WEST VIRGINIA HOUSING DEVELOPMENT FUND
LOW-INCOME HOUSING TAX CREDIT PROGRAM
2013 AND 2014 ALLOCATION PLAN

COMPLETE REGULATIONS FOR THE LOW-INCOME HOUSING TAX CREDIT HAVE NOT BEEN ISSUED; THEREFORE, ALL PROGRAM MATERIALS FOR THE WEST VIRGINIA HOUSING DEVELOPMENT FUND'S LOW-INCOME HOUSING TAX CREDIT PROGRAM ARE SUBJECT TO CHANGE.

WEST VIRGINIA HOUSING DEVELOPMENT FUND
LOW-INCOME HOUSING TAX CREDIT PROGRAM

2013 AND 2014 ALLOCATION PLAN

TABLE OF CONTENTS

WEST VIRGINIA HOUSING DEVELOPMENT FUND
LOW-INCOME HOUSING TAX CREDIT PROGRAM

2013 AND 2014 ALLOCATION PLAN

TABLE OF CONTENTS (CONTINUED)

WEST VIRGINIA HOUSING DEVELOPMENT FUND
LOW-INCOME HOUSING TAX CREDIT PROGRAM

2013 AND 2014 ALLOCATION PLAN

TABLE OF CONTENTS (CONTINUED)

WEST VIRGINIA HOUSING DEVELOPMENT FUND
LOW-INCOME HOUSING TAX CREDIT PROGRAM

2013 AND 2014 ALLOCATION PLAN

TABLE OF CONTENTS (CONTINUED)

WEST VIRGINIA HOUSING DEVELOPMENT FUND
LOW-INCOME HOUSING TAX CREDIT PROGRAM

2013 AND 2014 ALLOCATION PLAN

TABLE OF CONTENTS (CONTINUED)

WEST VIRGINIA HOUSING DEVELOPMENT FUND
LOW-INCOME HOUSING TAX CREDIT PROGRAM

2013 AND 2014 ALLOCATION PLAN

TABLE OF CONTENTS (CONTINUED)

WEST VIRGINIA HOUSING DEVELOPMENT FUND
LOW-INCOME HOUSING TAX CREDIT PROGRAM

2013 AND 2014 ALLOCATION PLAN

TABLE OF CONTENTS (CONTINUED)

INTRODUCTION

The Low-Income Housing Tax Credit Program is authorized by and operated under Section 42 of the Internal Revenue Code (the "Code"). Under Subsection 42(m), allocating agencies are required to develop and adopt a "qualified allocation plan" pursuant to which properties will be selected for allocations of low-income housing tax credits. The West Virginia Housing Development Fund ("WVHDF"), as the allocating agency for the State of West Virginia ("State"), is responsible for administering the Low-Income Housing Tax Credit Program and for developing and adopting the qualified allocation plan (the "Plan") for the State. The Governor must approve the Plan after the Plan has been subjected to public comment through public hearing.

Note: The word "property" is generally used in the Plan as "project" is used in the Code.

According to Subsection 42(m)(1)(A) of the Code, the housing credit dollar amount with respect to any building shall be zero unless:

- such amount was allocated pursuant to a qualified allocation plan of the allocating agency, which is approved by the governmental unit of which the allocating agency is a part,

- the allocating agency notifies the chief executive officer of the local jurisdiction within which the building is located and provides that individual a reasonable opportunity to comment on the property,

- a comprehensive market study of the housing needs of low-income individuals in the area to be served by the property is conducted before the credit allocation is made and at the developer's expense by a disinterested party who is approved by the allocating agency, and

- a written explanation is available to the general public for any allocation of a housing credit dollar amount that is not made in accordance with established priorities and selection criteria of the allocating agency.

A "qualified allocation plan" is defined in Subsection 42(m)(1)(B) of the Code as a plan which:

1. sets forth selection criteria to be used to determine housing priorities of the allocating agency that are appropriate to local conditions. The selection criteria that Subsection 42(m)(1)(C) of the Code requires to be included in the Plan are as follows:

a. property location,

b. housing needs characteristics,

c. property characteristics, including whether the property includes the use of existing housing as part of a community revitalization plan,

d. sponsor characteristics,

e. tenant populations with special housing needs,

f. public housing waiting lists,

g. tenant populations of individuals with children,

h. properties intended for eventual tenant ownership,

i. energy efficiency of the property, and

j. the historic nature of the property;

2. gives preference in allocating housing credit dollar amounts among selected properties to:

   a. properties serving the lowest income tenants,

   b. properties obligated to serve qualified tenants for the longest periods, and

   c. properties which are located in qualified census tracts (as defined in Subsection 42(d)(5)(C) of the Code) and the development of which contributes to a concerted community revitalization plan; and

3. provides a procedure that the allocating agency (or an agent or other private contractor of such agency) will follow in monitoring for noncompliance with the provisions of Section 42 of the Code, in notifying the Internal Revenue Service of such noncompliance to the extent that the allocating agency becomes aware of such matters of noncompliance, and in monitoring for noncompliance with habitability standards through regular site visits.

The provisions and requirements of the allocating agency's qualified allocation plan must be satisfied by any property requesting any portion of the state's housing credit ceiling. Also, any tax-exempt bond financed property which does not require credit allocations from the state housing credit ceiling must satisfy the provisions and requirements of the qualified allocation plan.

This Plan contains certain specific exclusions for tax-exempt bond financed properties which do not require credit allocations from the State Housing Credit Ceiling. Such exclusions may involve specific selection or preference criteria and other administrative criteria that are not mandated by Section 42 of the Code.

In addition, the WVHDF may, at its discretion, waive particular selection or preference criteria that are not mandated by Section 42 of the Code for an individual property. This waiver will only apply to the property for which such waiver was granted. On a case-by-case basis, the Executive Director may solicit the WVHDF Board of Directors' approval of a waiver.

In the event a waiver is granted, a written explanation will be available to the general public with respect to any allocation of a housing credit dollar amount that is not made in accordance with the established priorities and selection criteria contained in this Plan.

PUBLIC HEARING AND GOVERNOR'S APPROVAL

In accordance with Subsection 42(m)(1)(A)(i) of the Code, the required public hearing was held on February 15, 2013, and the Plan was approved by the Governor of the State on April 3, 2013.

NOTIFICATION AND PERIOD OF COMMENT FOR LOCAL JURISDICTION

Prior to allocating any low-income housing tax credit and in accordance with Subsection 42(m)(1)(A)(ii) of the Code, the WVHDF will notify the chief executive officer or the equivalent of the local jurisdiction within which the buildings in the property are or will be located and will provide that government official 60 days, beginning on the day the notification is dated, to provide comments. The WVHDF welcomes all comments from the local jurisdiction. However, the WVHDF is an equal opportunity housing provider, and therefore, will not consider any comments which object to the property development in violation of the Fair Housing Act or any other applicable federal or state law.

In the event an applicant submits its initial application on or after October 31, the WVHDF may provide the chief executive officer of the local jurisdiction with a period of time to comment that is less than 60 days. Any such shorter time period will be reasonable, taking into consideration the time constraints within which the WVHDF is required to make any resulting allocations by the end of the calendar year.

If a response is not received within the specified time period, the WVHDF will continue processing the application.

PROGRAM PARTICIPANTS ELIGIBILITY REQUIREMENTS

The WVHDF will not select or allocate low-income housing tax credits to any property whose developer and/or ownership entity includes any individual or entity which:

- is a convicted felon;
- appears on the U.S. Department of Housing and Urban Development's ("HUD's") Excluded Parties List; or
- has issues of non-compliance that have been reported to the Internal Revenue Service ("IRS") as continuing to be unresolved after the end of the correction period, **and** continue to be unresolved at the time any such proposed property is under consideration.

Any individual who is part of the ownership entity that serves as the general partner, individually or as a co-owner must have a credit score (Experian) in excess of 620. Note: A credit report will not be required for the principals, officers, and board members of non-profit organizations.

The following persons must complete and sign a Program Participants Eligibility Requirements Certification (WVHDF Form LIHTCP-G) and include any and all required attachments (e.g. attachments regarding LIHTCP compliance in states other than West Virginia) verifying the eligibility items listed above:

- Any person who owns any interest in a **for-profit developer;**
- Any person who owns any interest in a **for-profit general partner;**
- The Executive Director, Deputy Director, President, and Vice-President (or comparable officers) for a **non-profit developer**; and
- The Executive Director, Deputy Director, President, and Vice-President (or comparable officers) for a **non-profit general partner.**

Any person who owns any interest in a **for-profit general partner** must complete and sign a Credit Check Authorization and Release Form (WVHDF Form LIHTCP-I) in order for the WVHDF to request and obtain a copy of each such person's credit report:

Note: Any reference to **general partner** in this section or any other section of the Plan also includes **managing member and member owners** for limited liability companies.

Any material misrepresentations or failure to disclose with regard to any of the above-listed eligibility requirements are grounds for rejection of an application <u>and</u> possible prohibition against future applications.

<u>Note</u>: In accordance with the current Tax Credit Manual, the ownership entity must be in existence and qualified to do business in the State of West Virginia, as evidenced by the Secretary of State's office at the time it submits a Carryover Allocation Request.

<u>SUMMARY OF SELECTION AND PREFERENCE CRITERIA</u>

In order to comply with Subsections 42(m)(1)(B) and (C) of the Code, the WVHDF has developed a point system to be used in making the property selections for allocations of low-income housing tax credits. Selection and Preference Criteria have been established to provide the framework for the point system. In some of the criteria, more specific characteristics have also been established. An assignment of the total points available for each selection or preference criterion and each specific characteristic is detailed in the Selection and Preference Criteria section of this Plan. A summary of the selection or preference criteria and the total points available is provided below:

{Remainder of page left intentionally blank.}

Category of Selection and Preference Criteria	Total Points Available
Property Characteristics and Set-Aside Categories	50
Ability to Produce a Qualified Low-Income Residential Rental Property	250
Property Location and Housing Needs Characteristics	240
Sponsor Characteristics	10
Tenant Populations with Special Housing Needs Or Tenant Populations of Individuals with Children	25
Persons on a Public Housing Waiting List	25
Properties Committed to Eventual Tenant Ownership	15
Historic Nature of the Property	20
Preference for Properties Serving the Lowest Income Tenants	50
Preference for Properties Obligated to Serving Qualified Tenants for the Longest Periods of Time	150
Preference for Community Revitalization Properties Located in Qualified Census Tracts	40
Quality of Housing (Including Energy Efficiency)	180
TOTAL POINTS AVAILABLE	1055

The WVHDF has set a minimum threshold of 500 Selection and Preference Criteria points that must be met by a proposed property in order for such property to be considered any further for Low-Income Housing Tax Credit Program eligibility.

SELECTION AND PREFERENCE CRITERIA

Property Characteristics and Set-Aside Categories (Maximum Points Available: 50)

The WVHDF has determined that Set-Aside Categories should be established to direct the allocation of housing credit dollar amounts to properties possessing certain features or characteristics.

In order for a proposed property to be considered any further for Low-Income Housing Tax Credit Program selection and eligibility, the property must satisfy the property characteristics and features for one of the six Set-Aside Categories, as identified and described below.

The Set-Aside Categories, a description of the features or characteristics for each category, the type and size of property, the number of points available, and the percentage of the State's Housing Credit Ceiling that is set aside for each category is provided below:

Set-Aside Category and Description of the Features and Characteristics of the Category	Type and Size of Property	Points Available	Percentage of the State's Housing Credit Ceiling
1. **Qualified Non-Profit:** Category for the exclusive use of a Qualified Non-Profit Organization.	New & ≤ 50 New & > 50 Rehab & ≤ 50 Rehab & > 50 A&R & ≤ 50 A&R & > 50	50 40 30 20 10 0	10.0%
2. **Rural Development Preservation:** Category for the exclusive use for the preservation of existing Rural Development low-income residential rental units previously financed, guaranteed, or subsidized (property-based) through any Rural Development finance, guarantee, or subsidy (property-based) program.	Rehab & ≤ 50 Rehab & > 50 A&R & ≤ 50 A&R & > 50	30 20 10 0	20.0%
3. **Rural Development New Construction:** Category for the exclusive use for a newly constructed property financed, guaranteed, or subsidized (property-based) through any Rural Development finance, guarantee, or subsidy (property-based) program to produce newly constructed low-income residential rental units.	New & ≤ 50 New & > 50	50 40	15.0%
4. **HUD Preservation or New Construction (Includes HOPE VI):** Category for the exclusive use for either new construction or preservation of existing HUD low-income residential rental units financed, guaranteed, or subsidized (property-based) through any HUD finance, guarantee, or subsidy (property-based) program.	New & ≤ 50 New & > 50 Rehab & ≤ 50 Rehab & > 50 A&R & ≤ 50 A&R & > 50	50 40 30 20 10 0	25.0%
5. **New Supply Small:** Category for the exclusive use of either a newly constructed property, a substantial rehabilitation property, or an acquisition with substantial rehabilitation property, all of which must result in a direct increase of the stock of low-income residential rental units. <u>Properties in this category will not have more than 50 residential rental units.</u>	New & ≤ 50 Rehab & ≤ 50 A&R & ≤ 50	50 30 10	25.0%
6. **Top Off:** Category for the exclusive use of a 2011 and/or 2012 (or 2012 and/or 2013) Carryover Allocation Certificate recipient for additional credit.	New & ≤ 50 New & > 50 Rehab & ≤ 50 Rehab & > 50 A&R & ≤ 50 A&R & > 50	50 40 30 20 10 0	5.0%

For "Type and Size of Property" the following definitions apply:

New = Newly Constructed;
Rehab = Substantial Rehabilitation;
A & R = Acquisition and Substantial Rehabilitation;
≤ 50 = Less than or equal to 50 residential rental units; and
> 50 = More than 50 residential rental units.

In addition, for substantial rehabilitation properties or acquisition and substantial rehabilitation properties, an additional 10 points will be awarded if any such property includes the use of **existing housing** that is a **clearly** and **specifically stated** part of a community revitalization plan that has been approved by the appropriate governing body of the local jurisdiction within which such "community" is located. "Clearly and specifically stated" means the existing housing must be located in specified boundaries within the community <u>and</u> the rehabilitation of such housing fulfills the specified goals of the plan **OR** the existing housing is specifically named in the plan <u>and</u> the rehabilitation of such housing fulfills the specified goals of the plan.

In order to qualify for the Qualified Non-Profit Set-Aside Category, the non-profit entity must:

- be either a 501(c)(3) or 501(c)(4) organization;

- be exempt from taxes under Subsection 501(a) of the Internal Revenue Code (A copy of the IRS determination letter declaring exempt status for the non-profit entity must accompany such non-profit entity's request, together with a certificate from an authorized officer of the non-profit entity stating that he or she knows of nothing that would adversely affect such determination.);

- include in its exempt purposes, the fostering of low-income housing (A copy of the non-profit entity's Articles of Incorporation must accompany such non-profit entity's request.);

- own an interest in the property (directly or through a partnership (as a general partner; owning more than 10% of the general partnership interest));

- materially participate (as defined in the passive loss rules, Code Subsection 469(h)) in the development and operation of the property throughout the compliance period on a regular, continuous and substantial basis;

- not be affiliated with or controlled by a for-profit organization;

- have been in existence for at least five years and have at least three years of housing experience (as a developer of residential housing, or as an owner of residential rental housing, or any combination of both encompassing a 36-month period in the aggregate) – evidenced by a resume of such experience, including beginning and ending dates; and

- provide support services that are appropriate for the residents of the proposed property.

A "qualified corporation" as is defined in Subsection 42(h)(5)(D)(ii) of the Code does not qualify for the Qualified Non-Profit Set-Aside Category under this Plan.

Each property can compete for housing credit dollar amounts from only one Set-Aside Category, provided that the proposed property's characteristics or features satisfy those specified for one of the six Set-Aside Categories. On page 3 of WVHDF Form 1040, the box in front of the applicant-selected Set-Aside Category must be marked with an "X". Also be sure to include the number of units, and the type of property (New Construction, Substantial Rehabilitation, or Acquisition and Substantial Rehabilitation).

The Qualified Non-Profit Set-Aside Category will remain in effect for requests received on or before the end of the calendar year, in accordance with Section 42 of the Code.

The remaining Set-Aside Categories, described in 2, 3, 4, 5, and 6 above, will remain in effect for requests received on or before the last day of the respective application periods listed in the Program Calendar (Exhibit G of the current Tax Credit Manual). After such requests have been reviewed for acceptability, scored, and ranked, any unallocated housing credit dollar amounts in these categories, if any, will be pooled together.

<u>Ability to Produce a Qualified Low-Income Residential Rental Property</u>
<u>(Total Maximum Points Available: 250)</u>

The WVHDF has established minimum standards that must be satisfied prior to the submission of an acceptable request for tax credits. These minimum standards are related to the key components of the development process. Satisfaction of these minimum standards will be verified by the WVHDF based upon a review of the necessary documentation which must accompany the applicant's request in order for such request to be deemed acceptable by the WVHDF. An example of the necessary documentation for the first key component, Site Control, includes a recorded deed, option, or purchase contract **in the ownership entity's name for the subject property.**

Points will be awarded to properties that have progressed beyond the minimum standards and achieved certain milestones in the development process. The key components, minimum standards and milestones of development are described below.

1. Site Control (Maximum Points Available: 0)

   Minimum Standard: The owner must have established site control in the form of a recorded deed, an option, or a purchase contract **in the ownership entity's name for the subject property.**

   Note: The WVHDF believes that the location of the site is so integral to the acceptance and scoring of a property that the WVHDF will not consider a site change once a property's Reservation Request has been submitted, unless the purpose of the site change is to provide replacement housing in the event of a federally declared disaster.

2. Permanent Financing (Maximum Points Available: 25)

   _25__ points will be awarded to a property with either written conditional permanent financing commitments or letters of intent from **all** intended sources of permanent financing, including developer-provided financing (deferred Developer's Fee) for all amounts of such permanent financing.

   - In order to be awarded points for a written conditional permanent financing commitment, such commitment must be signed by the permanent financing source, identify the property, and include the estimated loan amount, interest rate, and loan and amortization terms.

   - In order to be awarded points for a letter of intent, such letter must be signed by the permanent financing source, identify the property, and include the amount of permanent financing sought (this may be presented in a "not to exceed" amount), the anticipated interest rate (this may be presented in a "not to exceed" rate) and loan and amortization terms for the funding sought, the anticipated date of the permanent financing decision, and a statement that the property is, or will be, considered for funding.

   Permanent financing commitments or letters of intent from one lender, when the intent is to actually utilize permanent financing from another lender are not acceptable for the purposes of awarding these points.

   For properties which are assuming a Rural Development or HUD insured mortgage, a letter from Rural Development or HUD which acknowledges the intent of the applicant to submit a transfer package for the transfer of the physical assets and mortgage loan assumption will be considered sufficient for the awarding of points under this criterion with respect to that particular source of permanent financing. A Rural Development-provided or HUD-provided summary of the estimated mortgage amount (e.g. for Rural Development an M1XI screen print) must also be included.

In addition, if part of such property's financing structure includes a Rural Development or HUD subsequent rehabilitation loan, an acknowledgement letter (specifying the estimated loan amount) from Rural Development or HUD which states that the applicant has submitted an application for such funds to the appropriate governmental agency (Rural Development or HUD) for approval of such rehabilitation loan and that the applicable agency has those funds available, will be considered sufficient for the awarding of points under this criterion with respect to that particular source of permanent financing.

3. Syndication of Investment Interests and Tax Credits
(Maximum Points Available: 100)

_100_ points will be awarded to a property which has a fully-executed partnership/operating agreement with an equity provider.

OR

_50_ points will be awarded to a property which has a fully-executed written firm commitment equity agreement with the syndicator/equity provider, which includes, at a minimum:

- the annual credit amount,
- the total equity contribution,
- the pay-in schedule,
- a definitive statement that the partnership/operating agreement will be available for execution once credits have been awarded and all written permanent financing commitments for all sources of permanent financing commitments are in place, and
- a definitive statement that the syndicator/equity provider has the capacity and the committed property-specific investors to honor the written firm commitment equity agreement.

OR

_25_ points will be awarded to a property which has a fully-executed letter of intent/interest with a syndicator/equity provider, which includes, at a minimum:

- the annual credit amount,
- the total equity contribution,

- the pay-in schedule, and
- a definitive statement that the syndicator/equity provider has the capacity and the committed property-specific investors to honor the letter of intent/interest.

4. Developer Experience in the Low-Income Housing Tax Credit Program (Maximum Points Available: 15)

    _15_ points will be awarded to a property where the developer or **any** co-developer meeting the requirement below (not on a combined basis) has participated in six or more Low-Income Housing Tax Credit Program properties, regardless of the state in which such properties are located, that have been placed in service and received the final Allocation Certifications (IRS Forms 8609) for all of the buildings and credit types associated with each such property from the applicable allocating agency. <u>Requirement for receiving points for a co-developer's experience</u>: To be awarded the points available for a co-developer's experience, each co-developer entity must have equal percentages of work and equal percentages of compensation (e.g. two co-developers – each co-developer does 50% of the work and receives 50% of the compensation, four co-developers – each co-developer does 25% of the work and receives 25% of the compensation, etc.).

    A copy of the final (signed by an authorized official of the appropriate allocating agency) Allocation Certifications (one per each prior property) will be considered sufficient evidence for such property to receive the points available, as outlined above.

5. Ownership Entity's Principal's Proximity to Property Site Location (Maximum Points Available: 30)

    _5_ points will be awarded to a property where the ownership entity's principal's (general partner) principal place of business is located within 180 miles of the property's site location, or

    _10_ points will be awarded to a property where the ownership entity's principal's (general partner) principal place of business is located within 150 miles of the property's site location, or

    _15_ points will be awarded to a property where the ownership entity's principal's (general partner) principal place of business is located within 120 miles of the property's site location, or

__20___ points will be awarded to a property where the ownership entity's principal's (general partner) principal place of business is located within 90 miles of the property's site location, or

__25___ points will be awarded to a property where the ownership entity's principal's (general partner) principal place of business is located within 60 miles of the property's site location, or

__30___ points will be awarded to a property where the ownership entity's principal's (general partner) principal place of business is located within 30 miles of the property's site location.

The ownership entity's principal's (general partner) principal place of business is considered the physical location to which such persons report to work more than 50% of the time. For properties that involve co-general partners (for limited partnerships), or co-managing members (for limited liability companies), generally points will be awarded on a weighted-average basis, based on the total mileage calculated when adding the product of the percentage of ownership and the mileage for each co-general partner or co-managing member. For example, if a co-general partner owns 50% of the general partnership and that co-general partner's principal place of business is located 200 miles from the property's site location; and the other co-general partner also owns 50% of the general partnership and that co-general partner's principal place of business is located 6 miles from the property's site location, 15 points would be awarded based upon the weighted average of 103 miles (50% X 200 miles, plus 50% X 6 miles). **However, if one co-general partner owns 51% or more of the general partnership interests, the mileage from that co-general partner to the property can be used if that results in a shorter proximity to the property site location.**

6. Developer's and General Partner's Timely
Delivery of Units (Maximum Points Available: 20)

A property will be awarded __2 or 1__ points for each Low-Income Housing Tax Credit Program property where:

- the principals of the developer and/or the general partner have placed all of the buildings in any such property in service within 18 months of the end of the calendar year in which each such property received its Carryover Allocation Certificates, regardless of the state in which any such property is located; and/or

- the principals of the developer and/or the general partner of any tax-exempt bond financed property which did not require a credit allocation from the

State Housing Credit Ceiling, and therefore was not issued a Carryover Allocation Certificate, have placed all of the buildings in any such property in service within 18 months of the end of the calendar year in which each such property received its Subsection 42(m) letter issued by the applicable allocating agency, regardless of the state in which any such property is located.

Two points will be awarded to properties where **both** the developer and general partner have timely delivered as set forth above. One point will be awarded to properties where **either** the developer/co-developer or the general partner/co-general partner has timely delivered as set forth above.

Note: a maximum of ten properties will be considered under this criterion.

The principals of the developer and the ownership entity must submit a list of all such properties for each state. The form and content of such property list is prescribed by the WVHDF, and may be found on the WVHDF website (www.wvhdf.com) or by contacting the WVHDF at 1-800-933-9843.

7. General Partner Portfolio Occupancy Rate (Maximum Points Available: 25)

   A property will be awarded __25__ points if the general partner's (and underlying principal's) portfolio of completed (has been placed in service for a year or more before the measurement date provided below) Low-Income Housing Tax Credit Program properties was 95% or more **occupied** as of the respective measurement dates listed in the Program Calendar (Exhibit G of the current Tax Credit Manual).

8. Participation in the Most Recent WVHDF Application Workshop (Maximum Points Available: 35)

   A property will be awarded __25__ points if **all** of the principals of the developer of such property attended **all** days of the most recent WVHDF training on the Low-Income Housing Tax Credit Program "Application Workshop", as evidenced by Certificates of Attendance for each principal.

   OR

   A property will be awarded __15__ points if **one** of the principals of the developer of such property attended **all** days of the most recent WVHDF training on the Low-Income Housing Tax Credit Program "Application Workshop", as evidenced by Certificates of Attendance for such principal.

‘Principal’ is defined as any person who owns any interest in a for-profit developer. For a non-profit developer a ‘principal’ is defined as the Executive Director, Deputy Director, President, and Vice-President (or comparable officers) of the non-profit developer.

IN ADDITION

A property will be awarded __5__ points for each **employee on the payroll of the developer (who is predominantly employed in development – property management staff do not qualify although it may be beneficial for them to attend)** who attended **all** days of the most recent WVHDF training on the Low-Income Housing Tax Credit Program “Application Workshop” as evidenced by Certificates of Attendance for each employee. A maximum of 10 points are available under this criterion.

Important notes regarding the Allocation Workshop:

- First-time developers are strongly encouraged to attend the Allocation Workshop.
- Even though the WVHDF only awards points for the principals of the developer and up to two employees to attend the Application Workshop, it is very beneficial and the WVHDF strongly encourages any and all employees of the developer who are involved in the application process to attend the Application Workshop.

Property Location and Housing Needs Characteristics
(Total Maximum Points Available: 240)

Points will be awarded to properties based upon the property location in relation to the following housing needs characteristics:

- Fiscal Year 2013 Median Family Incomes;
- Low-Income Housing Tax Credit Program Unit Production as a Percentage of 2010 Census Renter-Occupied Housing Units;
- 2000 Census - Renter-Occupied Housing Units Lacking Complete Plumbing;
- Low-Income Housing Tax Credit Program New Unit Production (1990 to 2012) as a Percentage of the Estimated 1990 Renter-Occupied Units Substandard and Not Suitable for Rehabilitation; and

- 2013 Low-Income Housing Tax Credit Program IRS Rent Restriction for a Two-Bedroom Unit as a Percentage of the 2012 Average Monthly Wage.

Exhibit A (Property Location, Housing Needs Characteristics, and Point Awards) to the Plan contains the Statewide and county statistics for each housing need characteristic described above and each county's point award for each characteristic and in total. The housing needs characteristics and basis for awarding points utilizing such characteristics are provided below.

1. Fiscal Year 2013 Median Family Incomes (Maximum Points Available: 50)

   Sources: Fiscal Year 2013 HUD Multifamily Tax Subsidy Income Limits, and

   Fiscal Year 2013 HUD Median Family Incomes for States, Metropolitan and Nonmetropolitan Portions of States.

   Properties will be awarded points on the following basis:

Points Awarded	For a Property Located in a County or in an Area Where that County's or Area's Fiscal Year 2013 Median Family Income is Included in or Falls Between
5	$76,821 and $82,000
10	$71,641 and $76,820
15	$66,461 and $71,640
20	$61,281 and $66,460
25	$56,101 and $61,280
30	$50,921 and $56,100
35	$45,741 and $50,920
40	$40,561 and $45,740
45	$35,381 and $40,560
50	$30,200 and $35,380

{Remainder of page left intentionally blank.}

2. Low-Income Housing Tax Credit Program Unit Production as a Percentage of the 2010 Census Renter-Occupied Housing Units (Maximum Points Available: 60)

Sources: Low-Income Housing Tax Credit Program Production Summary for 1987 through 2012, and

2010 Census of Population and Housing, Renter-Occupied Housing Units for the State and Counties.

Properties will be awarded points on the following basis:

Points Awarded	For a Property Located in a County Where that County's Low-Income Housing Tax Credit Program Unit Production as a Percentage of the 2010 Census Renter-Occupied Housing Units is Included in or Falls Between
5	12.54% and 13.67%
10	11.40% and 12.53%
15	10.26% and 11.39%
20	9.12% and 10.25%
25	7.98% and 9.11%
30	6.84% and 7.97%
35	5.70% and 6.83%
40	4.56% and 5.69%
45	3.42% and 4.55%
50	2.28% and 3.41%
55	1.14% and 2.27%
60	0.00% and 1.13%

{Remainder of page left intentionally blank.}

3. 2000 Census Report – Renter-Occupied Housing Units
Lacking Complete Plumbing (Maximum Points Available: 20)

Source: 2000 Census of Population and Housing, Renter-Occupied Housing Units for the State and Counties.

Properties will be awarded points on the following basis:

Points Awarded	For a Property Located in a County Where that County's 2000 Census Percentage of Renter-Occupied Housing Units Lacking Complete Plumbing is Included in or Falls Between
2	0.00% and 0.80%
4	0.81% and 1.60%
6	1.61% and 2.40%
8	2.41% and 3.20%
10	3.21% and 4.00%
12	4.01% and 4.80%
14	4.81% and 5.60%
16	5.61% and 6.40%
18	6.41% and 7.20%
20	7.21% and 8.05%

{Remainder of page left intentionally blank.}

4. Low-Income Housing Tax Credit Program New Unit Production (1990 to 2012) as a Percentage of the Estimated 1990 Renter-Occupied Units Substandard and Not Suitable for Rehabilitation (Maximum Points Available: 40)

   Sources: HUD, Office of Community Planning and Development, Comprehensive Housing Affordability Strategy (CHAS) Market and Inventory Conditions for the State and Counties, and

   Low-Income Housing Tax Credit Program Production Summary for 1990 through 2012.

   Properties will be awarded points on the following basis:

Points Awarded	For a Property Located in a County Where that County's Low-Income Housing Tax Credit Program New Unit Production (1990 to 2012) as a Percentage of the Estimated 1990 Renter-Occupied Units Substandard and Not Suitable for Rehabilitation is Included in or Falls Between
5	124.12% and 141.84%
10	106.39% and 124.11%
15	88.66% and 106.38%
20	70.93% and 88.65%
25	53.20% and 70.92%
30	35.47% and 53.19%
35	17.74% and 35.46%
40	0.00% and 17.73%

{Remainder of page left intentionally blank.}

5. 2013 Low-Income Housing Tax Credit Program IRS Rent Restriction for a Two-Bedroom Unit as a Percentage of the 2012 Average Monthly Wage (Maximum Points Available: 40)

   Sources: Low-Income Housing Tax Credit Program 2013 IRS Rent Restrictions (Based Upon 60% Income Limits, not utilizing Housing and Economic Recovery Act Special Income Limits) for the State and Counties, and

   U. S. Department of Labor, Bureau of Labor Statistics, Employment and Wages by County in West Virginia, First Quarter, 2012

   Properties will be awarded points on the following basis:

Points Awarded	For a Property Located in a County Where that County's 2013 Low-Income Housing Tax Credit Program IRS Rent Restriction for a Two-Bedroom Unit as a Percentage of the 2012 Average Monthly Wage is Included in or Falls Between
5	13.51% and 17.16%
10	17.17% and 20.81%
15	20.82% and 24.46%
20	24.47% and 28.11%
25	28.12% and 31.76%
30	31.77% and 35.41%
35	35.42% and 39.06%
40	39.07% and 42.71%

6. A letter, submitted with the application, addressed to the WVHDF and signed by the chief executive officer of the locality in which the proposed development is to be located, without qualification or limitation, supporting the allocation of federal housing tax credits requested by (name of applicant) for the (name of development). (30 points)

{Remainder of page left intentionally blank.}

Sponsor Characteristics (Total Maximum Points Available: 10)

For each of the following items that are applicable to a property, points will be awarded to properties on the following basis:

Sponsor Characteristics	Points Awarded
Woman or Minority Participation in Property Development	3
Woman or Minority Participation in Property Management	4
Non-Profit Sponsorship (Ownership) by a Private Non-Profit or by a Public Housing Authority	3

A minority includes United States citizens who are Asian-Indian, Asian-Pacific, Black, Hispanic, or Native American.

In order to qualify for the three points available for Non-Profit Sponsorship (Ownership) by a Private Non-Profit or by a Public Housing Authority, such entity must provide appropriate support services for the residents of the property.

Tenant Populations with Special Housing Needs (Maximum Points Available: 25)

_25_ points will be awarded to a property that commits to target for occupancy one or a combination of more than one of the tenant populations listed below for at least 25% of the residential rental units in the property. The units in the property should be designed and suitable for the targeted occupancy populations. Tenant populations with special housing needs are as follows:

1. Homeless - A person, family, or household who lacks a fixed, regular and adequate night time residence and has a primary night time residence which is (i) a supervised shelter, designed to provide temporary living accommodations; or (ii) an institution that provides a temporary residence for persons intended to be institutionalized; or (iii) a place not designed for or ordinarily used as a regular sleeping accommodation for human beings.

2. Displaced - A person, family, or household displaced by a governmental action, or whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized under federal disaster relief laws.

3. Elderly - Person: A person who is at least 62 years of age. Family: A family whose head, or spouse, or sole member is an elderly, disabled, or handicapped person.

4. Handicapped - A person having a physical or mental impairment which substantially limits one or more major life activities; a person having a record of such an impairment; or a person being regarded as having such an impairment.

5. Disabled - A person under a disability, as defined in Section 223 of the Social Security Act, or in Section 102 of the Developmental Disabilities Services and Facilities Construction Amendments of 1970, or in 24 CFR Part 891.

In electing to serve tenant populations with special housing needs, the applicant is responsible for ensuring that the chosen tenant populations are not incompatible with each other and that elections do not violate the Fair Housing requirements or any other applicable law.

In the event an applicant applies for points under this criterion, the points available below under the selection criterion entitled, Tenant Populations of Individuals with Children, are not available.

Tenant Populations of Individuals with Children (Maximum Points Available: 25)

_25_ points will be awarded to a property that commits to target for occupancy one or both of the tenant populations listed below for at least 25% of the residential rental units in the property. The units in the property should be designed and suitable for the targeted occupancy populations. Tenant populations of individuals with children are as follows:

1. Large Family - A family unit consisting of one or more adult members having legal custody of three or more dependent children, each of whom is age eighteen or younger, or a full-time student.

2. Single Parent Family - A family unit consisting of only one adult member having legal custody of one or more dependent children, each of whom is age eighteen or younger, or a full-time student.

In electing to serve tenant populations of individuals with children, the applicant is responsible for ensuring that the chosen tenant populations are not incompatible with each other and that selections do not violation the Fair Housing requirements for any other applicable law.

In the event an applicant applies for points under this criterion, the points available above under the selection criterion entitled, Tenant Populations with Special Housing Needs, are not available.

Persons on a Public Housing Waiting List (Maximum Points Available: 25)

__25__ points will be awarded to a property that has entered into a written commitment with a public housing authority to utilize the authority's waiting list and to target the persons appearing on that waiting list to occupy all vacant low-income units in the property on an on-going basis.

In order to be awarded the 25 points available, the applicant must provide a copy of a fully executed and witnessed agreement ("Commitment to Utilize the Applicable Public Housing Authority's Waiting List", WVHDF Form LIHTCP-6 or LIHTCP-6B) with the property's Reservation Request. In the event the applicable public housing authority **refuses, in writing, to enter into either form of written agreement** (WVHDF Form LIHTCP-6 or LIHTCP-6B) to evidence this commitment, the 25 points available will still be awarded, provided that the Public Housing Authority's refusal is not related to the Public Housing Authority's late receipt of a request from the applicant that inhibited the Public Housing Authority's ability to respond affirmatively prior to the due date of the Low-Income Housing Tax Credit Program application.

WVHDF Form LIHTCP-6B was formulated so that the Public Housing Authority would not have to release its waiting list to the property owner, but the property owner would instead inform the Public Housing Authority of any vacancies at the property. Therefore, a written response from the Public Housing Authority stating that they cannot release their waiting list will not be considered an acceptable refusal letter to receive the points available.

Properties Committed to Eventual Tenant
Ownership (Maximum Points Available: 15)

__15__ points will be awarded to properties for which all residential rental units are committed to eventual tenant ownership, beginning no later than four years after the end of the initial 15-year minimum compliance period.

In order to be awarded the 15 points available, the property must be comprised of single-family homes, duplexes or townhouses (with proper legal separation of units), and the applicant must provide a business plan describing how the residential rental units will be converted to tenant ownership.

Historic Nature of Property (Maximum Points Available: 20)

__20__ points will be awarded to a property that will involve the rehabilitation of certified historic structures, provided that the rehabilitation of such structures will be completed in such a manner to be eligible for federal and/or State historic rehabilitation tax credits. In addition, in order for such a property to be eligible for the points available under this criterion, at least 50% of the residential rental units in the property must be contained in such certified historic structures.

Preference for Properties Serving the Lowest Income Tenants
(Maximum Points Available: 50)

Option 1: Tenants with Incomes at or below 40% of the Area Median Gross Income

Points will be awarded to properties that are committed to using set percentages of the total residential rental units in the property to serve tenants with annual incomes at or below 40% of the area median gross income, based upon the following:

Points Awarded	The Applicant has Committed the Property to Serving Tenants with Annual Incomes at or Below 40% of the Area Median Gross Income
10	for 5% of the total residential rental units in the property, or
20	for 10% of the total residential rental units in the property, or
30	for 15% of the total residential rental units in the property, or
40	for 20% of the total residential rental units in the property, or
50	for 25% of the total residential rental units in the property.

The commitment to serve tenants with annual incomes at or below 40% of the area median gross income requires that such units are also rent-restricted, using the 40% of the area median gross income limits. This commitment to serve tenants with annual incomes at or below 40% of the area median gross income is in addition to the minimum set-aside requirement that must be elected by the property owner. The minimum set-aside requirement options that a property owner may choose from in making such election are as follows:

- 20% or more of the residential rental units in such property are both rent-restricted and occupied by individuals whose annual income is 50% or less of the area median gross income, or

- 40% or more of the residential rental units in such property are both rent-restricted and occupied by individuals whose annual income is 60% or less of the area median gross income.

OR

Option 2: Tenants with Incomes at or below 50% of the Area Median Gross Income

Points will be awarded to properties that are committed to using set percentages of the total residential rental units in the property to serve tenants with annual incomes at or below 50% of the area median gross income, based upon the following:

Points Awarded	The Applicant has Committed the Property to Serving Tenants with Annual Incomes at or Below 50% of the Area Median Gross Income
8	for 5% of the total residential rental units in the property, or
16	for 10% of the total residential rental units in the property, or
24	for 15% of the total residential rental units in the property, or
32	for 20% of the total residential rental units in the property, or
40	for 25% of the total residential rental units in the property.

The commitment to serve tenants with annual incomes at or below 50% of the area median gross income requires that such units are also rent-restricted, using the 50% of the area median gross income limits. This commitment to serve tenants with annual incomes at or below 50% of the area median gross income may be in connection with or may be in addition to the minimum set-aside requirement (referred to in the previous section) that must be elected by the property owner.

Preference for Properties Obligated to Serving Qualified Tenants for the Longest Periods of Time (Maximum Points Available: 150)

Points will be awarded to properties that are committed to serving qualified low-income tenants, using the elected minimum set-aside requirement for the percentage (50% or 60%) of the area median gross income, and the applicable IRS rent restrictions for a set number of years **beyond** the close of the initial 15-year minimum compliance period. 10 points will be awarded to properties committed to continuing to serve qualified tenants at rent-restricted rates for **each** year beyond the close of the initial 15-year minimum compliance period, up to a total of 150 points for properties committed to continuing to serve qualified tenants at rent-restricted rates for 15 years beyond the close of the initial 15-year minimum compliance period.

Properties that are committed to continue serving qualified tenants and qualified subsequent purchasers of such units as homeowners after the end of the initial 15-year minimum compliance period will be awarded points on the same basis as is described above.

The preference criterion for properties obligated to serve qualified tenants for the longest periods of time ("the preference criterion commitment") is not the same as the Extended Low-Income Housing Commitment.

The preference criterion commitment is an optional commitment made only at the election of the property owner, in order to earn up to 150 Selection and Preference Criteria points for the purpose of the WVHDF's ranking and selection of competing properties. **It is not necessary for a property owner to elect any of the options available under this preference criterion commitment in order to participate in the Low-Income Housing Tax Credit Program. However, the Extended Low-Income Housing Commitment, described in additional detail below, applies to any and all properties participating in the Low-Income Housing Tax Credit Program.**

The Extended Low-Income Housing Commitment is required under Federal law. Subsection 42(h)(6) of the Code provides that a building is eligible for Credit only if an Extended Low-Income Housing Commitment is in effect. An Extended Low-Income Housing Commitment is an agreement between the WVHDF and the taxpayer that:

- requires that the applicable fraction for the building, for each taxable year in the extended use period, not be less than the applicable fraction specified in the agreement, and prohibits the eviction or the termination of tenancy (other than for good cause) of an existing tenant of any low-income unit, or any increase in the gross rent with respect to any low-income unit not otherwise permitted under Section 42 of the Code,

- allows prospective, present or former tenants of the building, who meet the applicable income limitation, the right to enforce the requirements associated with the applicable fraction, or the prohibitions associated with the eviction or termination of tenancy and with increases in the gross rent, in any State court,

- prohibits the disposition to any person of any portion of the building to which such agreement applies, unless all of the building to which such agreement applies is disposed of to such person,

- prohibits the refusal to lease to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder,

- is binding on all successors of the taxpayer, and

- is recorded pursuant to State law as a restrictive covenant with respect to the property.

The extended use period begins on the first day of the compliance period and ends on the later of the date specified by the WVHDF in the agreement or the date that is 15 years after the close of the compliance period. **Additional information is contained in Subsections 42(h)(6)(A) through (K) of the Code. The WVHDF strongly recommends that any applicant read and understand the contents of this portion of the Code. This recommendation is not intended to and should not be interpreted to suggest that the applicant not read and understand all portions of Section 42 of the Code.**

<u>Preference for Community Revitalization Properties Located In Qualified Census Tracts (Maximum Points Available: 40)</u>

<u> 40 </u> points will be awarded to a property that is located in a Qualified Census Tract, provided that the development of such property is a **clearly** and **specifically stated** part of a community revitalization plan that has been approved by the appropriate governing body of the local jurisdiction within which such "community" is located. "Clearly and specifically stated" means the property must be located in specified boundaries within the community <u>and</u> the development of such housing fulfills the specified goals of the plan **OR** the property is specifically named in the plan <u>and</u> the development of such housing fulfills the specified goals of the plan.

<u>Quality of Housing (Maximum Points Available: 180)</u>

At a minimum, the property must be constructed or rehabilitated in compliance with the 2010 Americans with Disabilities Act, Section 504 Requirements, Fair Housing, and the then current:

- State Building Code, including the following, and any corresponding successor code:
  - the International Building Code,
  - the International Plumbing Code,
  - the International Mechanical Code,
  - the International Property Maintenance Code,
  - the International Energy Conservation Code,
  - the International Residential Code for One- and Two-Family Dwellings,
  - ANSI A117.1 (Accessible and Usable Buildings and Facilities),
  - the International Fuel Gas Code,
  - the International Existing Building Code, and
  - the National Electric Code (NFPA 70),

- Life Safety Code and the West Virginia State Fire Commission Standards,

- Local building code (if any exists for the jurisdiction within which the buildings in the property are or will be located),

- Local zoning and/or land use regulations or restrictions, if any,

- Local floodplain ordinance, if any, and

- EPA NPDES Permit and State DEP Water Quality Requirements.

The property's Architect must assess the suitability rating (superior, good, average, fair, or poor) of the site for the property. Items to be considered in making this assessment include, to the extent reasonably possible, but are not limited to:

- economic opportunities;
- educational facilities;
- neighborhood/community amenities;
- accessibility for transportation;
- proximity/availability of utility services
  - water,
  - sewer,
  - gas,
  - electric,
  - telephone,
  - mobile phone cell service,
  - cable/high-speed internet, and
  - refuse disposal;
- proximity to fire hydrants;
- proximity to professional or volunteer fire departments;
- adequacy of on-site parking;
- propriety of building set-back from access roads;
- undesirable location and/or undesirable views;
- geographic site features such as,
  - within the 100 year floodplain,
  - high tension wires,
  - within 300 feet of a railroad tracks,
  - cuts,
  - fills,
  - rock formations,
  - extensive grade,
  - subsurface rock,
  - drainage,
  - high water table, and
  - unstable soil,
- and any other criteria cited by the property's Architect.

The property's Architect must also list any and all green and sustainable features that will be incorporated into the design of the new construction or rehabilitation of the buildings and site for the property.

Those areas which should be considered include, but are not limited to, the following:

- Urban infill in economic opportunity areas,
- Habitat protection,
- Wetlands protection,
- Photovoltaics (PV) – e.g. solar power, etc.,
- Insulation standards,
- Energy Star products,
- HVAC performance,
- Energy codes,
- Energy Star building certifications,
- Preservation of existing flora,
- Recycled content,
- Water conservation,
- Renewable/re-used materials,
- Construction waste management,
- Storm water management,
- Hazard proximity,
- Environmental assessment issues,
- Hazard abatement,
- Low/No-VOC (Volatile Organic Compounds) materials – e.g. carpet, paint, etc.,
- Bins for tenant disposal of recyclable materials – e.g. plastic, paper, metals, etc.,
- Formaldehyde-Free flooring, and
- Formaldehyde-Free ventilation.

In addition, the WVHDF's designated construction professional will assess and assign the suitability rating (superior, good, average, fair, or poor) of the site for the property, utilizing the criteria outlined above. Such assessment and assignment of the suitability rating of the site for any property by the WVHDF's designated construction professional is solely for the WVHDF's use and shall not be construed to be a representation or warranty of any such site's suitability to any party. The sole purpose of the WVHDF's designated construction professional's site suitability assessment is to visually assess the site as it is on the day of the assessment for rating purposes or to render sites assessed as "poor" as ineligible. The WVHDF does not make any representations or warranties as to the site suitability for any such property.

The WVHDF reserves the right to reject any property, solely on the basis of the WVHDF's designated construction professional's site suitability assessment for any such property. Issues that might cause a site to be assessed as "poor" and result in the rejection of such property include, but are not limited to,

- site location within the 100 year floodplain or flood of record;

- proximity to railroad tracks, highways, airports, etc., that prohibit the reduction of interior and/or exterior noise to an acceptable level, or
- any other naturally occurring or man-made hazards, posing health or safety risks to tenants.

The WVHDF's acceptance of a site is solely for the WVHDF's use. Applicants, lenders, syndicators, tenants, and any other parties involved in any such property are not entitled to and should not rely upon or in any way utilize the WVHDF's acceptance of the site for any other purpose.

For properties which involve substantial rehabilitation, the WVHDF's designated construction professional will also review the property's capital needs assessment in conjunction with the site suitability assessment visit.

Generally, the number of points awarded for the housing quality characteristics below will be based upon an assessment of the quality of housing provided, as determined from the applicant's response to specific housing quality characteristics. Unless otherwise indicated, the response to each housing quality characteristic listed below must be certified, in writing in a format prescribed by the WVHDF, by the property owner (general partner), the property's Architect, and the property's Contractor.

The housing quality characteristics to be assessed are as follows:

1. Brick Exterior Percentage (Maximum Points Available: 25)

   __25__ points will be awarded to properties where at least 60% of each building's exterior (excluding gabled ends, doors, and windows) is brick.

2. Green Space Percentage (Maximum Points Available: 25)

   __25__ points will be awarded to properties where at least 30% of the useable (slope of less than 20%) site will provide "green space", which does not include any buildings, parking areas, sidewalks, etc.

3. Interior Square Footage of Units (Maximum Points Available: 25)

   __25__ points will be awarded to properties where the interior unit space is equal to or greater than the amounts specified below:

Number of Bedrooms	Interior Unit Square Footage
Efficiency	550
1 Bedroom	650
2 Bedrooms	800
3 Bedrooms*	1,000
4 Bedrooms*	1,150

* Regardless of the interior unit square footage of the three or four bedroom units in a property, all newly constructed three or four bedroom units must have two full bathrooms.

4. Energy Star Designated Whole-Unit HVAC (Maximum Points Available: 15)

 __15__ points will be awarded to properties where each residential rental unit has whole-unit heating, ventilation, and air conditioning, utilizing a heat pump or a split gas heating and cooling system, either of which have the Energy Star designation.

5. Energy Star Designated Appliances (Maximum Points Available: 15)

 __15__ points will be awarded to properties that provide, within each residential rental unit, a new refrigerator, a new under-the-counter dishwasher, and a new water heater, all of which have the Energy Star designation.

6. Energy Star Designated Exterior Doors and Windows (Maximum Points Available: 10)

 __10__ points will be awarded to properties where each residential rental unit has exterior doors and windows that comply with the applicable climate zone qualification criteria as prescribed in the document Energy Star Program Requirements for Residential Windows, Doors and Skylights – Version 5.0 (April 7, 2009).

7. Composition of Porches, Sidewalks, and Curbs (Maximum Points Available: 10)

 __10__ points will be awarded to properties where all porches, sidewalks and curbs are comprised of fiber-reinforced concrete.

8. Roof Shingles (Maximum Points Available: 10)

  __10__ points will be awarded to properties where all roof shingles have a remaining manufacturer warranted life of at least 30 years. For existing properties, in order to receive the points available, and in addition to the preceding sentence, roofing materials (including felts and flashings) must be removed to the existing roof sheathing. The existing roof sheathing must be inspected and replaced if damaged. Further, if it is necessary for any existing roof sheathing to be replaced, roof framing and insulation must also be inspected and replaced if damaged.

9. Laundry Closet with Washer and Dryer or Hookup Only (Maximum Points Available: 10)

  __10__ points will be awarded to properties that provide, within each residential rental unit, a laundry closet containing an Energy Star designated washer and dryer, without any additional charge to the tenant.

OR

  __5__ points will be awarded to properties that provide, within each residential rental unit, a laundry closet containing a washer and dryer hookup, without any additional charge to the tenant. In order to be awarded the points, the tenant must be allowed to install a washer and dryer in the unit.

10. Showerhead Water Flow Rates and Aerators (Maximum Points Available: 5)

  __5__ points will be awarded to properties where within each residential rental unit, each showerhead has a maximum water flow rate of 2.5 gallons per minute, and each showerhead and faucet has an aerator installed.

11. Thickness o f "Dutch Lap" Vinyl Siding (Maximum Points Available: 5)

  __5__ points will be awarded to properties where all vinyl siding used on the exterior of all buildings is "dutch lap", with a thickness of 0.044" or greater and a lifetime non-prorated 50 year transferable limited warranty. If an **existing** property has 100% brick exterior on **all** buildings, excluding gabled ends, doors, and windows, the five points available will be awarded to such property.

12. Hard Wired High-Speed Internet Access (Maximum Points Available: 5)

  __5__ points will be awarded to properties that are hard wired for high-speed internet access. The high-speed internet cable must be wired throughout each residential rental unit and jacks must be installed in one or more central locations and in each bedroom.

13. Landscaping Cost Per Unit (Maximum Points Available: 5)

 5 points will be awarded to properties where the landscaping cost per unit is at least $350 for multiple building properties or the landscaping cost per unit is at least $175 for single building properties.

14. Fair Housing Act and Americans with Disabilities Act Training and Certification (Maximum Points Available: 5)

 5 points will be awarded to properties, provided that each such property's **Architect** and **Contractor** (signatories to the property plans and specifications) have completed (within three years prior to the property's Reservation Request due date) Fair Housing Act **and** Americans with Disabilities Act training and **certification** (passed an examination) programs addressing design and construction requirements provided and administered by an organization that is acceptable to the WVHDF. **In order to be awarded the points available, the property Architect and Contractor (signatories to the property plans and specifications) which have completed the training listed above must be the same persons who certify to (initial and sign) the Quality of Housing section of the WVHDF Form 1040.**

15. Green Building Conference/Training (Maximum Points Available: 5)

 5 points will be awarded to properties where at least one of the principals of the developer or of the contractor of such property has registered and attended a green building conference within 12 months prior to the property's Reservation Request due date (e.g. The Building Conference and Expo to be held January 31 to February 2, 2013 in Morgantown, WV or a similar training comparable in content and duration). A conference agenda and a certificate of attendance must be included.

Note: The WVHDF defines "principal" as any person who owns an interest in a for-profit entity or the Executive Director, Deputy Director, President, and Vice-President (or comparable officers) for a non-profit entity.

16. Stove Top Fire Suppression or Prevention (Maximum Points Available: 5)

 5 points will be awarded to properties where all cooking surfaces are equipped with fire suppression or prevention features (e.g. a Range Queen FireStop Venthood product or similar fire suppression product, or Safe-T-element cooking system or a similar fire prevention device).

Applicants should be aware that complete and accurate responses to each housing quality characteristic listed above are in their property's best interests. Each item listed in the Quality of Housing section of the WVHDF Form 1040 must be certified to by the property owner, the property Architect, and the property Contractor (signatories to the property plans and specifications). If the property involves scattered sites (non-contiguous parcels which contain or will contain residential rental units), a separate Quality of Housing section of the WVHDF Form 1040 must be completed and certified, as referred to in the previous sentence, for each non-contiguous parcel which contains or will contain residential rental units. The WVHDF will evaluate only the responses provided, and only if each such response is certified, in writing, as prescribed above. The WVHDF will not request responses for items that were not addressed. The WVHDF will not request clarification of responses that were provided.

SUMMARY OF PROPERTY SELECTION PROCESS

The WVHDF will accept Reservation Requests during the respective application periods listed in the Program Calendar (Exhibit G of the current Tax Credit Manual), until 4:30 p.m., prevailing Eastern Time, on the last business day of said period.

The WVHDF will accept Reservation Requests for tax-exempt bond financed properties which do not require credit allocations from the State Housing Credit Ceiling, during the respective application periods listed in the Program Calendar (Exhibit G of the current Tax Credit Manual), until 4:30 p.m., prevailing Eastern Time, on the last business day of said period.

Prior to submitting a Reservation Request the property must satisfy all of the applicable requirements for a Reservation Request. **If a property does not meet or exceed all of the applicable requirements for a Reservation Request and is unable to meet or exceed them by the end of the respective Threshold Review and Correction Periods listed in the Program Calendar (Exhibit G of the current Tax Credit Manual), the WVHDF will reject the request, and the WVHDF will notify the applicant of the rejection and of the reason for the rejection.** The requirements for Reservation, Carryover Allocation, and Allocation Requests are not a required element of an allocation plan, and therefore are contained in the Requirements for Requests section of the current Tax Credit Manual, which may be found on the WVHDF website (www.wvhdf.com) or by contacting the WVHDF at 1-800-933-9843.

All properties, for which requests were received during the established application periods specified in the first two paragraphs of this section of this Plan and deemed acceptable, will be:

- evaluated against the Selection and Preference Criteria,

- compared to the minimum threshold,
- ranked in the applicant-selected set-aside category in order by the total points awarded,
- reviewed for a preliminary determination of the housing credit dollar amount needed, and
- selected or wait-listed.

The process of ranking, and selecting or wait-listing (referred to above in the third and fifth bullets) do not apply to tax-exempt bond financed properties which do not require credit allocations from the State Housing Credit Ceiling. Each area of processing requests will be discussed in additional detail in the following sections of this Plan.

PROPERTY EVALUATION AGAINST THE SELECTION AND PREFERENCE CRITERIA

If a property satisfies the requirements for a Reservation Request, the application will continue for further evaluation against the Selection and Preference Criteria section of the Plan.

COMPARISON TO THE MINIMUM THRESHOLD

Once all acceptable Reservation Requests have been evaluated against the Selection and Preference Criteria, the total points awarded for each property will be compared to the minimum threshold (500 points) necessary for any property to be considered further for Low-Income Housing Tax Credit Program eligibility. **If the property's total point award does not meet or exceed the minimum threshold, the WVHDF will reject the request, and will notify the applicant of the rejection and of the reason for the rejection.** If the property's total point award meets or exceeds the minimum threshold, the property request will continue for further processing.

PROPERTY RANKING

Each property meeting or exceeding the minimum threshold will be placed in descending order, by the total points awarded, into the applicant-selected Set-Aside Category. This section of this Plan is not applicable to tax-exempt bond financed properties which do not require credit allocations from the State Housing Credit Ceiling.

PRELIMINARY REVIEW AND DETERMINATION OF THE HOUSING CREDIT DOLLAR AMOUNT NEEDED

In accordance with Subsections 42(m)(2)(A), (B), and (C)(i)(I) of the Code, the WVHDF will perform a preliminary review and determination of the housing credit dollar amount necessary for the financial feasibility of each ranked property and its viability as a qualified low-income housing property throughout the credit period.

In making its determination of the housing credit dollar amount necessary, the WVHDF is required to consider:

- the sources and uses of funds and the total financing planned for the property,
- any proceeds or receipts expected to be generated by reason of tax benefits,
- the percentage of the housing credit dollar amount used for property costs other than the cost of intermediaries, and
- the reasonableness of the developmental and operational costs of the property.

Consideration of the percentage of the housing credit dollar amount used for property costs (other than the cost of intermediaries) shall not be given so as to impede the development of properties in hard-to-develop areas. Subsection 42(m)(2)(B) of the Code also provides that "such a determination shall not be construed to be a representation or warranty as to the feasibility or viability of the project". The manner and methodology the WVHDF will utilize for making the required determination are not included in this Plan, but are included in the Allocation Policies, WVHDF Underwriting Analysis section of the current Tax Credit Manual, which may be found on the WVHDF website (www.wvhdf.com) or by contacting the WVHDF at 1-800-933-9843.

PROPERTY SELECTION

Properties will be selected within and to the extent that housing credit dollar amounts are available in the appropriate specific Set-Aside Category, based upon the highest ranking of property requests within each category, until sufficient housing credit dollars are no longer available in the applicable Set-Aside Category to fund the next highest ranking property.

If housing credit dollars remain in a Set-Aside Category (other than the Non-Profit Set-Aside Category), such housing credit dollars will be moved to the pooled Set-Aside Category. All properties which were not initially selected from the appropriate specific Set-Aside Category will be ranked in order of point score in the pooled Set-Aside Category. Properties will be selected within and to the extent that housing credit dollar amounts are available in the pooled Set-Aside Category, based upon point score.

Note: If there is insufficient credit available within a particular Set-Aside Category to fund the next highest ranking property, and if such property has a high enough score to be selected for the remaining credit needed from the pooled Set-Aside Category, the WVHDF may choose to partially fund such property from the appropriate specific Set-Aside Category and fund the remainder from the pooled Set-Aside Category.

If a property is not selected from the appropriate specific Set-Aside Category and/or the pooled Set-Aside Category, the applicant will be notified and provided with an opportunity to have the property request wait-listed.

Note: If two or more properties have the same score within a specific Set-Aside Category or the pooled Set-Aside Category, and there is not sufficient credit available in the applicable Set-Aside Category and/or pooled Set-Aside Category to select all of the tied properties, the lowest housing credit dollar amount requested per interior square foot will receive the award.

After initial selections are made, 10% of any credit returned from a **prior year's** allocation will be allocated to the Non-Profit Set-Aside Category. The remaining 90% will be allocated to the pooled Set-Aside Category.

If a current year selected property chooses to withdraw, the credit not allocated to such property will be returned to the Non-Profit Set-Aside Category if the selection was made from the Non-Profit Set-Aside Category, or will be allocated to the pooled Set-Aside Category if the selection was made from any other Set-Aside Category.

The WVHDF reserves the right to enter into Binding Agreements (LIHTCP-4) that commit the WVHDF to allocate up to $250,000 (in the aggregate) in housing credit dollars from the next calendar year's State Housing Credit Ceiling. Any Binding Agreement decision made by the WVHDF would be based upon:

- point score (except as is provided for in the first paragraph of the Waiting List section of the Plan), and

- the WVHDF's goal to allocate at least the required percentage (approximately 100%) of the current year's State Housing Credit Ceiling in order for the WVHDF to be considered a "qualified state" to receive credits from the National Pool, as provided for in Subsection 42(h)(3)(D) of the Code (e.g. if the WVHDF has allocated sufficient credits to be eligible for the National Pool, Binding Agreements will not be entered into for the next year's State Housing Credit Ceiling).

For tax-exempt bond financed properties which do not require credit allocations from the State Housing Credit Ceiling, properties will be selected based upon each such property's satisfaction of the applicable provisions of this Plan. Each such property's selection will not be based upon the foregoing provisions of this section of this Plan, as each such property's housing credit dollar amount will not be awarded from the State Housing Credit Ceiling.

WAITING LISTS

As stated in the previous section, credits may become available due to a return of credit from a **prior year's** allocation or the withdrawal of a selected current year property. At the time it is determined by the WVHDF that no additional credit will become available before the end of the calendar year to fund wait-listed properties, the waiting lists will be dissolved. At that time, wait-listed properties appearing on either the Non-Profit Set-Aside Category waiting list or the pooled Set-Aside Category waiting list will be considered for selection in the manner and to the extent described in the Property Selection section of this Plan, and either selected or removed, as appropriate, from such waiting lists in descending order of highest ranking. This process of selecting or removing wait-listed properties will continue for each waiting list until all such properties have been selected or removed from the waiting lists. *This may result in a lower ranking property being selected due to the amount of credit requested compared to the amount of credit available.* Such selection decisions made by the WVHDF would be based upon the WVHDF's goal to allocate at least the required percentage (approximately 100%) of the current year's State Housing Credit Ceiling in order for the WVHDF to be considered a "qualified state" to receive credits from the National Pool, as provided for in Subsection 42(h)(3)(D) of the Code.

This section of this Plan is not applicable to tax-exempt bond financed properties which do not require credit allocations from the State Housing Credit Ceiling.

COMPLIANCE MONITORING PROCEDURE

Authorized Delegate

As is permitted under 26 CFR 1.42-5, the WVHDF may retain an agent or other private contractor ("Authorized Delegate") to perform compliance monitoring functions except for the responsibility of notifying the IRS of compliance monitoring activities (IRS Form 8610) and of issues of noncompliance (IRS Form 8823). At the time of this Plan's drafting, the WVHDF has contracted with a private contractor to be the WVHDF's Authorized Delegate.

References to the WVHDF in this Compliance Monitoring Procedure are *de facto* references to the Authorized Delegate with the exception of the WVHDF's responsibility of notifying the IRS and with the exception of any references to agreements entered into with Rural Development or tax-exempt bond issuers as is permitted under the Exceptions from a Specific Portion of the Review Requirements portion of this Compliance Monitoring Procedure.

Effective Date and General Provisions

Subsection 42(m)(1)(B)(iii) of the Code defines a qualified allocation plan, in part, as a plan which provides a procedure ("Compliance Monitoring Procedure") that the allocating agency (WVHDF), or an agent or other private contractor of such agency, will follow in monitoring for noncompliance with the provisions of Section 42 of the Code, in notifying the IRS of such noncompliance to the extent that the allocating agency becomes aware of such matters of noncompliance, and in monitoring for noncompliance with habitability standards through regular site visits.

The Compliance Monitoring Procedure contained in the 1992 Allocation Plan was effective for monitoring properties for compliance during the period beginning on January 1, 1992 and ending on December 31, 1992, in accordance with Subsection 42(m)(1)(B)(iii) of the Code and the proposed regulations, "Procedure for Monitoring for Compliance with Low-Income Housing Credit Requirements", which appeared in the Federal Register on December 27, 1991.

The Compliance Monitoring Procedure contained in the 1993 through 1999 Allocation Plans was effective beginning on January 1, 1993 and ending on December 31, 2000, in accordance with Subsection 42(m)(1)(B)(iii) of the Code and the final regulations, "Procedure for Monitoring Compliance with Low-Income Housing Credit Requirements", which appeared in the Federal Register on September 2, 1992.

This Compliance Monitoring Procedure is effective beginning on January 1, 2001, in accordance with Subsection 42(m)(1)(B)(iii) of the Code and 26 CFR 1.42-5. This Compliance Monitoring Procedure is applicable, unless otherwise stated, to all buildings placed in service for which the low-income housing credit is, or has been, allowable at any time, in accordance with Subsection 42(m)(1)(B)(iii) of the Code. Pursuant to Subsection 42(m)(1)(B)(iii) of the Code, this Compliance Monitoring Procedure does not require monitoring for whether a building is in compliance with the requirements of Section 42 of the Code prior to January 1, 1992.

The Compliance Monitoring Procedure, as is required by Subsection 42(m)(1)(B)(iii) of the Code and 26 CFR 1.42-5 described above, contains:

1. recordkeeping and record retention provisions,

2. certification and review provisions,

3. inspection provisions, and

4. provisions for notifying owners and the IRS of noncompliance or lack of certification.

All allocations of credit (for allocations made both prior to and subsequent to January 1, 1992) are specifically conditioned upon the owner complying with, and consenting and permitting the WVHDF to implement the provisions and requirements of this Compliance Monitoring Procedure (including the Recordkeeping and Record Retention Requirements, the Certification and Review Requirements, the Inspection Requirements, and the Notification of Noncompliance Requirements).

Compliance with the requirements of Section 42 of the Code and with habitability standards is the responsibility solely of the owner of the building for which the credit is allowable. The WVHDF's obligation to monitor for compliance with the requirements of Section 42 of the Code and with habitability standards does not make the WVHDF liable for an owner's noncompliance or relieve the owner of its responsibility for compliance.

<u>Recordkeeping and Record Retention Requirements</u>

<u>Recordkeeping Requirements</u>

The owner of a low-income housing property is required to keep records for each building in the property for each year in the compliance period showing:

- 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),

- the percentage of residential rental units in the building that are low-income units,

- the rent charged on each residential rental unit in the building (including any utility allowance),

- the number of occupants in each low-income unit, but only if rent is determined by the number of occupants in each unit under Subsection 42(g)(2) (as in effect before the amendments made by the Omnibus Budget Reconciliation Act of 1989),

- the low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented,

- the annual income certification of each low-income tenant per unit,

- documentation to support each low-income tenant's income certification (for example, verifications of income from third parties such as employers or state agencies paying unemployment compensation, or a copy of the tenant's federal income tax return or IRS Forms W-2), or in the case of a tenant receiving housing assistance payments under Section 8 of the United States Housing Act of 1937, the requirement to obtain and retain documentation to support the annual income certification for each such low-income tenant is satisfied if the public housing authority provides a statement to the owner, which the owner retains, declaring that such tenant's income does not exceed the applicable income limit under Subsection 42(g) of the Code,

- the eligible basis and qualified basis of the building at the end of the first year of the credit period, and

- the character and use of the nonresidential portion of the building included in the building's eligible basis under Subsection 42(d) of the Code (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 reasonably required by the property).

<u>Record Retention Requirement</u>

The owner of a low-income housing property is required to keep and retain the records (described above) for the first year of the credit period for each building in the property for at least six years after the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building. The owner of a low-income housing property is required to keep and retain the records (described above) for each year of the second through the fifteenth year of the compliance period for at least six years after the due date (with extensions) for filing the federal tax return for each such year.

<u>Inspection Record Retention Requirement</u>

The owner of a low-income housing property is required to keep and retain the original local health, safety, or building code violation reports or notices that were issued by the State or local government unit responsible for making local health, safety, or building code inspections for the WVHDF's inspection under the Inspection Requirements portion of this Compliance Monitoring Procedure. Retention of the original violation reports or notices is not required once the WVHDF reviews the violation reports or notices and completes its inspection, unless the violation remains uncorrected.

Certification and Review Requirements

Certification Requirements

The owner of a low-income housing property is required to certify at least annually during each year of the 15-year compliance period to the WVHDF, under penalty of perjury, on forms provided by the WVHDF that, for the preceding twelve-month period:

- The property met the requirements of the 20-50 test, or the 40-60 test under Subsection 42(g)(1)(A) or Subsection 42(g)(1)(B) of the Code, respectively, whichever minimum set-aside test was applicable to the property, and the 15-40 test under Subsections 42(g)(4) and 142(d)(4)(B) of the Code for "deep rent skewed" properties, if applicable to the property.

- There was no change in the applicable fraction (as is defined in Subsection 42(c)(1)(B) of the Code) of any building in the property, or that there was a change and a description of the change.

- 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 United States Housing Act of 1937, the owner has received an annual income certification from each such low-income tenant, and a statement from the public housing authority that such tenant's income does not exceed the applicable income limit under Subsection 42(g) of the Code to support the annual low-income certification for each such low-income tenant.

- Each low-income unit in the property was rent-restricted under Subsection 42(g)(2) of the Code.

- All units in the property were for use by the general public (as defined in 26 CFR 1.42-9), including the requirement that no finding of discrimination under the Fair Housing Act, 42 U.S.C. 3601-3619, occurred for the property. A finding of discrimination includes an adverse final decision by the Secretary of HUD, 24 CFR 180.680, an adverse final decision by a substantially equivalent State or local fair housing agency, 42 U.S.C. 3616a(a)(1), or an adverse judgment from a federal court. If a finding of discrimination as defined above occurred for the property, the owner must attach a copy of the finding of discrimination to the annual certification submitted to the WVHDF.

- The buildings and low-income units in the property were suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the State or local government unit responsible for making local health, safety, or building code inspections did not issue a violation report for any building or low-income unit in the property. If a violation report or notice was issued by the governmental unit, the owner must attach a statement summarizing the violation report or notice, or a copy of the violation report or notice to the annual certification submitted to the WVHDF. In addition, the owner must state whether the violation has been corrected.

- There was no change in the eligible basis (as is defined in Subsection 42(d) of the Code) of any building in the property, or that there was a change and an explanation of the nature of the change.

- All tenant facilities (such as swimming pools, other recreational facilities and parking areas) included in the eligible basis (under Subsection 42(d) of the Code) of any building in the property were provided on a comparable basis without charge to all tenants in the building.

- If a low-income unit in the property became vacant during the year, 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 property were or will be rented to tenants not having a qualifying income.

- If the income of tenants of a low-income unit in the building increased above the limit allowed in Subsection 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in the building was or will be rented to tenants having a qualifying income.

- An extended low-income housing commitment (as is described in Subsection 42(h)(6) of the Code), Regulatory and Restrictive Covenants for Land Use Agreement, was in effect (for buildings subject to Subsection 7108(c)(1) of the Omnibus Budget Reconciliation Act of 1989, 103 Stat. 2106, 2308-2311), including the requirement under Subsection 42(h)(6)(B)(iv) of the Code that an owner cannot refuse to lease a unit in the property to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437f (for buildings subject to Subsection 13142(b)(4) of the Omnibus Budget Reconciliation Act of 1993, 107 Stat. 312, 438-439).

- All low-income units in the property were used on a nontransient basis (except for transitional housing for the homeless provided under Subsection 42(i)(3)(B)(iii) of the Code or single-room-occupancy units rented on a month-by-month basis under Subsection 42(i)(3)(B)(iv) of the Code).

Review Requirements

In connection with each property owner's submission of the Owner's Annual Certification ("Owner's Certification"), the WVHDF is required to review, on an annual basis during each year of the 15-year compliance period, each Owner's Certification for compliance with Section 42 of the Code.

In addition to obtaining and reviewing each Owner's Certification, the WVHDF is required to:

- For all buildings placed in service on or after January 1, 2001, conduct on-site inspections of all buildings in the property by the end of the second calendar year following the year the last building in the property is placed in service, and for at least 20% of the property's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units.

- At least once every three years, conduct on-site inspections of all buildings in the property, and for at least 20% of the property's low-income units, inspect the units and review the low-income certifications, the documentation supporting the certifications, and the rent records for the tenants in those units.

The WVHDF is required to randomly select which low-income units and tenant records are to be inspected and reviewed. The review of tenant records may be undertaken wherever the property owner maintains or stores the records (either on-site or off-site). The units and tenant records to be inspected and reviewed will be chosen in a manner that will not give property owners of low-income housing properties advance notice that a unit and tenant records for a particular year will or will not be inspected and reviewed.

Generally, the WVHDF will provide a property owner with reasonable notice (30 days) that an inspection of the building and low-income units or tenant record review will occur so that the property owner may notify tenants of the inspection or assemble tenant records for review.

Exceptions from a Specific Portion of the Review Requirements

The WVHDF is permitted, only under certain circumstances, to except, from only a specific portion of the above Review Requirements, certain buildings that are subject to monitoring programs other than that required under Subsection 42(m)(1)(B)(iii) of the Code. Buildings that may be excepted from that portion of the Review Requirements are buildings financed by Rural Development under the Section 515 program and buildings of which 50 percent or more of the aggregate basis (taking into account the building and the land) is financed with the proceeds of tax-exempt bonds (obligations, the interest on which is exempt from tax under Section 103 of the Code).

In order for a building to be excepted, the WVHDF must have entered into an agreement with Rural Development or the tax-exempt bond issuer. Under the agreement, Rural Development or the tax-exempt bond issuer must agree to provide information concerning the income and rent of the tenants in the building to the WVHDF. The WVHDF, upon receipt and review of such income and rent information, may assume the accuracy of the information provided by Rural Development or the tax-exempt bond issuer without verification. The WVHDF must review the income and rent information and determine that the income limitation and rent restriction of Subsection 42(g)(1) and (2) of the Code are met. **However, if the income or rent information provided by Rural Development or the tax-exempt bond issuer is not sufficient for the WVHDF to make these determinations, the WVHDF is required to request the necessary additional income or rent information from the property owner of the excepted buildings.** For example, since Rural Development determines tenant eligibility based on its definition of "adjusted annual income" rather than "annual income" as is defined under Section 8 and as is required under Section 42 of the Code, the WVHDF may have to request a copy of the income certification that the tenant and property owner prepared in order to calculate the tenant's income in accordance with the Section 8 definition of "annual income" for Section 42 tenant income eligibility purposes.

In the event a properly excepted Rural Development 515 property has been selected for review and inspection by the WVHDF, in any year of the property's 15-year compliance period, the property owner of an excepted building is not required to provide or otherwise make available for the WVHDF's review and inspection, and the WVHDF is not required to review and inspect, the tenant's annual income certification, the documentation the property owner has received to support that annual income certification, and the rent record for each low-income tenant in at least 20% of the low-income units in that property, all of which is otherwise required in the Review Requirements portion of this Compliance Monitoring Procedure.

The WVHDF may grant such an exception. In the event that an exception is granted for a building, the owner of that building should understand that the WVHDF may cancel the exception where circumstances indicate that the monitoring is not meeting the needs of the Low-Income Housing Tax Credit Program.

Inspection Requirements

As a condition of the allocation of credits, the WVHDF has the right to perform an on-site inspection of any low-income housing property at any time during the 15-year compliance period of the buildings in the property.

The Inspection Requirement is a required part of this Compliance Monitoring Procedure, and is a separate requirement from any tenant file review described in the Certification and Review Requirements portion of this Compliance Monitoring Procedure.

For the on-site inspections of buildings and low-income units described in the Certification and Review Requirements portion of this Compliance Monitoring Procedure, the WVHDF is required to review any local health, safety, or building code violations reports or notices retained by the owner in accordance with the Inspection Record Retention Requirement portion of this Compliance Monitoring Procedure. In addition, the WVHDF is required to determine:

- Whether the buildings and the units are suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards);

OR

- Whether the buildings and units satisfy, as determined by the WVHDF, the uniform physical condition standards for public housing established by HUD (24 CFR 5.703). The HUD physical condition standards do not supersede or preempt local health, safety, and building codes. A low-income housing property under Section 42 of the Code must continue to satisfy these codes, and if the WVHDF becomes aware of any violation of these codes, the WVHDF is required to report the violation to the IRS. However, provided the WVHDF determines by inspection that the HUD standards are met, the WVHDF is not required to determine by inspection whether the property meets local health, safety, and building codes.

The WVHDF is not required to inspect a building if the building is financed by Rural Development under the Section 515 program, provided that Rural Development inspects the building (under 7 CFR, part 1930), and provided that Rural Development and the WVHDF have entered into an agreement, under which Rural Development agrees to notify the WVHDF of the inspection results.

<u>Notification of Noncompliance Requirements</u>

<u>Owner</u>

The WVHDF will promptly give the owner of a low-income housing property written notice if the WVHDF does not receive the required Owner's Certification (described in the Certification and Review Requirements portion of this Compliance Monitoring Procedure), or if the WVHDF does not receive or is not permitted to inspect any low-income tenant's annual income certification, supporting documentation, and rent records (described in the Review Requirements portion of this Compliance Monitoring Procedure), or if the WVHDF discovers on inspection, review, or in some other manner, that the property is not in compliance with the provisions of Section 42 of the Code.

Correction Period

The owner has an opportunity to supply missing certifications or to correct noncompliance with Section 42 of the Code within a 90-day correction period, which begins on the date the WVHDF's written notice of noncompliance with Section 42 of the Code was mailed to the owner (as described in the preceding paragraph). However, the WVHDF may grant, in writing, upon receipt and consideration of a written request from the owner, an extension of up to six months, but only if the WVHDF determines, in its sole discretion, that there is good cause for granting the extension.

Internal Revenue Service

The WVHDF is required to notify the IRS of an owner's noncompliance or failure to certify no earlier than the end of the correction period (described in the preceding paragraph) including any extensions, and no later than 45 days after the end of the correction period (described in the preceding paragraph) including any extensions, whether or not the noncompliance or failure to certify is corrected. The WVHDF will notify the IRS by filing IRS Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance, with the IRS prior to the end of the 45-day period. The WVHDF must explain on IRS Form 8823 the nature of the noncompliance or failure to certify and indicate whether the owner has corrected the noncompliance or failure to certify.

If a building goes entirely out of compliance with Section 42 of the Code, so that no credit is allowable for the building for the taxable year or in any future taxable year during the compliance period, the WVHDF need not file IRS Form 8823 in every subsequent year to report the noncompliance. Instead, the WVHDF may file a single IRS Form 8823 for the building when the WVHDF becomes aware that the building has gone entirely out of compliance, provided that the WVHDF reports on the form that the building is entirely out of compliance and will not be in compliance in the future. If the noncompliance or failure to certify is corrected within three years after the end of the correction period, the WVHDF is required to file IRS Form 8823 with the IRS reporting the correction of the noncompliance or failure to certify.

WVHDF Recordkeeping and Record Retention Requirements

The WVHDF is required to retain the Owner's Certification, the annual income certifications, the supporting documentation, rent records, and any other records described in the Certification and Review Requirements portion of this Compliance

Monitoring Procedure for at least three years beyond the end of the calendar year in which the WVHDF receives such certifications and records. However, the WVHDF is required to retain any records related to noncompliance or failure to certify for at least six years beyond the WVHDF's filing of IRS Form 8823 with the IRS.

WVHDF Reports of Compliance Monitoring Activities

The WVHDF is required to report its compliance monitoring activities annually on IRS Form 8610, "Annual Low-Income Housing Credit Agencies Report".

Modification of the Compliance Monitoring Procedure

This Compliance Monitoring Procedure is based upon 26 CFR 1.42-5, "Monitoring Compliance with Low-Income Housing Credit Requirements."

This Compliance Monitoring Procedure is subject to modifications by the WVHDF, in order to comply with any future promulgations, issuances, or modifications of 26 CFR 1.42-5, Section 42 of the Code, and all regulations, rules, rulings, policies, procedures and any other official statements promulgated and issued by the IRS, or the Treasury Department (including currently existing and future promulgations and issuances). Further, this Compliance Monitoring Procedure is also subject to any other modification by the WVHDF that the WVHDF, in its sole discretion, considers is necessary.

Compliance Monitoring Fees

The ownership entity of any property that is subject to this Compliance Monitoring Procedure will be charged an annual monitoring fee equal to $35 per residential rental unit in any such property, for fees collected in 2013 and 2014. The Compliance Monitoring Fee amount may change in subsequent years.

The ownership entity's failure to pay such fee will be treated as an instance of noncompliance.

Compliance Monitoring During the Extended Use Period

The WVHDF will continue to monitor any low-income housing property and apply all portions of this Compliance Monitoring Procedure, during the extended use period as specified in such property's Regulatory and Restrictive Covenants for Land Use Agreement. If the WVHDF's policy on this matter changes, guidance as to the scope of monitoring during the extended use period will be issued at the time the policy changes.

OTHER MATTERS

The WVHDF makes no representation concerning any tax or other consequences resulting from participation in or information for the Low-Income Housing Tax Credit Program and accepts no responsibility for any adverse consequences to the owner or property investors arising out of any participation in or other information concerning the Low-Income Housing Tax Credit Program. All applicants to the Low-Income Housing Tax Credit Program agree that the WVHDF will not be held responsible or liable for any representations made or adverse tax or other consequences to the applicant or property investors relating to the participation in or other information concerning the WVHDF's Low-Income Housing Tax Credit Program, and, therefore, the applicant must assume the risk of all damages, losses, costs and expenses of any kind and nature that may be hereinafter suffered, incurred or paid arising out of the use of any information concerning the Low-Income Housing Tax Credit Program. Submission of an application (Reservation Request, Carryover Allocation Request, or Allocation Request) is conclusive evidence of an applicant's agreement to abide by, be bound by, and act in accordance with the content and provisions of this paragraph and the content and provisions of the Plan, in its entirety. In addition, submission of an application (Reservation Request, Carryover Allocation Request, or Allocation Request) is evidence of an applicant's certification of the items listed in the Owner Certification section of the WVHDF Form 1040 signed and attested to by an authorized representative of the Owner.

All interested parties should understand that full regulations for the Low-Income Housing Tax Credit Program have not been promulgated yet and that existing regulations may be changed and repealed or new regulations may be promulgated from time to time. Therefore, the WVHDF reserves the right to change or modify the contents of this Plan, in order to comply with any future promulgations or issuances of such regulations, or in order to facilitate the allocation of low-income housing tax credits that could not otherwise be made, or in order to address any unforeseen circumstances that arise.

WEST VIRGINIA HOUSING DEVELOPMENT FUND
LOW-INCOME HOUSING TAX CREDIT PROGRAM

2013 AND 2014 ALLOCATION PLAN
EXHIBIT A

PROPERTY LOCATION, HOUSING NEEDS CHARACTERISTICS, AND POINT AWARDS

Location	Column A Fiscal Year 2013 Median Family Income	Column B Points Awarded	Column C LIHTCP Unit Production Percentage	Column D Points Awarded	Column E 2000 Census Report Percentage of Renter-Occupied Housing Units Lacking Complete Plumbing	Column F Points Awarded	Column G LIHTCP Unit Production (1990 to 2012) Percentage of 1990 Renter-Occupied Units Substandard and Not Suitable for Rehabilitation	Column H Points Awarded	Column I 2013 LIHTCP IRS Rent Restriction for a Two-Bedroom Unit as a Percentage of the 2012 Average Monthly Wage	Column J Points Awarded	Column K Total Points Awarded
Statewide	$52,000		6.23%		1.33%		25.92%		21.09%		
Barbour	$41,900	40	4.88%	40	3.50%	10	48.70%	30	22.53%	15	135
Berkeley	$64,000	20	12.74%	5	0.78%	2	65.94%	25	31.58%	25	77
Boone	$51,000	30	3.81%	45	2.63%	8	10.89%	40	13.51%	5	128
Braxton	$43,000	40	5.39%	40	3.97%	10	96.43%	15	24.75%	20	125
Brooke	$50,300	35	4.51%	45	0.70%	2	19.54%	35	22.66%	15	132
Cabell	$50,800	35	6.11%	35	0.51%	2	17.25%	40	21.75%	15	127
Calhoun	$37,100	45	4.07%	45	8.05%	20	0.00%	40	21.95%	15	165
Clay	$57,900	25	0.00%	60	7.37%	20	0.00%	40	24.26%	15	160
Doddridge	$36,200	45	0.00%	60	6.94%	18	0.00%	40	25.77%	20	183
Fayette	$44,700	40	9.05%	25	1.85%	6	33.54%	35	20.56%	10	116
Gilmer	$40,400	45	3.74%	45	0.78%	2	27.72%	35	21.95%	15	142
Grant	$49,100	35	0.57%	60	1.02%	4	4.72%	40	21.05%	15	154
Greenbrier	$45,900	35	7.64%	30	1.76%	6	49.89%	30	23.61%	15	116
Hampshire	$65,700	20	3.26%	50	3.19%	8	33.15%	35	36.21%	35	148
Hancock	$50,300	35	3.18%	50	0.54%	2	22.11%	35	26.36%	20	142
Hardy	$44,000	40	6.53%	35	3.05%	8	120.27%	10	25.68%	20	113
Harrison	$54,200	30	5.14%	40	0.61%	2	25.95%	35	20.65%	10	117
Jackson	$52,500	30	4.60%	40	3.05%	8	21.66%	35	24.57%	20	133
Jefferson	$82,000	5	10.56%	15	0.97%	4	25.72%	35	36.97%	35	94
Kanawha	$57,900	25	6.92%	30	0.71%	2	24.63%	35	21.48%	15	107
Lewis	$44,900	40	4.92%	40	0.75%	2	37.20%	30	16.59%	5	117
Lincoln	$57,900	25	3.05%	50	4.18%	12	19.31%	35	25.18%	20	142
Logan	$46,200	35	0.27%	60	1.83%	6	1.47%	40	17.27%	10	151
McDowell	$30,200	50	5.36%	40	3.15%	8	0.00%	40	16.16%	5	143
Marion	$52,100	30	6.10%	35	1.25%	4	11.37%	40	20.51%	10	119
Marshall	$51,700	30	7.65%	30	0.53%	2	37.95%	30	18.35%	10	102
Mason	$44,700	40	5.61%	40	1.24%	4	50.73%	30	18.12%	10	124

WEST VIRGINIA HOUSING DEVELOPMENT FUND
LOW-INCOME HOUSING TAX CREDIT PROGRAM

2013 AND 2014 ALLOCATION PLAN
EXHIBIT A

PROPERTY LOCATION, HOUSING NEEDS CHARACTERISTICS, AND POINT AWARDS

Location	Column A Fiscal Year 2013 Median Family Income	Column B Points Awarded	Column C LIHTCP Unit Production Percentage	Column D Points Awarded	Column E 2000 Census Report Percentage of Renter-Occupied Housing Units Lacking Complete Plumbing	Column F Points Awarded	Column G LIHTCP Unit Production (1990 to 2012) Percentage of 1990 Renter-Occupied Units Substandard and Not Suitable for Rehabilitation	Column H Points Awarded	Column I 2013 LIHTCP IRS Rent Restriction for a Two-Bedroom Unit as a Percentage of the 2012 Average Monthly Wage	Column J Points Awarded	Column K Total Points Awarded
Mercer	$45,200	40	4.57%	40	0.91%	4	28.70%	35	22.46%	15	134
Mineral	$53,300	30	6.92%	30	0.54%	2	37.25%	30	33.49%	30	122
Mingo	$42,700	40	5.21%	40	1.19%	4	11.46%	40	14.66%	5	129
Monongalia	$64,400	20	3.73%	45	0.54%	2	9.16%	40	21.72%	15	122
Monroe	$47,900	35	4.15%	45	2.24%	6	50.00%	30	22.87%	15	131
Morgan	$64,000	20	5.03%	40	1.85%	6	74.12%	20	42.71%	40	126
Nicholas	$48,000	35	7.44%	30	1.74%	6	57.71%	25	21.03%	15	111
Ohio	$51,700	30	3.23%	50	0.65%	2	15.92%	40	24.70%	20	142
Pendleton	$52,700	30	0.76%	60	0.86%	4	15.63%	40	27.57%	20	154
Pleasants	$57,400	25	7.12%	30	0.36%	2	54.79%	25	20.45%	10	92
Pocahontas	$43,500	40	1.63%	55	2.38%	6	21.43%	35	26.43%	20	156
Preston	$64,400	20	13.67%	5	1.69%	6	141.84%	5	27.26%	20	56
Putnam	$57,900	25	12.72%	5	1.59%	4	95.49%	15	21.15%	15	64
Raleigh	$55,900	30	7.26%	30	1.55%	4	34.18%	35	22.31%	15	114
Randolph	$50,000	35	6.11%	35	1.76%	6	39.35%	30	26.21%	20	126
Ritchie	$42,400	40	7.30%	30	4.83%	14	56.72%	25	21.58%	15	124
Roane	$37,500	45	3.27%	50	3.98%	10	27.85%	35	23.73%	15	155
Summers	$41,700	40	6.67%	35	4.42%	12	31.91%	35	27.45%	20	142
Taylor	$48,500	35	7.88%	30	1.16%	4	127.47%	5	27.14%	20	94
Tucker	$46,000	35	5.34%	40	0.00%	2	3.92%	40	31.48%	25	142
Tyler	$44,900	40	0.00%	60	4.80%	12	0.00%	40	18.84%	10	162
Upshur	$47,800	35	2.25%	55	2.35%	6	20.53%	35	21.03%	15	146
Wayne	$50,800	35	10.46%	15	1.83%	6	26.82%	35	18.99%	10	101
Webster	$37,700	45	2.89%	50	5.83%	16	38.10%	30	19.24%	10	151
Wetzel	$51,600	30	7.44%	30	1.23%	4	30.04%	35	30.35%	25	124
Wirt	$57,400	25	6.80%	35	5.45%	14	0.00%	40	36.71%	35	149
Wood	$57,400	25	6.15%	35	0.87%	4	20.32%	35	24.51%	20	119
Wyoming	$49,100	35	6.14%	35	1.55%	4	18.18%	35	17.11%	5	114