www.hud.gov/offices/fheo/disabilities/fhefhag.cfm

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 S ENERGY STAR PROCEDURES

When applying for Housing Credits:

1. All New construction **must be** ENERGY STAR Certified;
2. Rehabilitation projects may receive 100 Housing Credit points for ENERGY STAR enhancements; and
3. Rehabilitation projects must be ENERGY STAR certified when using OWHLF funds unless a waiver is granted from the Division of Housing and Community Development (DHCD).

Both new and rehabilitation projects must obtain an independent Home Energy Rating System (HERS) score 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 rater to develop a strategy that achieves the highest, cost effective final score.

The HERS rater will provide 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 an ENERGY STAR certification yet properly install <u>all</u> cost effective energy upgrades during rehabilitation. Once project development is complete, Applicants must submit the initial certificate showing the preliminary score from the HERS rater 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.

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 raters generally charge $250-300 per multifamily unit rating. For projects within the Rocky Mountain Power (formally Utah Power and Light) or Questar service area, the HERS rater can help prepare special rebate documentation for submittal to Rocky Mountain Power and Questar, and help the Applicant work with the utility representative.

As of June 1, 2007, The EPA is still developing a category for rating “apartments” through the ENERGY STAR 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 can 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).

[1] . For a list of independent HERS raters, please contact Lisa Yoder (801-538-8636) or Mike Glenn (801-538-8666) at the Utah Division of Housing and Community Development.

ENERGY STAR focuses on a housing unit's energy efficiency. Solar and other renewable features are independent of the ENERGY STAR rating. Developers choosing to include renewable energy features over and beyond ENERGY STAR can request funding from UHC and DHCD for the additional upgrade costs.

For any energy efficient units (with or without any renewable features), the utility allowances can be based upon the utility usage and costs estimated by a certified and independent HERS rater or independent professional energy providers (for buildings exceeding three stories). After rehabilitation or construction, the allowance can be based upon actual utility charges from the previous year.

Projects may be eligible for federal and state 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. Notify project architect that the proposed building's drawings and specifications must be ENERGY STAR certified.

Step 2. Work with the utility company to submit a pre-application to the utility for possible rebates (this must be submitted to the utility companies prior to construction).

Step 3. Developer contacts the HERS rater. The HERS rater can complete ratings or train and certify HERS raters. For the new units, a HERS 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 rater prepares an improvement analysis based upon cost effective measures and then estimates incremental costs to be added for each measure.

Step 5. The developer includes the upgrades in the overall and proposed project budget and request for funding. At the time of Application, the developer also submits the initial HERS score contained on a HERS rater'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 HERS rater samples the units and conducts tests and inspection to confirm the ENERGY STAR score.

Step 9. The developer submits the final ENERGY Star certificate to UHC and DHCD.

Step 10. The developer applies for the utility rebates if the project is located within the Rocky Mountain Power or Questar service area. The utility rebate which average over $250+ per unit helps offset the cost of the rating. The utility rebate applies to structures of 6 units of more and that are separately metered. Structures with 5 or fewer units may qualify for higher rebates.

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

Step 1. Notify project architect that the proposed building's drawings and specifications must be ENERGY STAR certified.

Step 2. Work with the utility company to submit a pre-application to the utility for possible rebates (this must be submitted to the utility company prior to construction).

Step 3. Generally, new multifamily units that are centrally heated and cooled and that are 4 stories or taller are processed on-line 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 developer includes the upgrades in the overall and proposed project budget and request for funding. At the time of Application, 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 architect completes interim inspections of the construction site to ensure that contractors are meeting ENERGY STAR specifications.

Step 7. 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 8. The developer submits the final ENERGY STAR certificate to UHC and DHCD.

Step 9. The developer applies for the utility rebates if the project is located within the Rocky Mountain Power or Questar 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 rater. For existing units, the HERS 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 developer works with the utility company to submit a pre-application to the utility 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 can estimate costs to be added to the rehab project for each measure.

Step 4. The developer includes the upgrades into the overall and proposed project budget and request for funding. At the time of Application, 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 HERS 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 HERS rater conducts tests and does an inspection to confirm the ENERGY STAR score.

Step 8. The developer submits the ENERGY STAR certificate to UHC and DHCD.

Step 9. The developer applies for the utility rebates if the project is located within the Rocky Mountain Power or Questar service area. The utility rebate which averages over $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.

Energy Star Submittal Form

One form can be submitted for all similar units. For assistance or questions regarding this form, contact Robin Kemker at 801-902-8246 at UHC or Mike Glenn at 801-538-8666 at the Utah Division of Housing and Community Development.

Check one:
____ this project is new construction
____ this project is a rehabilitation project
____ # of stories (please contact UHC/DHCD for buildings greater than 3 stories)
____ # of units covered by this form

Name of project: ____

Name of owner/applicant: ____

Owner/applicant's address and ZIP code: ____

Address for Energy Star rated property (if different from above):

____

Owner/applicant contact name and phone number: ___________________________________

Name of certified rater (attach a copy of the rater's printout): _____________________________________

Date of rating: ____________

Energy Star criteria: ________ Initial score ________ Final score

Energy Efficiency Measure (Enter items from Energy Star Analysis schedule)	Base cost of a standard unit	Incremental cost to achieve Energy Star for this unit
Less RMP rebate		
Less federal and state tax credits		
Totals costs:	$	$

UHC and DHCD use only:
Date Received: _________ $_________ Eligible costs approved per unit

Approved by: _________________________(UHC/DHCD official) Date ____________

Exhibit T HOUSING CREDIT PROJECT REAL ESTATE TAXATION AND PROJECT OWNER REQUIREMENTS

The Utah Housing Corporation sponsored a bill in the legislature in 2003 to standardize the process by which an assessor arrives at the assessed value of a Housing Credit project. House Bill 87 was passed by the Legislature and enacted by Chapter 113, 2003 General Session. The bill emphasized the use of the income approach to valuation and also characterized the low-income housing tax credits as “intangible” property, thus not subject to valuation in the assessment process.

Certain administrative rules were required to standardize the process whereby assessors would obtain the information necessary to make their valuation. Failure to provide this information allows the assessors to use whatever information they have available.

The Utah Administrative Code (R884-24P-67), requires certain information for the valuation of Housing Credit pursuant to Utah Code Ann. Sections 59-2-102 and 59-2-301.3.

County Assessors must receive this information by March 1 of each year. The owner of a Housing Credit project must provide the county assessor of the county in which the project is located the following project information for the prior year:

a) Parcel Identification Number or County Assessment Notice;
b) Project owner’s contact information with project name, address, and telephone number;
c) Detailed operating statement (audited statements preferred);
d) rent rolls for each month; and
e) federal and commercial financing terms and agreements.

The county assessor will require a 3-year history of the above information if not previously provided.

The county assessor will assess and list the property described in this rule using the best information obtainable, if the property owner fails to provide the information required as described above.

Exhibit U NON-PARTICIPATING AREAS

COUNTIES:

Daggett	Rich
Morgan	Wayne
Piute	

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

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

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

Exhibit V 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 Housing Credits through Utah Housing Corporation for the construction or renovation of the 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 Project management reserve the right, from time-to-time, to alter, amend or change, without notice 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 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:__________________________	By:_______________________
Its:__________________________	Its:_______________________
Date:________________________	Date:_____________________

.

Exhibit W SUMMARY OF CRITICAL DATES FOR COMPETITIVE PROJECTS

Event or Action	Timing or Due Date
Application ………………………..................	First Business Day of October
Application Fee…………………………. …..	With Application
Awards Notification………………………….	Approx. 2 Months from (Application Cycle)
Reservation Agreement……..……………..	Mid-January
Reservation Fee………………………………	With Reservation Agreement
Land Use Restriction Agreement (LURA)…	30 days before site/project acquisition
Project Development Schedules……………	April 1 and September 1 of each year the project is under development.
Carryover Allocation.……………………	On or before November 1 of the year in which a Reservation Agreement was issued with or without 10% Cost Certification
Carryover Fee………………………………	With Carryover Allocation
Extended Carryover Fee……………………	January 1 for each year thereafter that the credit reservation is still active.
10% Cost Certification …………………….	By December 31 if Carryover is dated before July 1. Within 6 months if Carryover is dated after June 30.
Final Cost Certification……………………..	90 days after last building in project receives its Certificate of Occupancy or December 1 of the current year, whichever is earlier.
Annual Income/Rent Limits………...	Distributed by UHC, typically in February or March

Exhibit X SUMMARY OF CRITICAL DATES FOR BOND PROJECTS

Event or Action	Timing or Due Date
Application ………………................	Visit Private Activity Bond Review Board Website at http://community.utah.gov/housing_and_community_development/PAB/meeting_schedule.html
Application Fee……………………..	With Application
Awards Notification…………………	Approx. 2 Months from (Application Cycle)
Award Letter……….………………..	Mid-January
Land Use Restriction Agreement (LURA)…	30 days before site/project acquisition
Project Development Schedules……	April 1 and September 1 of each year the project is under development.
Final Cost Certification…………….	90 days after last building in project receives its Certificate of Occupancy or December 1 of the current year, whichever is earlier.
Annual Income/Rent Limits…...	Distributed by UHC, typically in February or March

6. 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 including Move-in/Move-out dates, Affordable or Market, Resident Name, and Rent Concessions given for each unit for the year.

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 see Compliance Manual for further information);

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 this 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, (see HUD handbook 4350.3 for policies and procedures to determine income, occupancy, etc.) and not in accordance with the determination of gross income for federal income tax liability. See the Compliance Manual for a copy of 24 CFR 813.106 HUD Definition of Annual Income, which is required to be used for determining income levels under §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 §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 §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 §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 §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 §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 §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 §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 §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 §42(h)(6) was in effect.

B. Review Requirements

UHC will review the certifications submitted for compliance with the requirements of §42. UHC will also inspect at least 33% 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 will 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 §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.

INSPECTION REQUIREMENTS

An owner shall permit, and UHC shall have the right to perform, an on-site inspection of any building 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, project owners will receive notification advising them of what records will be required by the compliance auditors. 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 (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 § 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 a limited time, but only if the owner demonstrates to UHC reasonable efforts to bringing the project back into compliance within the specified time frame.

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 six years from the end of the calendar year in which UHC receives the certifications and records.

SPECIAL NEEDS SET-ASIDE COMPLIANCE POLICY

Owner 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).

See Compliance Manual for the Special Needs Vacant Unit Notification to notify UHC of attempts made to obtain referrals from Service Providers. Owners/managers are required to obtain Service Providers Letters so that the referral process will be more successful.

A. Non-Accessible Special Needs Units (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 Compliance Manual for a Case Management Lease Addendum sample.

1. Owners/managers have four weeks to fill a transitional unit that becomes available.

    i. The manager must contact the 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 a new Service Provider.

    iii. At that time, the manager will complete the Special Needs Vacant Unit Notification form in the Compliance Manual to notify UHC that the unit has not been filled by the first Service Provider.

    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, owner/manager must call UHC to discuss the next step.

    v. Once the unit is filled with a qualified tenant the Special Needs Vacant Unit Notification 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) 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. Fully Accessible Units for Long-Term Mobility-Impaired Tenants

1. These accessible 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; and

   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 household 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 notification to UHC of any delay in acquiring a qualified tenant; and

   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.

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

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. 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 Housing Credits were allocated. 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.

See (1) below:

1st year audit:

$1,000 plus $20 per LIHTC unit
≥25 Units $500 plus $20 per LIHTC unit
≤10 Units no charge

See (2) below:

2nd and Subsequent years:

≥11 Units $20 per LIHTC unit annually
≤10 Units no charge

Year Cost Certified	Annual Payment Begins
2004	2008
2005	2009

(1) First Year compliance audit fees will be collected with the Final Cost Certification fees.

(2) Annual Compliance Fees are due February 1 of each year.

Projects will be charged additional inspection fees when:

i. an expanded file inspection per the inspection procedures is required because of a trend of violations or,

ii. additional units are inspected because of a trend of 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 requiring inspection because of violations of the requirements of the Code.	$10 per file $15 per unit

	2. Issuance of a Notice to Owner of Non-compliance (anticipating the issuance of an IRS Form 8823)	$150
	3. Issuance of IRS Form 8823 Each IRS Form Issued	$150 plus $25 per form
	4. Follow-up inspections subsequent to non-compliance	$150
	5. Following year inspection of files and/or units (required when an IRS Form 8823 is issued)	$25 per unit
	UHC will add travel and per diem charges as appropriate to the above fees.	

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.

UHC has implemented a schedule of periodic on-site physical 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 drive-by 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. prior to issuance of 8609 Forms.

ii. annual drive-by project inspection.

iii. initial first year of operation site inspection and 100% file review.

iv. 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.

Any project receiving an IRS Form 8823 reportable violation is required to provide its manager with professional independent §42 training within 90 days of the issue date of IRS Form 8823. The project owner must also provide proof that the training has been completed within 30 days of following the training. Attendance at a UHC sponsored professional training that will satisfy this requirement.

MANAGEMENT, MAINTENANCE AND SECURITY PERSONNEL UNITS

A. Requesting New or Changed Personnel Unit

The owner may request permission to set-aside a unit(s) for the use by 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 but less than 40 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.); and
- 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 owner's request.
- remain rent restricted under the terms of the LURA and the unit will come from the highest AMI tier of the appropriate size/type.
- be an unrestricted market rate unit, unless the project is 100% affordable.

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

B. Security Units and Police Substations

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

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

MISCELLANEOUS ITEMS

A. Certifications of Owner

The following compliance forms are located in the Compliance Manual and 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 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 must 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 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 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 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 Housing Credit Compliance 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.

For procedure information, see the Compliance Manual, 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.

D. Capital Needs Assessment

To assist UHC in compliance monitoring and maintaining the integrity of Housing Credit projects, UHC will require project owners to submit Capital Needs Assessments every seven years, unless required more frequently by the investor or lender.

E. Compliance Training

Protect your Housing Credits. It is mandatory that managers and owners of projects attend Housing Credit compliance training from a §42 professional trainer, or attend a UHC sponsored training session, if offered. New property managers and owners must obtain professional compliance training and proof of such training must be provided to UHC within 30 days following the training.

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

Project owners must comply with local health and safety codes with regard to the maximum number of occupants per unit.

7. GLOSSARY

ADA	American with 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 or who may have other physical impairments.
Adjusted Basis	Eligible Basis and land cost for determining if the 50% bond test has been met.
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 and maintenance personnel units.
Annual Credit Amount	Qualified Basis multiplied by the Applicable Credit Percentage.
Applicable Credit Percentage (ACP)	The U.S. Treasury publishes the exact rates monthly. (9% and 4%) multiplying the Qualified Basis by this percentage produces the maximum annual Housing Credits for a building. The rate applied to a building may be determined as follows: 1. The month the building is placed in service; 2. The owner elects use the Applicable Credit Percentage the month a carryover agreement is entered into with UHC; 3. For a section §42 tax exempt bond project a notarized election statement is submitted to UHC by the 5th day of the month following the issuance of the bonds.
Applicable Fraction	The lesser of the following two ratios: 1. Percentage of qualified low-income units compared to the total units within the project; 2. Percentage of qualified square footage compared to the total square footage within a project.
Applicant	Applicant means the party that submits an Application to UHC for a Credit Reservation, including its successors in interest as approved by UHC.
Application	Application means the Housing 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 published every year for metropolitan and county areas. The AMI is adjusted for household 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 20%/50% or 40%/60%, which ever is applicable. See Minimum Set-Aside Election.

BIN	Building Identification Number assigned by UHC.
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.
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.
Carryover Allocation	In the code, this is known as a "binding agreement." 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. The owner may also elect to lock the Applicable Credit Percentage in this agreement.
Certificate 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).
Code	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.
Common Areas	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.
Compliance Period	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.

Community Revitalization Plan (CRP)	A CRP seeks to create communities of opportunity in neighborhoods by stimulating the reinvestment of human and economic capital and economically empowering low-income residents. A CRP also seeks to create partnerships among federal and local governments, and neighborhood residents.
Concerted Community Revitalization Plan (CCRP)	A CCRP 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: 1. economic development, including economic related initiatives; or 2. commercial/retail development, including infrastructure and community facility improvement.
Cost Certification	An accounting of actual project-related costs, verified by a CPA.
Credit Ceiling	Annual amount of federal Housing Credits received by Utah and allocated according to the QAP.
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 an allocation of those Housing 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 OWHLF, 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.
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%. DDA's are updated and published annually by HUD and are published herein as Exhibit B.
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	A project that conforms to the Fair Housing Act, as amended, and: 1. In which all housing units are intended for and solely occupied by residents who are 62 or older; 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 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).
Eligible Basis	Development expenditures that are eligible for obtaining Housing Credits.
Energy Star	Energy Star qualified construction incorporates: 1. Tight construction (reduced air infiltration) 2. Tight ducts 3. Improved insulation 4. High performance windows 5. Energy efficient heating & cooling equipment The Utah Energy Conservation Coalition (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. See website www.energystar.gov.
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 Period	The period of years (commencing after the close of the compliance period) that an Applicant committed to in the Application to: 1. maintain the low-income housing units and other to receive allocation criteria points; 2. to comply with all the terms and conditions of the LURA; and 3. as well as the requirements of §42 of the Code and the Housing Credit Program.
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.
Firm Commitment	A lender's irrevocable agreement to loan a specific sum of money to an owner 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.
GRAMA	Utah Government Records Access and Management Act.
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.
HOME	HOME Funds. HOME investment partnership is a federal housing program administered by HUD and granted to states. Home Funds provides loans at below market interest rates to assist Housing Credit projects achieve below market rents. Please note that projects utilizing HOME funds must have 40% of their units at or below 50% AMI.
HOPWA	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.

HUD	The U.S. 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.
Homeless	1. An individual who lacks a fixed, regular, and adequate nighttime residence; or 2. An individual who has a primary nighttime residence that is; • a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); • 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.
Housing Credit	A dollar-for-dollar reduction in federal tax liability for parties that invest in affordable housing under the Housing Credit Program.
Housing Credit Ceiling Amount	Annual amount of federal Housing Credits received by Utah and allocated according to the QAP.
Housing Credit Program	UHC's program for awarding, reserving and allocating Housing Credits and monitoring projects for compliance with Housing Credit Program and §42 of the Code, as set forth in the QAP, and UHC's agreements, contracts, manuals, guides, and other documents.
Housing Unit	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.
HAP Contract	The HAP Contract is an agreement between the PHA and the owner of a unit occupied by an assisted household. The HAP Contract provides sufficient operating subsidies.
IRS	Internal Revenue Service. The federal agency having jurisdiction over the Program, as mandated by Congress.
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; and etc.

Investor Member	An investor who is admitted into the ownership of a project through an Operating Agreement, typically acquiring the interest without becoming involved in the daily management of the project. Its main role is to invest in the project through a purchase of Housing Credits.
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. The agreement is a restrictive covenant that runs with the land. Except under limited situations, all other liens are subordinate to the LURA.
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.
Limited Liability Company	A company formed with limited liability in accordance with Utah state laws.
Limited Operating Agreement	Document that defines and governs the business relationship between the member of a limited liability company.
Low Income	Households or persons whose incomes are 60% or below of the AMI.
Minimum Set-aside Election	To participate in the Program, the project must dedicate (set aside) at least 1. 20% of the project units at 50% or less AMI rents, or 2. 40% of the project units at 60% or less AMI rents. Housing Credit units in excess of the minimum election are also limited to the applicable election limit.
Moderate Income	Households or persons whose incomes are from 60% to 80% of the AMI.
National Pool	The unused Housing Credit of a state for any calendar year is assigned to the IRS for inclusion in a national pool of unused Housing Credits (National Pool) that is reallocated among qualified states the succeeding calendar year.
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.
OWHLF	Olene Walker Housing Loan Fund – provides financial assistance for the acquisition, construction, or rehabilitation of affordable rental housing.
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 for more information
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 Credit Units.
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.
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. 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. For a building that will be rehabilitated, the PIS it is the date the building was acquired, with respect to Housing Credits for acquisition costs and it is a date selected by the project owner for rehabilitation costs pursuant to §42.

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.
Qualified Allocation Plan (QAP)	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 Tract (QCT)	Census tracts where 50% or more of households have incomes of less than 60% of the AMI. Projects located in a QCT can increase their eligible basis by 30%. A list of qualified census tracts is published by HUD and updated every 2 years and is included herein in Exhibit B
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 an 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	1. The brothers, sisters, spouse, ancestors, and direct descendants of a person; 2. A person and corporation where that person owns more than 50% in value of the outstanding stock of that corporation; 3. Two or more corporations that are connected through stock ownership with a common parent with stock possessing: i. at least 50% of the total combined voting power of all classes that can vote, or ii. at least 50% of the total value of shares of all classes of stock of each of the corporations, or 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; 4. A grantor and fiduciary of any trust;

Related Party (Cont.)	5. A fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts; 6. A fiduciary of a trust and a beneficiary of that trust; 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; 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; 9. A corporation, partnership, limited liability company, or joint venture if the same persons own more than: i. 50% in value of the outstanding stock of the corporation; and ii. 50% of the capital interest or the profits' interest in the partnership, limited liability company, or joint venture; 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; 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; 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 company, or joint venture; or 13. Two partnerships, limited liability companies, or joint ventures, or a combination thereof, where the same person or organization owns more then 50% of the capital interests or profits' interests. For purposes of 1 through 13 above, the constructive ownership provisions of Section 267 of the Code apply.
Replacement Reserve	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.
Restricted Rent	The rent limitation for a dwelling unit for purposes of qualifying for Housing Credits.
SMSA	Standard Metropolitan Statistical Areas is defined into three metropolitan statistical Areas: • Metropolitan Statistical Area (MSA) is a city of at least fifty thousand people with a surrounding rural population • Primary Metropolitan Statistical Area (PMSA) is an area of more than a million people with internal and social links • Consolidates Metropolitan Statistical Areas (CMSA) is two or more PMSA's that are geographically linked
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.
Set-Aside Pools	Pools of applicant or project types that are given specified percentages of the Credit Ceiling amount.
Scoring Criteria	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 and the Code.
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.
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 $15,000 and replaces at least two major systems.

Syndication Costs	The costs of legal, marketing and syndicator fees necessary to sell partnership interest providing federal tax benefits through the purchase of Housing Credits.
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.
10% Cost Certification	A 10% Cost Certification must be submitted to UHC by the end of the calendar year if a Carryover Allocation is executed before July 1st, or within six months after the Carryover Allocation if the Carryover Allocation is executed after June 30th of the reservation year. This Certification is verified by a CPA and shows that 10% of the projected eligible costs (land and depreciable costs) have been spent.
Tax Exempt Bond	Congress established government bonds that could be used for private activities, these activities include mortgages, student loans, and industrial loans. States may issue these bonds to foster economic and housing development. Interest paid to owners of these bonds is exempt from federal and in some cases state income taxes. They are authorized under Section 103 of the Internal Revenue Code.
Ten-Year Homeless Plan	A plan adopted by the State if Utah with the goal of providing access to safe, decent, and affordable housing with the needed resources and support for self-sufficiency and well being for every person.
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 in the Application for a project to be considered for a Housing Credit reservation and allocation as set forth in the QAP.
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.

Transitional Housing	Transitional housing is affordable, service-enriched housing in which the resident receives optional 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 on how long the resident can stay in the unit the goal is to help the resident reach independence and self sufficiency as soon as possible (2 years max), at which time they can move to another type of housing.
UECC	Utah Energy Conservation Coalition. Scores construction of projects according to Energy Star and certifies other organizations who do the same thing.
Unrestricted Units	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.
Very Low Income	Households or persons whose incomes are equal to 50% of the AMI or less.