

**WEST VIRGINIA HOUSING DEVELOPMENT FUND  
LOW-INCOME HOUSING TAX CREDIT PROGRAM  
2007 AND 2008 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.

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**INTRODUCTION**

The Omnibus Budget Reconciliation Act of 1989 ("1989 Act") extended the Low-Income Housing Tax Credit Program for one year, through December 31, 1990. The Omnibus Budget Reconciliation Act of 1990 ("1990 Act") extended the Low-Income Housing Tax Credit Program for one more year, through December 31, 1991. The Tax Extension Act of 1991 ("1991 Act") extended the Low-Income Housing Tax Credit Program for six months, through June 30, 1992. The Omnibus Budget Reconciliation Act of 1993 extended the Low-Income Housing Tax Credit Program without a sunset date. In December 2000, the Fiscal Year 2001 Consolidated Appropriations Act enacted new provisions to Section 42 of the Internal Revenue Code. These new provisions impact the required content of a qualified allocation plan, beginning in 2001.

Pursuant to the foregoing, 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 a qualified allocation plan for the State. The Governor must approve the Allocation Plan ("Plan"), after the Plan has been subjected to public comment through public hearing.

According to Section 42(m)(1)(A) of the Internal Revenue Code ("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

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- 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 Section 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 Section 42(m)(1)(C) of the Code requires to be included in the Allocation 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, and
  - h. properties intended for eventual tenant ownership.
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

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2. c. properties which are located in qualified census tracts (as defined in Section 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 applied to and satisfied by any property requesting any portion of the State's Housing Credit Ceiling and any tax-exempt bond financed properties which do not require credit allocations from the State Housing Credit Ceiling. 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. Such waiver will be granted by the Executive Director of the WVHDF. As is stated in this section of this Plan, 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.

While not a part of the Code requirements for a qualified allocation plan, Section 42(m)(2) of the Code requires that the housing credit dollar amount allocated to a property not exceed the amount that the allocating agency determines is necessary for the financial feasibility of the property and its viability as a qualified low-income housing property throughout the credit period. In making this determination of the housing credit dollar amount necessary, the allocating agency is required to consider:

- the sources and uses of funds and the total financing planned for the property,

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- 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 in such a way to impede the development of properties in hard-to-develop areas. Section 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.

**PUBLIC HEARING AND GOVERNOR'S APPROVAL**

In accordance with Section 42(m)(1)(A)(i) of the Code, the required public hearing was held on May 23, 2007, and the WVHDF's Allocation Plan was approved by the Governor of the State on June 25, 2007.

**NOTIFICATION AND PERIOD OF COMMENT FOR LOCAL JURISDICTION**

In accordance with Section 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 building(s) in the property is (are) or will be located and will generally provide that individual with a thirty-day period of time within which to comment upon the property, beginning on the day after which the notification is sent. If a response is not received within the specified time period, the WVHDF will continue processing the property's application.

In the event a property applicant submits its initial application on or after October 31, 2007 (or 2008), the WVHDF may, in its own discretion, provide the Chief Executive Officer of the local jurisdiction with a period of time, within which to comment upon the property, that is less than the generally provided thirty-day period. Any such shorter time period provided will be reasonable, given the time constraints within which the WVHDF is required to make any resulting allocations (December 31, 2007 (or 2008)). If a response is not received within the specified time period, the WVHDF will continue processing the property's application.

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**PROGRAM PARTICIPANTS ELIGIBILITY REQUIREMENTS**

Any person who has been convicted of a felony is not eligible to participate in West Virginia's Low-Income Housing Tax Credit Program as a developer and/or as a general partner/managing member/member owner, individually or as a co-owner.

Any person that is part of the ownership entity that serves as the developer and/or the general partner/managing member/member owner, individually or as a co-owner must have a credit score (Experian) in excess of 600.

Accordingly, any developer and/or general partner/managing member/member owner applying for Low-Income Housing Tax Credits in 2007 (or 2008) must sign a National Criminal Background and Credit Check Authorization and Release Form in order for the WVHDF to gain access to any and all available information.

**SUMMARY OF SELECTION AND PREFERENCE CRITERIA**

In order to comply with Sections 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 criteria and each specific characteristic has been made. The selection and preference criteria and the specific characteristics within a particular criterion are 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.

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**SUMMARY OF SELECTION AND PREFERENCE CRITERIA** (Continued)

Category of Selection and Preference Criteria	Total Points Available
Property Characteristics and Set-Aside Categories	60
Ability to Produce a Qualified Low-Income Residential Rental Property	170
Property Location and Housing Needs Characteristics	200
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
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	185
Efficiency of the Credit Requested	70
<b>TOTAL POINTS AVAILABLE</b>	<b>1000</b>

The WVHDF has set a minimum threshold of selection and preference criteria points that must be met or exceeded by proposed properties in order for such properties to be considered any further for tax credit program eligibility. **This minimum threshold has been set at 500 points.**

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 and preference criteria and other administrative criteria that are not mandated by Section 42 of the Code. In

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**SUMMARY OF SELECTION AND PREFERENCE CRITERIA** (Continued)

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. Such waiver will be granted by the Executive Director of the WVHDF. As is stated in the Introduction to this Plan, 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.

**SELECTION AND PREFERENCE CRITERIA**

**Property Characteristics and Set-Aside Categories (Maximum Points Available: 60)**

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 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 in categories 1 through 6 below.**

Points will be awarded in accordance with the table below to any property that satisfies all of the characteristics and features of any one of the six Set-Aside Categories, as identified and described in categories 1 through 6 below, even after such time as the Set-Aside Categories may expire, but no later than December 31, 2007 (or 2008). 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:

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Property Characteristics and Set-Aside Categories (Continued)

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
<b>1. Qualified Non-Profit:</b> Category for the exclusive use of a Qualified Non-Profit Organization.	New & ≤ 50	50	10.0%
	New & > 50	40	
	Rehab & ≤ 50	30	
	Rehab & > 50	20	
	A&R & ≤ 50	10	
	A&R & > 50	0	
<b>2. Rural Development Preservation:</b> 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	30	15.0%
	Rehab & > 50	20	
	A&R & ≤ 50	10	
	A&R & > 50	0	
<b>3. Rural Development New Construction:</b> 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	50	25.0%
	New & > 50	40	
<b>4. HUD Preservation or New Construction (Includes HOPE VI):</b> Category for the exclusive use for either preservation of existing HUD low-income residential rental units previously financed, guaranteed, or subsidized (property-based) through any HUD finance, guarantee, or subsidy (property-based) program, or for a newly constructed property financed, guaranteed, or subsidized (property-based) through any HUD finance, guarantee, or subsidy (property-based) program to produce newly constructed low-income residential rental units.	New & ≤ 50	50	25.0%
	New & > 50	40	
	Rehab & ≤ 50	30	
	Rehab & > 50	20	
	A&R & ≤ 50	10	
	A&R & > 50	0	

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Property Characteristics and Set-Aside Categories (Continued)

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
<b>5. New Supply Small:</b> 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	50	22.5%
	Rehab & ≤ 50	30	
	A&R & ≤ 50	10	
<b>6. 2005 and 2006 (or 2006 and 2007) Carryover Allocations Placed in Service in 2007 (or 2008):</b> Category for the exclusive use of a 2005 or 2006 (or 2006 or 2007) Carryover Allocation Certificate recipient for additional credit for only those buildings placed in service in 2007 (or 2008).	New & ≤ 50	50	2.5%
	New & > 50	40	
	Rehab & ≤ 50	30	
	Rehab & > 50	20	
	A&R & ≤ 50	10	
	A&R & > 50	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.

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

**Property Characteristics and Set-Aside Categories** (Continued)

Further, for new construction properties qualifying and applying for housing credit dollar amounts from the HUD Preservation or New Construction Set-Aside Category, an additional 10 points will be awarded if the new construction of such property is in direct response to and within the requirements of a one-for-one replacement plan necessitated by the de-densification of an existing HUD property in order to obtain HUD's approval, and the requirements of such replacement plan are specified in a Memorandum of Understanding executed with HUD.

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 Section 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 Section 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;

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Property Characteristics and Set-Aside Categories (Continued)

- 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 Section 42(h)(5)(D)(ii) of the Code does not qualify for the Qualified Non-Profit Set-Aside Category under this Plan.

All applicants can apply 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. In order for such an applicant to apply for housing credit dollar amounts from one Set-Aside Category, the applicant must mark (with an “X”) the box in front of the appropriate Set-Aside Category, indicate the number of units, and the type of property (New Construction, Substantial Rehabilitation, or Acquisition and Substantial Rehabilitation) on page 3 of the WVHDF Form 1040, specifically section VII. A. An applicant’s failure to mark any Set-Aside Category on page 3 of the WVHDF Form 1040 will mean that the property cannot compete for any credit.

The Qualified Non-Profit Set-Aside Category will remain in effect for requests received on or before December 31, 2007 (or 2008), 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 July 31, 2007 (or April 30, 2008). At that time, the available housing credit dollar amounts in these categories, if any, will be pooled together.

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Ability to Produce a Qualified Low-Income Residential Rental Property  
(Total Maximum Points Available: 170)

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, for which points will be awarded, are described below.

1. Site Control (Maximum Points Available: 0)

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

2. Permanent Financing (Maximum Points Available: 20)

20 points will be awarded to a property with written commitments from all sources of permanent financing (including any developer financing), for all amounts of such financing.

3. Syndication of Investment Interests and Tax Credits  
(Maximum Points Available: 20)

20 points will be awarded to a property where the applicant has formally accepted (in writing) a syndicator's written offer/proposal to perform as the syndicator for the property.

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Ability to Produce a Qualified Low-Income Residential Rental Property (Continued)

4. Developer Experience in the Low-Income Housing Tax Credit Program  
(Maximum Points Available: 20)

5 points will be awarded to a property where the developer or **any** co-developer (not on a combined basis) has participated in 6 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 Certification(s) (IRS Form 8609) for the building(s) in the property from the applicable housing credit agency, or

20 points will be awarded to a property where the developer or **any** co-developer (not on a combined basis) has participated in 6 or more Low-Income Housing Tax Credit Program properties located in West Virginia that have been placed in service and received the final Allocation Certification(s) (IRS Form 8609) for the building(s) in the property from the WVHDF.

Each co-developer entity must have equal percentages of work and compensation (two co-developers – 50% and 50%, four co-developers – 25%, 25%, 25% and 25%, etc.)

A copy of the final 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(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(s') (general partner(s)/managing member(s)) 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(s') (general partner(s)/managing member(s)) principal place of business is located within 150 miles of the property's site location, or

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Ability to Produce a Qualified Low-Income Residential Rental Property (Continued)

5. Ownership Entity's Principal's(s') Proximity  
to Property Site Location (Continued)

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

The ownership entity's principal's(s') (general partner(s)/managing member(s)) principal place of business is considered the physical location to which such person(s) reports 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), points will be awarded on a weighted-average basis, based on the total mileage calculated when adding the product of the percentage of ownership multiplied by 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).

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Ability to Produce a Qualified Low-Income Residential Rental Property (Continued)

6. General Partner Compliance Status (Maximum Points Available: 20)

20 points will be awarded to a property whose general partner(s) (and underlying principal(s)) does (do) not have any identified and unresolved issue(s) of noncompliance or failure to certify for any Low-Income Housing Tax Credit Program property located in West Virginia.

Issues of noncompliance include those with:

- the provisions of Section 42 of the Code and the regulations promulgated thereunder;
- habitability standards;
- the Allocation Plan(s), if any, for the year(s) from which credits were allocated; and
- the recorded Regulatory and Restrictive Covenants for Land Use Agreement, if any.

In addition, issues of noncompliance include any that are known by the general partner (underlying principal(s)) to exist, regardless of who identified the issue(s) and regardless of whether the WVHDF is aware of any such issue(s). The applicant (general partner) will be required in their property's Request for credits to certify whether they are aware of any issue(s) of noncompliance or failure to certify (for any Low-Income Housing Tax Credit Program property located in West Virginia) that are not resolved as of the date such property's Form 1040 is complete, signed and notarized.

Only for the purpose of awarding these available points, issues of noncompliance do not include:

- issues of noncompliance that arose prior to the January 1, 1992 effective date for the initial compliance monitoring regulations issued by the Internal Revenue Service and published in the Federal Register on December 27, 1991, or issues of noncompliance after the end of the initial 15-year minimum compliance period for any property.

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Ability to Produce a Qualified Low-Income Residential Rental Property (Continued)

7. Developer's Timely Delivery of Units (Maximum Points Available: 20)

A property will be awarded 2 points for each completed Low-Income Housing Tax Credit Program property in West Virginia for which the developer or any co-developer placed-in-service within 18 months of the end of the calendar year in which each such property received its Carryover Allocation Certificate(s). Any such property will only be considered once. A maximum of 20 points are available under this criteria.

8. General Partner Portfolio Occupancy Rate (Maximum Points Available: 20)

A property will be awarded 20 points if the general partner's(s') (and underlying principal's(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 in West Virginia was 95% or more **occupied** as of March 31, 2007 (or March 31, 2008). 10 points will be awarded to properties whose general partner(s) do not have a portfolio of completed (as defined above) Low-Income Housing Tax Credit Program properties in West Virginia.

9. Participation in WVHDF Training  
(Allocation Workshop) (Maximum Points Available: 20)

A property will be awarded 4 points for each employee of the developer (who is **predominantly** employed in development) who attended **all** days of the most recent WVHDF training on the Low-Income Housing Tax Credit Program "Allocation Workshop", as evidenced by Certificates of Attendance for each such day for each such employee. A maximum of 20 points are available under this criteria.

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Property Location and Housing Needs Characteristics  
(Total Maximum Points Available: 200)

Points will be awarded to properties based upon the property location in relation to the following housing needs characteristics: Difficult Development Areas; Fiscal Year 2007 Median Family Incomes; Low-Income Housing Tax Credit Program Unit Production as a Percentage of 2000 Census Renter-Occupied Housing Units; 2000 Census - Renter-Occupied Housing Units Lacking Complete Plumbing; and Low-Income Housing Tax Credit Program Production (1990 to 2006) as a Percentage of the Estimated 1990 Renter-Occupied Units Substandard and Not Suitable for Rehabilitation. Exhibit A (Property Location, Housing Needs Characteristics, and Point Awards) to the Allocation 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. Difficult Development Areas (Maximum Points Available: 20)

Properties will be awarded 20 points if the property is or will be located in a county that is a currently HUD-designated Difficult Development Area.

2. Fiscal Year 2007 Median Family Incomes (Maximum Points Available: 40)

Sources: Fiscal Year 2007 HUD Section 8 and Public Housing Income Limits, and

Fiscal Year 2007 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 2007 Median Family Income is Included in or Falls Between
5	\$59,563 and \$64,400
10	\$54,726 and \$59,562
15	\$49,888 and \$54,725
20	\$45,051 and \$49,887

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Property Location and Housing Needs Characteristics (Continued)

2. Fiscal Year 2007 Median Family Incomes (Continued)

Points Awarded	For a Property Located in a County or in an Area Where that County's or Area's Fiscal Year 2007 Median Family Income is Included in or Falls Between
25	\$40,213 and \$45,050
30	\$35,376 and \$40,212
35	\$30,538 and \$35,375
40	\$25,700 and \$30,537

3. Low-Income Housing Tax Credit Program Unit Production as a Percentage of the 2000 Census Renter-Occupied Housing Units (Maximum Points Available: 40)

Sources: Low-Income Housing Tax Credit Program Production Summary for 1987 through 2006, and

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 Low-Income Housing Tax Credit Program Unit Production as a Percentage of the 2000 Census Renter-Occupied Housing Units is Included in or Falls Between
5	13.03% and 14.88%
10	11.17% and 13.02%
15	9.31% and 11.16%
20	7.45% and 9.30%
25	5.59% and 7.44%
30	3.73% and 5.58%

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Property Location and Housing Needs Characteristics (Continued)

3. Low-Income Housing Tax Credit Program Unit Production as a Percentage of the 2000 Census Renter-Occupied Housing Units (Continued)

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 2000 Census Renter-Occupied Housing Units is Included in or Falls Between
35	1.87% and 3.72%
40	0.00% and 1.86%

4. 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%

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Property Location and Housing Needs Characteristics (Continued)

4. 2000 Census Report - Renter-Occupied Housing Units Lacking Complete Plumbing (Continued)

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
18	6.41% and 7.20%
20	7.21% and 8.05%

5. Low-Income Housing Tax Credit Program Unit Production (1990 to 2006) as a Percentage of the Estimated 1990 Renter-Occupied Units Substandard and Not Suitable for Rehabilitation (Maximum Points Available: 40)

Sources: U. S. Department of Housing and Urban Development, 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 2006.

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 (1990 to 2006) as a Percentage of the Estimated 1990 Renter-Occupied Units Substandard and Not Suitable for Rehabilitation is Included in or Falls Between
5	105.25% and 120.27%
10	90.21% and 105.24%
15	75.18% and 90.20%

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Property Location and Housing Needs Characteristics (Continued)

5. Low-Income Housing Tax Credit Program Unit Production (1990 to 2006) as a Percentage of the Estimated 1990 Renter-Occupied Units Substandard and Not Suitable for Rehabilitation (Continued)

Points Awarded	For a Property Located in a County Where that County's Low-Income Housing Tax Credit Program Unit Production (1990 to 2006) as a Percentage of the Estimated 1990 Renter-Occupied Units Substandard and Not Suitable for Rehabilitation is Included in or Falls Between
20	60.14% and 75.17%
25	45.11% and 60.13%
30	30.08% and 45.10%
35	15.04% and 30.07%
40	0.00% and 15.03%

6. 2007 Low-Income Housing Tax Credit Program IRS Rent Restriction for a Two-Bedroom Unit as a Percentage of the 2006 Average Monthly Wage (Maximum Points Available: 40)

Sources: Low-Income Housing Tax Credit Program 2007 IRS Rent Restrictions (Based Upon 60% of Median Income) for the State and Counties, and

U. S. Department of Labor, Bureau of Labor Statistics, Employment and Wages by County in West Virginia, Third Quarter, 2006

Properties will be awarded points on the following basis:

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Property Location and Housing Needs Characteristics (Continued)

6. 2007 Low-Income Housing Tax Credit Program IRS Rent Restriction for a Two-Bedroom Unit as a Percentage of the 2006 Average Monthly Wage (Continued)

Points Awarded	For a Property Located in a County Where that County's 2007 Low-Income Housing Tax Credit Program IRS Rent Restriction for a Two-Bedroom Unit as a Percentage of the 2006 Average Monthly Wage is Included in or Falls Between
5	17.06% and 20.53%
10	20.54% and 24.01%
15	24.02% and 27.49%
20	27.50% and 30.97%
25	30.98% and 34.45%
30	34.46% and 37.93%
35	37.94% and 41.41%
40	41.42% and 44.89%

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:

<u>Sponsor Characteristics</u>	<u>Points Awarded</u>
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

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Sponsor Characteristics (Continued)

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

In order to qualify for the 3 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 properties based upon their commitment 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 population(s). 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 that is expected to be of long-continued and indefinite duration, that substantially impedes the person's ability to live independently, and that is of such a nature that this ability could be improved by more suitable housing conditions.

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Tenant Populations with Special Housing Needs (Continued)

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.

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, specifically including but not limited to ensuring that Fair Housing requirements are not violated.

In the event an applicant commits to target for occupancy one or a combination of more than one of the tenant populations listed above, the points available below under the selection criteria 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 properties based upon their commitment 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 population(s). 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, specifically including but not limited to ensuring that Fair Housing requirements are not violated.

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Tenant Populations of Individuals with Children (Continued)

In the event an applicant commits to target for occupancy one or both of the tenant populations listed above, the points available above under the selection criteria 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 (Commitment to Utilize the Applicable Public Housing Authority's Waiting List (WVHDF Form LIHTCP-6 or LIHTCP-6B) found in Appendix F of the Low-Income Housing Tax Credit Program Package) 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 ever enter into either form of written agreement** (LIHTCP-6 or LIHTCP-6B) to evidence this commitment, the 25 points available will still be awarded.

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, and the applicant must provide a business plan describing how the residential rental units will be converted to tenant ownership.

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

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 Property 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, if elected above, 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.

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Preference for Properties Serving the Lowest Income Tenants (Continued)

**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 Property 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, if elected above, 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 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

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SELECTION AND PREFERENCE CRITERIA (Continued)

Preference for Properties Serving the Lowest Income Tenants (Continued)

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

- 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.

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 criteria for properties obligated to serving qualified tenants for the longest periods of time ("the preference criteria commitment") is not the same as the Extended Low-Income Housing Commitment. The distinctions between these two commitments are discussed in more detail in the following three paragraphs.

**The preference criteria 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 criteria commitment in order to participate in the Low-Income Housing Tax Credit Program. However,**

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Preference for Properties Obligated to Serving  
Qualified Tenants for the Longest Periods of Time (Continued)

**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. Section 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.

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Preference for Properties Obligated to Serving  
Qualified Tenants for the Longest Periods of Time (Continued)

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 Sections 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.**

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

40 points will be awarded to a property that is located in a Qualified Census Tract, provided that the development of such property has been acknowledged, in writing, by the appropriate governing body of the local jurisdiction within which such property is or will be located, to contribute to a concerted community revitalization plan that has been approved by the appropriate governing body of the local jurisdiction within which such “community” is located.

Quality of Housing (Maximum Points Available: 185)

At a minimum, the property must be constructed or rehabilitated in compliance with the then current:

- State Building Code (including the International Building Code, International Plumbing Code, International Mechanical Code, International Property Maintenance Code, International Energy Conservation Code, the International Residential Code for One- and Two-Family Dwellings, and the Handicapped Accessibility Standards) or any corresponding successor code,
- Life Safety Code and the West Virginia State Fire Commission Standards,
- Local building code (if any exists for the jurisdiction within which the building(s) in the property is (are) or will be located),

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Quality of Housing (Continued)

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

All properties that involve substantial rehabilitation must have obtained and provide with their initial application a professionally-prepared and independent capital needs assessment, including a costing of the capital needs identified.

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, cable, and refuse disposal); proximity to fire hydrant(s); proximity to professional or volunteer fire department(s); adequacy of on-site parking; propriety of building set-back from access road(s); 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 track(s), 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.

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. Property sites assessed by the WVHDF's designated construction professional as either superior or good will be awarded points as stated below. 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 the purpose of awarding the points available 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. Applicants, lenders, syndicators, and any other parties are not entitled to and should not rely upon or in any way utilize the WVHDF's site suitability assessment for any such property.

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Quality of Housing (Continued)

Generally, the number of points awarded will be based upon an assessment of the quality of housing provided, as determined from the applicant's response to specific housing quality characteristics. However, as referred to in the previous paragraph, the WVHDF will determine the number of points to be awarded for site suitability, if any. 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 or managing member/member), the property's Architect, and the property's Contractor.

The housing quality characteristics to be assessed are as follows:

Points will be awarded to properties, based upon the **WVHDF's designated construction professional's** assessment of the suitability rating of the site for the property, using the criteria and rating scale outlined above, as follows:

30 points will be awarded to properties where the site suitability rating assigned by the WVHDF's designated construction professional was "Superior"; or

15 points will be awarded to properties where the site suitability rating assigned by the WVHDF's designated construction professional was "Good".

Any property where the site suitability rating assigned by the WVHDF's designated construction professional was "Poor" is not eligible for Low-Income Housing Tax Credits.

The WVHDF reserves the right to reject any property, solely on the basis of the WVHDF's site assessment for any such property. Issues that could result in the rejection of any 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 review, assessment, and acceptance of a site are solely for the WVHDF's use. The WVHDF does not make any representations or warranties as to the site for any such property. Applicants, lenders, syndicators, and any other parties involved in any such property are not entitled to and should not rely upon or

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Quality of Housing (Continued)

in any way utilize the WVHDF's review, assessment, and acceptance with respect to the site for any such property.

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

20 points will be awarded to properties, provided that 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.

20 points will be awarded to properties, provided that 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

All newly constructed three or four bedroom units must have two full bathrooms.

15 points will be awarded to properties, provided that 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.

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

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Quality of Housing (Continued)

10 points will be awarded to properties, provided that each residential rental unit has exterior doors that are Energy Star qualified utilizing the most stringent Energy Star qualification criterion for the State (i.e. U-Factor of 0.35 or less); and provided that each residential rental unit has a window package, where all windows have the Energy Star designation.

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

10 points will be awarded to properties, provided that each building in the property has at least one roof cut (providing either two roof levels or two roof lines).

10 points will be awarded to properties, provided that 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 felt and flashings) must be removed to the plywood. The plywood must be inspected and replaced if damaged. Further, if it is necessary for any plywood to be replaced, beams and insulation must also be inspected and replaced if damaged.

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.

5 points will be awarded to properties provided that, 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.

5 points will be awarded to properties provided that, all vinyl siding used on the exterior of all buildings in the property is "dutch lap", with a thickness of 0.042" or greater.

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

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Quality of Housing (Continued)

5 points will be awarded to properties, provided that 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.

5 points will be awarded to properties, provided that each such property's **Architect** and **Contractor** have completed (within one year 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.

Applicants should be aware that complete and accurate responses to each housing quality characteristic listed above are in their property's best interests. The applicant must complete a Quality of Housing Certification (Schedule C to Form 1040), which must be certified to by the property owner (general partner or managing member/member), the property Architect, and the property Contractor. If the property involves scattered sites, a separate Quality of Housing Certification must be completed and certified for each individual site. 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.

Efficiency of the Credit Requested (Maximum Points Available: 70)

70 points will be awarded to a property where the aggregate housing credit dollar amount requested (based upon either 4%, or 9%, or both) does not exceed the aggregation (based upon property type, applicable credit percentage(s), eligibility for increased credit for properties located in qualified census tracts or difficult development areas, and the property's unit composition by the number of bedrooms) of the applicable per unit housing credit dollar amounts shown below.

For properties that have not been occupied as residential rental housing at any time during the year preceding the date of the option, purchase contract, or deed for the subject property, which is furnished with the initial application (Reservation Request) with respect to site control, the applicable per unit housing credit dollar amounts are provided in the table below.

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Efficiency of the Credit Requested (Continued)

Type of Property and Number of Bedrooms	Federally-Subsidized in a Qualified Census Tract or Difficult Development Area	Federally-Subsidized not in a Qualified Census Tract or Difficult Development Area	Non-Federally-Subsidized in a Qualified Census Tract or Difficult Development Area	Non-Federally-Subsidized not in a Qualified Census Tract or Difficult Development Area
<b>New Construction</b>				
Efficiency	\$3,475	\$2,673	\$7,818	\$6,014
1 Bedroom	\$3,983	\$3,064	\$8,961	\$6,893
2 Bedrooms	\$4,843	\$3,726	\$10,897	\$8,382
3 Bedrooms	\$6,266	\$4,820	\$14,097	\$10,844
4 Bedrooms	\$6,878	\$5,291	\$15,474	\$11,903
<b>Substantial Rehabilitation</b>				
Efficiency	\$2,606	\$2,005	\$5,863	\$4,510
1 Bedroom	\$2,987	\$2,298	\$6,721	\$5,170
2 Bedrooms	\$3,633	\$2,794	\$8,173	\$6,287
3 Bedrooms	\$4,699	\$3,615	\$10,573	\$8,133
4 Bedrooms	\$5,158	\$3,968	\$11,606	\$8,928
<b>Acquisition and Substantial Rehabilitation</b>				
Efficiency	\$3,275	\$2,674	\$6,532	\$5,179
1 Bedroom	\$3,753	\$3,064	\$7,487	\$5,936
2 Bedrooms	\$4,565	\$3,726	\$9,105	\$7,219
3 Bedrooms	\$5,904	\$4,820	\$11,778	\$9,338
4 Bedrooms	\$6,481	\$5,291	\$12,929	\$10,251

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Efficiency of the Credit Requested (Continued)

For properties that have been occupied as residential rental housing at any time during the year preceding the date of the option, purchase contract, or deed for the subject property, which is furnished with the initial application (Reservation Request) with respect to site control, the applicable per unit housing credit dollar amounts are provided in the table below.

Type of Property and Number of Bedrooms	Federally-Subsidized in a Qualified Census Tract or Difficult Development Area	Federally-Subsidized not in a Qualified Census Tract or Difficult Development Area	Non-Federally-Subsidized in a Qualified Census Tract or Difficult Development Area	Non-Federally-Subsidized not in a Qualified Census Tract or Difficult Development Area
<b>Substantial Rehabilitation</b>				
Efficiency	\$2,498	\$1,921	\$5,619	\$4,323
1 Bedroom	\$2,863	\$2,202	\$6,441	\$4,955
2 Bedrooms	\$3,481	\$2,678	\$7,832	\$6,025
3 Bedrooms	\$4,504	\$3,464	\$10,132	\$7,794
4 Bedrooms	\$4,944	\$3,803	\$11,122	\$8,556
<b>Acquisition and Substantial Rehabilitation</b>				
Efficiency	\$3,111	\$2,534	\$6,232	\$4,936
1 Bedroom	\$3,566	\$2,905	\$7,144	\$5,658
2 Bedrooms	\$4,335	\$3,532	\$8,686	\$6,879
3 Bedrooms	\$5,609	\$4,569	\$11,237	\$8,899
4 Bedrooms	\$6,157	\$5,016	\$12,335	\$9,769

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**SELECTION AND PREFERENCE CRITERIA** (Continued)

Efficiency of the Credit Requested (Continued)

An applicant may request a credit amount for a property that is below the credit amount such property is eligible to receive, in order for the credit amount requested for such property to be below the credit amount determined for such property in accordance with the above provisions, in order to be awarded the 70 points available. The Schedule(s) A for a property should contain the currently estimated or actual property costs, adjusted basis, eligible basis, qualified basis, and eligible housing credit dollar amount(s). In order to request less credit than the Schedule(s) A indicates a property/building is eligible for (to be awarded the 70 points available), the applicant should enter the proportionally reduced credit amount(s) for the property/each building in the property on Form 1040 in the section, Property Summary of the Housing Credit Dollar Amounts Requested.

**SUMMARY OF PROPERTY SELECTION PROCESS**

The WVHDF will accept Reservation Requests during the month of July, 2007 (or April, 2008), until 4:30 p.m., prevailing Eastern Time, on the last business day of said month. Only for selected properties will the WVHDF continue to accept either Carryover Allocation Requests, generally on or before October 31, 2007 (or October 31, 2008); or Allocation Requests, generally on or before October 31, 2007 (2008 or 2009) (or October 31, 2008 (2009 or 2010)).

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 month of July, 2007 (or June, 2008), until 4:30 p.m., prevailing Eastern Time, on the last business day of said month. **The applicant for any tax-exempt bond financed property which does not require credit allocations from the State Housing Credit Ceiling must provide evidence that the issuer has been allocated bond authority for the property in an amount equal to or exceeding the minimum percentage (50%) required in order to be eligible to receive an allocation of credits from outside of the State Housing Credit Ceiling.** Only for selected properties will the WVHDF continue to accept Allocation Requests, generally on or before October 31, 2007 (2008 or 2009) (or October 31, 2008 (2009 or 2010)).

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**SUMMARY OF PROPERTY SELECTION PROCESS** (Continued)

Prior to submitting any type of request (Reservation, Carryover Allocation, or Allocation), the property must satisfy all of the applicable requirements for the particular type of request to be filed. **If a property does not meet or exceed all of the applicable requirements for the type of request filed, 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 described in this Plan, under the section, Requirements for Requests.

All properties, for which requests were received and accepted during the established application period(s) specified in the first two paragraphs of this section of this Plan, will be:

- evaluated against the selection and preference criteria,
- compared to the minimum threshold,
- ranked in order by the total points awarded,
- reviewed for a preliminary determination of the housing credit dollar amount needed, and
- selected or wait-listed, along with all other property requests that were received and accepted during that calendar month.

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**

All property requests will first be reviewed to ensure that each property satisfies the characteristics and features of the applicant-selected Set-Aside Category. The characteristics and features of the six Set-Aside Categories are identified and described in the Property Characteristics and Set-Aside Categories section of this

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**PROPERTY EVALUATION AGAINST THE  
SELECTION AND PREFERENCE CRITERIA** (Continued)

Plan. **If a property does not satisfy the characteristics and features of the applicant-selected Set-Aside Category, the WVHDF will reject the request, and the WVHDF will notify the applicant of the rejection and of the reason for the rejection.** If a property does satisfy the characteristics and features of the applicant-selected Set-Aside Category, the property request will continue for further evaluation against the other selection and preference criteria that are set forth in this Plan under the section, Selection and Preference Criteria.

**COMPARISON TO THE MINIMUM THRESHOLD**

Once all acceptable 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 points awarded do not meet or exceed the minimum threshold, the WVHDF will reject the request, and the WVHDF will notify the applicant of the rejection and of the reason for the rejection.** If the property's total points awarded meet or exceed 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 Sections 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.

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**PRELIMINARY REVIEW AND DETERMINATION OF THE  
HOUSING CREDIT DOLLAR AMOUNT NEEDED** (Continued)

In making its determination of the housing credit dollar amount necessary, the WVHDF is required to, and will, 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 in such a way to impede the development of properties in hard-to-develop areas. Section 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.

**PROPERTY SELECTION**

Properties will be selected within and to the extent that housing credit dollar amounts are available in either a specific or the pooled Set-Aside Category, whichever is applicable, based upon the highest ranking of property requests within the category. The specific and pooled Set-Aside Categories will be in effect as specified in the Property Characteristics and Set-Aside Categories section of this Plan.

If sufficient housing credit dollar amounts are available to provide the amount of credit requested for the highest-ranking property in either the appropriate specific or the pooled Set-Aside Category, whichever is applicable, then that property will be selected and the request will continue for further processing. Generally, all remaining property requests of lower ranking for a particular Set-Aside Category (specific or pooled) will be selected in descending order of the highest ranking, in the same manner and to the same extent as described in the preceding paragraph, until sufficient housing credit dollar amounts are no longer available in the applicable Set-

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**PROPERTY SELECTION** (Continued)

Aside Category. For each selected property, the applicant will be notified, in writing, of its selection status, and such notification will specify the amount of credits reserved for such property, generally in the amount the applicant requested.

If sufficient housing credit dollar amounts are not available to provide the amount of credit requested for the highest-ranking property in the applicant-selected Set-Aside Category, but such property ranks high enough in the pooled Set-Aside Category to be selected to receive housing credit dollar amounts from the pooled Set-Aside Category, and there is sufficient credit available in the pooled Set-Aside Category, the WVHDF will select such property from the applicant-selected Set-Aside Category for the amount of credit available in such applicant-selected Set-Aside Category, and such property will be selected to receive the balance of the amount of credit requested from the pooled Set-Aside Category.

If sufficient housing credit dollar amounts are not available to provide the amount of credit requested for the highest-ranking property in the appropriate specific or the pooled Set-Aside Category, whichever is applicable, or both and the WVHDF considers the difference between the amount available in either the appropriate specific or the pooled Set-Aside Category, or both and the amount of credit requested to be a *de minimis* amount, the WVHDF reserves the right and may in its discretion select such property to the extent that housing credit dollar amounts are available in either the appropriate specific or the pooled Set-Aside Category, or both and wait-list such property for the remainder. In the event credit does not become available for the wait-listed portion of such selected and wait-listed properties, the WVHDF will be prepared to enter into a Binding Agreement(s) that commit the WVHDF to allocate credits from the 2008 (or 2009) State Housing Credit Ceiling in an amount up to the wait-listed amount for each such property, capped in total at \$350,000 for all such properties. The WVHDF's goal will be to provide for the early selection of as many properties as possible (predominantly within the applicant-selected Set-Aside Category), based upon point score and *de minimis* potential use of the next year's State Housing Credit Ceiling. The WVHDF reserves the right to make selection and wait-list decisions which may not be directly addressed within this paragraph, but which will further the above-stated goal within the above-stated limit of \$350,000. This paragraph does not apply to the 2005 and 2006 (or 2006 and 2007) Carryover Allocations Placed in Service in 2007 (or 2008) Set-Aside Category.

If sufficient housing credit dollar amounts are not available to provide the amount of credit requested for the highest-ranking property as described in the

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**PROPERTY SELECTION** (Continued)

preceding three paragraphs, then that property will not be selected. The applicant will be notified and provided with an opportunity to have the property request wait-listed. All remaining applicants of lower ranking for that same Set-Aside Category will also be provided with an opportunity to have their property requests wait-listed.

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**

Properties will not be wait-listed, at the applicant's request, unless sufficient housing credit dollar amounts are not available in either the appropriate specific or the pooled Set-Aside Category, whichever is applicable, or both to provide the property's amount of credit requested.

The Non-Profit Set-Aside Category will be the only Set-Aside Category that will continue to have a specific waiting list after the formal initial selection of properties (approximately 45 days after July 31, 2007 (or April 30, 2008)).

At the time the five remaining Set-Aside Categories expire following the formal initial selection of properties (approximately 45 days after July 31, 2007 (or April 30, 2008)), the corresponding specific waiting list for each such category will be dissolved. Properties that appeared on a specific waiting list for any one of the five remaining Set-Aside Categories, prior to their expiration and the dissolution of the corresponding specific waiting lists, will be placed onto a general waiting list for the pooled Set-Aside Category.

There will be one general waiting list for the pooled Set-Aside Category. The general waiting list will be available for properties, for which sufficient housing credit dollar amounts were not available in any one of the five remaining Set-Aside Categories at the time those categories expired and the specific waiting lists dissolved, and any available credit amounts were pooled together. The general waiting list will be in effect for selecting properties, in the event that credit authority becomes available to the pooled Set-Aside Category.

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**WAITING LISTS** (Continued)

Wait-listed properties will appear on the applicable waiting list in descending order from the highest-ranking property. Wait-listed properties will be wait-listed for the amount of credit the property requested.

In the event that credit authority becomes available to either the specific or the pooled Set-Aside Category, whichever is applicable, properties will be selected from the corresponding waiting list in accordance with the manner and to the extent described in the Property Selection section of this Plan. In general, wait-listed properties must be selected from the appropriate waiting list in the order that the properties appear on the waiting lists, as of the end of the month during which the credit authority becomes available to the corresponding Set-Aside Category. In general, properties of higher ranking cannot be passed over on a waiting list in order to provide tax credits to properties of lower ranking.

The WVHDF may determine, at any time after July 31, 2007 (or April 30, 2008) and prior to the October 31, 2007 (or October 31, 2008) dissolution date (see the following paragraph) for the specific and general waiting lists, that:

- the highest-ranking property(ies), on any such waiting lists, is (are) not likely to become eligible to receive an allocation (either a carryover or placed in service calendar year) prior to December 31, 2007 (or December 31, 2008); or
- sufficient housing credit dollar amounts are not likely to become available to fund the highest-ranking property's(ies') credit request prior to December 31, 2007 (or December 31, 2008).

In either of the above events, the WVHDF may, at its discretion, determine that such property(ies) should be passed over in order to utilize available housing credit dollar amounts for the highest-ranking property(ies) for which sufficient housing credit dollar amounts are available, provided that any such property has a reasonable likelihood of becoming eligible to receive an allocation (either a carryover or placed in service calendar year) prior to December 31, 2007 (or December 31, 2008). Prior to making any such determination, the WVHDF will notify each applicant for any such higher ranking wait-listed property of the need to pass over their property in order to utilize the available housing credit dollar amounts before the end of the calendar year. At this time, each such applicant can provide the WVHDF with any necessary and relevant information that the applicant thinks may impact the WVHDF's determination to pass over their property. After providing each such applicant with

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**WAITING LISTS** (Continued)

this final opportunity, the WVHDF will make the determination as to whether or not to pass over such property(ies) on an individual property basis.

On October 31, 2007 (or October 31, 2008), the existing specific and general waiting lists will be dissolved. At that time, wait-listed properties appearing on either the specific waiting list for the Non-Profit Set-Aside Category or the general waiting list for the pooled Set-Aside Category will be considered for selection in accordance with the manner and to the extent described in the Property Selection section of this Plan, and either selected or removed 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 list, as is appropriate.

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.

**REQUIREMENTS FOR REQUESTS**

There are certain requirements that must be met prior to an applicant submitting any type of request. The requirements are different for each type of request (Reservation, Carryover Allocation, and Allocation). A summary of the requirements for each type of request is provided below.

It is in each property owner's best interests to fulfill the applicable requirements, and to complete and submit the Carryover Allocation Request or Allocation Request to the WVHDF as early during the 2007 (or 2008) calendar year as possible. This will help ensure that the WVHDF has sufficient time to process such request and to issue the appropriate Carryover Allocation Certificate(s) on or before December 31, 2007 (or December 31, 2008) or Allocation Certification(s) on or before December 31, 2007 (2008 or 2009) (or December 31, 2008 (2009 or 2010)).

**Reservation Requests**

A Reservation Request for a reservation of credit in 2007 (or 2008) consists of a completed WVHDF Form 1040 (Revised in 2007), a composite Schedule A (Revised in 2007), and a Schedule C (Revised in 2007) for each site for the property.

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**REQUIREMENTS FOR REQUESTS** (Continued)

Reservation Requests (Continued)

These forms can be found in Appendix E of the Low-Income Housing Tax Credit Program Appendices Package.

The WVHDF will accept and consider Reservation Requests during the month of July, 2007 (or April, 2008), until 4:30 p.m., prevailing Eastern Time, on the last business day of said month; or for tax-exempt bond financed properties, which do not require credit allocations from the State Housing Credit Ceiling, during the month of July, 2007 (or June, 2008), until 4:30 p.m., prevailing Eastern Time, on the last business day of said month, provided that:

- all of the requirements listed below have been met in relation to the property, prior to the applicant submitting such request, and
- the applicant includes, as attachments or exhibits to the property's Reservation Request, all of the supporting documentation that is necessary in order for the WVHDF to substantiate and verify the property's satisfaction of the requirements listed below.

In the event an applicant fails to provide the Administrative and Processing Fee, or all of the necessary supporting documentation to verify the property's satisfaction of the requirements listed below, the WVHDF will not accept the property's Reservation Request. **A Summary of Attachments to Support Responses Provided on Form 1040 should be utilized by applicants in connection with their preparation and submission of a Reservation Request, in order to determine the necessary information to submit with the Reservation Request.**

The requirements for Reservation Requests are as follows:

- The applicant must have submitted a complete Reservation Request, which consists of a completed WVHDF Form 1040 (Revised in 2007), a composite Schedule A (Revised in 2007), and a Schedule C (Revised in 2007) for each site for the property.

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**REQUIREMENTS FOR REQUESTS** (Continued)

Reservation Requests (Continued)

- The applicant must have submitted the Administrative and Processing Fee in the form and amount specified in the Administrative and Processing Fee section of this Plan.
- The applicant must have submitted a certification from the developer and general partner or managing member/member owner, individually or as a co-developer or co-owner, regarding the existence or lack thereof of felonious conviction.
- The applicant must have submitted a National Criminal Background and Credit Check Authorization and Release Form for the developer(s) and general partner(s)/managing member(s)/member owner(s).
- The property must satisfy the property characteristics and features of the applicant-selected Set-Aside Category.
- The owner must have established site control in the form of either a recorded deed, an option, or a purchase contract **in the name of the ownership entity for the subject property**.
- The applicant must certify that the owner-designated person assigned responsibility for making the decision for such property as to whether each prospective tenant is income eligible, prior to move-in, based upon a properly completed tenant income certification and third-party verifications of income and assets will possess, at the time the property's compliance period begins and on a continuous basis thereafter, one of the following Low-Income Housing Tax Credit compliance monitoring designations/certifications (or their corresponding successor): Spectrum – C3P or better; Elizabeth Moreland Consulting – NCP or better; or National Association of Home Builders – HCCP or better.

Other appropriate and similar designations/certifications will be considered by the WVHDF on a case-by-case basis.

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**REQUIREMENTS FOR REQUESTS** (Continued)

Reservation Requests (Continued)

- The applicant for any property that involves substantial rehabilitation must have received a professionally-prepared and independent capital needs assessment, including a costing of the capital needs identified. The minimum scope of work for capital needs assessments is available upon request.
- The applicant must have received a written estimate of or proposal for the hard construction costs and builder's line items (Builder's General Overhead, Builder's General Requirements, and Builder's Profit – amount provided separately for each) identifying the potential construction contractor for the property.
- The applicant must have notified, in writing, **the** Chief Executive Officer (or the equivalent), normally the mayor if the property is located within the boundaries of a municipality or the President of the County Commission if it is not, of the local jurisdiction within which the building(s) in the property is (are) or will be located. The form and content of such written notification is prescribed by the WVHDF. The applicant must have received a written response from **the** Chief Executive Officer of the local jurisdiction within which the building(s) in the property is (are) or will be located expressing unqualified support or no opposition.
- The applicant for any tax-exempt bond financed property which does not require credit allocations from the State Housing Credit Ceiling must provide evidence that the issuer has been allocated bond authority for the property in an amount equal to or exceeding the minimum percentage (50%) required in order to be allocated credit outside of the State Housing Credit Ceiling.
- The applicant must have received a comprehensive market study of the housing needs of low-income individuals in the area to be served by the property and of the property. The market study must be prepared by a professional, disinterested party. The market study should quantify and conclude as to the sufficiency of the demand for the units in the proposed property, based specifically upon the applicable Low-Income Housing Tax Credit Program income limits and rent restrictions. Two identical copies of the market study must be submitted to the WVHDF for each Reservation

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**REQUIREMENTS FOR REQUESTS** (Continued)

Reservation Requests (Continued)

Request. The market study should be specific and detailed with respect to each of the following:

- property description, including, but not limited to site location description (photographs of site required); proximity to neighborhood/community amenities; property unit mix, square footage, and rent structure by number of bedrooms; property facilities, equipment and amenities; and unit equipment and amenities;
- definition of the market area for the property [Care should be exercised in establishing the defined market area. The National Council of Affordable Housing Market Analysts' website provides guidance (do's, don'ts, and red flags) on the determination of the market area. The WVHDF will question defined market areas that appear inconsistent with our knowledge of the markets in our State – perhaps resulting in the applicant commissioning the preparation of a new market study. Further, scattered site properties all located within the same municipality (city or town) generally can be deemed as one defined market area. Scattered site properties not located within any municipality, but all within the same county may involve different defined market areas, requiring a separate market study for each defined market area. Scattered site properties that involve sites that are located in different municipalities within the same county, or are located in a mixture of municipalities and unincorporated areas of the same county, or are located in different counties are not considered one property for the purposes of applying for Low-Income Housing Tax Credits.]
- relevant demographic analyses of population and households for the defined market area;
- an analysis of the existing and proposed residential rental housing stock (both affordable and market rate) in the defined market area, which includes (to the extent reasonably possible or readily available) but is not limited to property name and location, age and condition of the property (exterior photograph required for each existing property), property unit mix by number of bedrooms, affordable or market rate, current rent structure by number of bedrooms, occupancy level by number of bedrooms, waiting

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**REQUIREMENTS FOR REQUESTS** (Continued)

Reservation Requests (Continued)

- list by number of bedrooms, and type, amount, extent and duration of any rent concessions offered;
- an analysis in the form prescribed by the WVHDF of the occupancy and vacancy rates for the existing residential rental housing stock (surveyed above) overall; and stratified by subsidized and non-subsidized, by type of occupancy (family/elderly), and by number of bedrooms in the unit – any occupancy of less than 90% or vacancy of more than 10% identified overall or within any of the above stratifications must be addressed with respect to the underlying cause;
  - an evaluation and conclusion of the impact, if any, the property would have on the occupancy of the existing and proposed residential rental housing stock (both affordable and market rate) in the defined market area;
  - a comparison of the monthly housing cost of the units in the property to the monthly housing cost of available comparable alternative housing resources in the defined market area;
  - a calculation of the demand by unit size (number of bedrooms) for the defined market area in total and specifically for Low-Income Housing Tax Credit Program income-eligible households for whom the proposed rent structure would be considered affordable at **30%** of the household's income, including the assumptions made, and an explanation and justification for the use of such assumptions for the purposes of such calculations;
  - the monthly absorption rate for the initial occupancy of the units in the property;
  - a determination and conclusion with respect to the reasonableness of the proposed rent structure for the property;
  - a final and overall determination (numerically quantitative) of and an affirmative conclusion (narratively expressed) on the market for the property to which such market study relates;

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**REQUIREMENTS FOR REQUESTS** (Continued)

Reservation Requests (Continued)

- a certification that a physical inspection of the defined market area was performed, that the information used and provided is true and accurate at the time the market study was prepared, and identity of interest disclosure of the market study preparer, evidencing such market study preparer is a disinterested party; and
- the experience and professional qualifications of the market study preparer and of assigned personnel.

The market study preparer should include any other information and analyses they consider relevant and/or necessary in assessing and concluding upon the market for the proposed property. Minor deficiencies identified as a result of the WVHDF's review of the market study may be resolved by virtue of an updated market study that addresses any such minor deficiencies.

The WVHDF will review and evaluate each market study, specifically as relates to its satisfaction of the above-stated requirements for an acceptable market study, and to its primary purpose of concluding on and determination of the market for the property to which such market study relates. The WVHDF hereby reserves the right to reject any Reservation Request solely on the basis of the market for any such property. However, the WVHDF's review, evaluation, and acceptance of a market study, specifically as relates to its satisfaction of the requirements for an acceptable market study, and the market for any such property are solely for the WVHDF's use. The WVHDF does not make any representations or warranties as to the market for any such property. Applicants, lenders, syndicators, 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 review, evaluation, and acceptance with respect to the market study for any such property.

Carryover Allocation Requests

A Carryover Allocation Request for a Carryover Allocation (Certificate) of credit from the 2007 (or 2008) State Housing Credit Ceiling consists of a completed WVHDF Form 1040 (Revised in 2007), a composite Schedule A (Revised in 2007), a Schedule B (Revised in 2007), and a Schedule C (Revised in 2007) for each site for the property. These forms can be found in Appendix E of the Low-Income Housing Tax

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**REQUIREMENTS FOR REQUESTS** (Continued)

Carryover Allocation Requests (Continued)

Credit Program Appendices Package. The Schedule B must be accompanied by an independent CPA Cost Certification as to the property owner's basis in the property as of the date the Schedule B was prepared (Column A of Schedule B) as a percentage of the property owner's reasonably expected basis in the property as of December 31, 2009 (or December 31, 2010) (Column C of Schedule B). Section 1.42-6(c)(2) of the regulations provide, in part, with respect to an independent CPA Cost Certification to the WVHDF, that the accountant has examined all eligible costs incurred with respect to the property and that, based upon this examination, it is the accountant's belief that the taxpayer has incurred more than 10% of its reasonably expected basis in the property by the close of the calendar year of the allocation. The independent CPA Cost Certification must be in the format prescribed by the WVHDF.

Only for selected properties will the WVHDF accept Carryover Allocation Requests received on or before October 31, 2007 (or October 31, 2008), provided that:

- all of the requirements listed below have been met in relation to the property, prior to the applicant submitting such request, and
- the applicant includes, as attachments or exhibits to the property's Carryover Allocation Request, all of the supporting documentation that is necessary in order for the WVHDF to substantiate and verify the property's satisfaction of the requirements listed below.

The WVHDF will continue to accept Carryover Allocation Requests for selected properties after the stated deadline of October 31, 2007 (or October 31, 2008) through December 10, 2007 (or December 10, 2008), to the extent reasonably possible, subject to the foregoing provisions. An additional Administrative and Processing Fee will be due in connection with Carryover Allocation Requests for selected properties submitted on or after November 1, 2007 (or November 1, 2008) but on or before December 10, 2007 (or December 10, 2008). The amount of the additional Administrative and Processing Fee will be determined in accordance with the provisions of the Administrative and Processing Fee section of this Plan. The WVHDF does not anticipate the submission of Carryover Allocation Requests after December 10, 2007 (or December 10, 2008) will be necessary. In the unlikely event, the WVHDF will decide on a case-by-case basis whether to accept any Carryover Allocation Request for a selected property after December 10, 2007 (or December 10,

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2007 AND 2008 ALLOCATION PLAN

**REQUIREMENTS FOR REQUESTS** (Continued)

Carryover Allocation Requests (Continued)

2008). The amount of the additional Administrative and Processing Fee will be determined in accordance with the provisions of the Administrative and Processing Fee section of this Plan. **However, with respect to the foregoing, for Carryover Allocation Requests submitted on or after November 1, 2007 (or November 1, 2008), the WVHDF offers no assurance to the applicants that the WVHDF will have sufficient time to process any such Carryover Allocation Request, and, accordingly, the WVHDF offers no assurance to the applicants that the WVHDF will have sufficient time to issue the requested Carryover Allocation Certificate(s).**

In the event an applicant fails to provide the regular and any additional Administrative and Processing Fee, or all of the necessary supporting documentation to verify the property's satisfaction of the requirements listed below, the WVHDF will not accept the property's Carryover Allocation Request. The WVHDF will reject the Carryover Allocation Request, and the WVHDF will notify the applicant of the rejection and of the reason for the rejection. Accordingly, the additional Administrative and Processing Fee will continue to accrue at the applicable daily rate(s). **A Summary of Attachments to Support Responses Provided on Form 1040 should be utilized by applicants in connection with their preparation and submission of a Carryover Allocation Request, in order to determine the necessary information to submit with the Carryover Allocation Request.**

The requirements for Carryover Allocation Requests are as follows:

- The applicant must have submitted a complete Carryover Allocation Request, which consists of a completed WVHDF Form 1040 (Revised in 2007), a composite Schedule A (Revised in 2007), a Schedule B (Revised in 2007), and a Schedule C (Revised in 2007) for each site for the property. The Schedule B must be accompanied by an independent CPA Cost Certification as to the property owner's basis in the property as of the date the Schedule B was prepared (Column A of Schedule B) as a percentage of the property owner's reasonably expected basis in the property as of December 31, 2009 (or December 31, 2010) (Column C of Schedule B). See the first paragraph of this subsection of this Plan. The independent CPA Cost Certification must be in the format prescribed by the WVHDF.

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**REQUIREMENTS FOR REQUESTS** (Continued)

Carryover Allocation Requests (Continued)

- The building(s) in the property must be part of a property where the taxpayer's basis in such property, as of the date the applicant submits the Carryover Allocation Request:
  - is more than 10% of the taxpayer's reasonably expected basis in such property, as of the close of the second calendar year (December 31, 2009 (or December 31, 2010)) following the year (2007 (or 2008)) in which the Carryover Allocation(s) is (are) made, and
  - includes the acquisition cost of the land (site) upon which the building(s) in the property is (are) or will be located. If the property involves the acquisition and substantial rehabilitation of the building(s) in an existing property, the acquisition cost of the building(s) and the land upon which the building(s) in the property is (are) located must be included in the taxpayer's basis in such property, as of the date the applicant submits the Carryover Allocation Request.

For the purposes of the 10% test, basis means adjusted basis of land and depreciable real property, whether or not such amounts are includable in Eligible Basis. A taxpayer has basis in land and other acquired real property when the benefits and burdens of ownership have been transferred to the taxpayer. Whether a taxpayer has basis in construction costs depends upon the method of accounting used by the taxpayer (i.e., accrual or cash). The accounting method of any flow-through entity shall be applied to determine the taxpayer's basis for the 10% test.

- The anticipated and the actual placed in service date(s) for the building(s) in the property must be no later than the close of the second calendar year (December 31, 2009 (or December 31, 2010)) following the calendar year (2007 (or 2008)) in which the Carryover Allocation(s) is (are) made.
- The applicant must have submitted the Administrative and Processing Fee (regular and any additional, if applicable) in the form and amount specified in the Administrative and Processing Fee section of this Plan.

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**REQUIREMENTS FOR REQUESTS** (Continued)

Carryover Allocation Requests (Continued)

- The property must satisfy the property characteristics and features of the applicant-selected Set-Aside Category.
- The owner must have established site control in the form of a recorded deed **in the name of the ownership entity for the subject property.**
- The applicant must have received a written permanent financing commitment from all sources of permanent financing (including any developer financing), for all amounts of such financing.
- The applicant must have received and accepted a written response from the syndicator providing an estimate of the percentage of tax credit dollars that will be available to fund property costs.
- The applicant must have received a written estimate of or proposal for the hard construction costs and builder's line items (Builder's General Overhead, Builder's General Requirements, and Builder's Profit – amount provided separately for each) identifying the actual construction contractor for the property.
- The applicant must have received any and all necessary/required local zoning, planning and building permit approvals.
- The applicant must have received any and all necessary/required HUD and/or Rural Development approvals.

The property must receive a Carryover Allocation Certificate(s) from the WVHDF no later than December 31, 2007 (or December 31, 2008). Generally, a property that is eligible to receive two types of credit (acquisition and rehabilitation) will be issued a separate Carryover Allocation Certificate for each type of credit.

A property that has received a Carryover Allocation Certificate(s) during the calendar year ended December 31, 2007 (or December 31, 2008) must also receive an Allocation Certification(s) (IRS Form 8609) for each building, constituting a final credit allocation, from the WVHDF no earlier than the date the building is placed in service, and generally no later than the close of the calendar year in which the building is placed in service, provided that such building is placed in service no later

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**REQUIREMENTS FOR REQUESTS** (Continued)

Carryover Allocation Requests (Continued)

than December 31, 2009 (or December 31, 2010) and provided that all permanent loan(s) for the property is (are) closed. All buildings in the property (according to credit type – new construction, acquisition, or rehabilitation) must be placed in service during the same calendar year.

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

Allocation Requests

An Allocation Request for an Allocation (Certification) of credit from the 2007 (or 2008) State Housing Credit Ceiling consists of a completed WVHDF Form 1040 (Revised in 2007), a Schedule A (Revised in 2007) for each building in the property, a Schedule C (Revised in 2007) for each site, and a Schedule D (Revised in 2007) for the property. These forms can be found in Appendix E of the Low-Income Housing Tax Credit Program Appendices Package. The Schedule D must be accompanied by an Independent CPA Cost Certification and Audit report, the required elements of which are described in the Cost Certification Requirements, Independent CPA Cost Certification and Audit section of this Plan. The Independent CPA Cost Certification and Audit report must be in the format prescribed by the WVHDF.

A building that receives 2007 (or 2008) State Housing Credit Ceiling must receive an Allocation Certification(s) (IRS Form 8609), constituting a final credit allocation, from the WVHDF no earlier than the date the building is placed in service, and generally no later than the close of the calendar year in which the building is placed in service, provided that such building is placed in service no later than December 31, 2009 (or December 31, 2010) and provided that all permanent loan(s) for the property is (are) closed. In the event all permanent loan(s) for the property is (are) not closed in the same calendar year such property's building(s) was (were) placed in service, the Allocation Certification(s) will be issued by the WVHDF in a later calendar year, once all permanent loan(s) for the property is (are) closed.

Only for selected properties will the WVHDF accept Allocation Requests received on or before October 31, 2007 (2008 or 2009) (or October 31, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the second paragraph of this subsection of this section of this Plan, provided that:

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**REQUIREMENTS FOR REQUESTS** (Continued)

Allocation Requests (Continued)

- all of the requirements listed below have been met in relation to the property, prior to the applicant submitting such request, and
- the applicant includes, as attachments or exhibits to the property's Allocation Request, all of the supporting documentation that is necessary in order for the WVHDF to substantiate and verify the property's satisfaction of the requirements listed below.

The WVHDF will continue to accept Allocation Requests for selected properties after the stated deadline of October 31, 2007 (2008 or 2009) (or October 31, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the second paragraph of this subsection of this section of this Plan, through December 10, 2007 (2008 or 2009) (or December 10, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the second paragraph of this subsection of this section of this Plan, to the extent reasonably possible, subject to the foregoing provisions. An additional Administrative and Processing Fee will be due in connection with Allocation Requests for selected properties submitted on or after November 1, 2007 (2008 or 2009) (or November 1, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the second paragraph of this subsection of this section of this Plan, but on or before December 10, 2007 (2008 or 2009) (or December 10, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the second paragraph of this subsection of this section of this Plan. The amount of the additional Administrative and Processing Fee will be determined in accordance with the provisions of the Administrative and Processing Fee section of this Plan. The WVHDF does not anticipate the submission of Allocation Requests after December 10, 2007 (2008 or 2009) (or December 10, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the second paragraph of this subsection of this section of this Plan, will be necessary. In the unlikely event, the WVHDF will decide on a case-by-case basis whether to accept any Allocation Request for a selected property after December 10, 2007 (2008 or 2009) (or December 10, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the second paragraph of this subsection of this section of this Plan. The amount of the additional Administrative and Processing Fee will be determined in accordance with the provisions of the Administrative and Processing Fee section of this Plan. **However, with respect to the foregoing, for Allocation Requests submitted on or after November 1, 2007 (2008 or 2009)**

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**REQUIREMENTS FOR REQUESTS** (Continued)

Allocation Requests (Continued)

**(or November 1, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the second paragraph of this subsection of this section of this Plan, the WVHDF offers no assurance to the applicants that the WVHDF will have sufficient time to process any such Allocation Request, and, accordingly, the WVHDF offers no assurance to the applicants that the WVHDF will have sufficient time to issue the requested Allocation Certification(s).**

In the event an applicant fails to provide the regular and any additional Administrative and Processing Fee, or all of the necessary supporting documentation to verify the property's satisfaction of the requirements listed below, the WVHDF will not accept the property's Allocation Request. The WVHDF will reject the Allocation Request, and the WVHDF will notify the applicant of the rejection and of the reason for the rejection. Accordingly, the additional Administrative and Processing Fee will continue to accrue at the applicable daily rate(s). **A Summary of Attachments to Support Responses Provided on Form 1040 should be utilized by applicants in connection with their preparation and submission of an Allocation Request, in order to determine the necessary information to submit with the Allocation Request.**

The requirements for Allocation Requests are as follows:

- The applicant must have submitted a complete Allocation Request, which consists of a completed WVHDF Form 1040 (Revised in 2007), a Schedule A (Revised in 2007) for each building in the property, a Schedule C (Revised in 2007) for each site, and a Schedule D (Revised in 2007) for the property. The Schedule D must be accompanied by an Independent CPA Cost Certification and Audit report, the required elements of which are described in the Cost Certification Requirements, Independent CPA Cost Certification and Audit section of this Plan. The Independent CPA Cost Certification and Audit report must be in the format prescribed by the WVHDF.
- All buildings in the property (according to credit type - new construction, acquisition, or rehabilitation) must be placed in service during the same calendar year.

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**REQUIREMENTS FOR REQUESTS** (Continued)

Allocation Requests (Continued)

- The applicant must have submitted the Allocation Request for the property during the same calendar year in which each and all buildings in such property was (were) placed in service, or perhaps in a later calendar year if such property's permanent loan(s) was (were) not closed in the same calendar year such property's building(s) was (were) placed in service.
- Each building in the property must receive an Allocation Certification(s) from the WVHDF during the same calendar year in which such building was placed in service, or perhaps in a later calendar year if such property's permanent loan(s) was (were) not closed in the same calendar year such property's building(s) was (were) placed in service.
- The applicant must have submitted the Administrative and Processing Fee (regular and any additional, if applicable) in the form and amount specified in the Administrative and Processing Fee section of this Plan.
- The property must satisfy the property characteristics and features of the applicant-selected Set-Aside Category.
- The owner must have established site control in the form of a recorded deed **in the name of the ownership entity for the subject property**.
- The applicant must have received a written permanent financing commitment and have executed a promissory note for all sources of permanent financing (including any developer financing), for all amounts of such financing.
- The applicant must have received and accepted a written response from the syndicator providing an estimate of the percentage of tax credit dollars that will be available to fund property costs.
- The owner must have an executed (by the owner and the contractor) construction contract specifying the contract amount and builder's line items (Builder's General Overhead, Builder's General Requirements, and Builder's Profit – amount provided separately for each) identifying the actual construction contractor for the construction of the property.

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**REQUIREMENTS FOR REQUESTS** (Continued)

Allocation Requests (Continued)

- The applicant for any property that involves new construction must have submitted a substantial completion certification (in the format prescribed by the WVHDF) signed by the owner, architect, and contractor that the property fulfills the definition of substantial completion as is described in the Allocation Policies, Substantial Completion Requirements for Newly Constructed Buildings section of this Plan.

Each building in a property must receive an Allocation Certification(s) from the WVHDF no later than December 31, 2009 (or December 31, 2010), or perhaps no later than that same date in a later calendar year as described in the second paragraph of this subsection of this section of this Plan. A building that is eligible to receive two types of credit (acquisition and rehabilitation) will be issued a separate Allocation Certification for each type of credit.

**Prior to the issuance of the final credit Allocation Certification(s) for any building in a property, the owner must execute, deliver, and cause the recording of, in the office of the Clerk of the County Commission of the county in which each building in the property is located, a properly completed Regulatory and Restrictive Covenants for Land Use Agreement (WVHDF Form LIHTCP-7 or LIHTCP-8, found in Appendix F of the Low-Income Housing Tax Credit Program Appendices Package), which is the WVHDF's agreement for the "Extended Low-Income Housing Commitment". A certified copy of the original recorded and executed Regulatory and Restrictive Covenants for Land Use Agreement, showing the date, deed book and page numbers of record, must be delivered to and deemed acceptable by the WVHDF, prior to the issuance of the final credit Allocation Certification(s). The Extended Low-Income Housing Commitment is described in this Plan under the section, Selection and Preference Criteria, Preference for Properties Obligated to Serving Qualified Tenants for the Longest Periods of Time.**

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

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**ADMINISTRATIVE AND PROCESSING FEE**

Any applicant wishing to submit a Reservation Request must submit an Administrative and Processing Fee no later than the stated due date and time for the submission of the Reservation Request. The WVHDF has established an Administrative and Processing Fee structure for such applicants.

**An Administrative and Processing Fee will not be applicable to any property located in a county that does not have any Program units. At the time this Plan was adopted, there were four such counties: Clay, Doddridge, Gilmer, and Tyler. In addition, the Administrative and Processing Fee will be one-half of the amount otherwise required for a property that has a qualified non-profit (see definition provided under Selection and Preference Criteria, Property Characteristics and Set-Aside Categories section of this Plan) owning 100% of the general partner or managing member/member interests for their first Low-Income Housing Tax Credit Program property.**

The Administrative and Processing Fee may be posted by check, or as an unconditional, irrevocable letter of credit from a West Virginia bank. The Administrative and Processing Fee is the greater of \$1,250 or 9.5% of the housing credit dollar amount requested for a property.

The regular Administrative and Processing Fee, described above, will be retained by the WVHDF, based upon a property's status, in relation to and in accordance with the guidelines outlined below.

- The WVHDF will retain the greater of \$500, or 3.5% of the housing credit dollar amount requested for a property (capped at a maximum of \$1,250), once its Reservation Request has been accepted by the WVHDF for meeting or exceeding the applicable requirements, as are described in this Plan under the section, Requirements for Requests. **Only in the event the WVHDF is unable to accept the Reservation Request, for not meeting the applicable Requirements for Requests referred to above, will the WVHDF return the full Administrative and Processing Fee.**
- The WVHDF will retain the greater of \$1,000, or 7% of the housing credit dollar amount requested for a property (capped at a maximum of \$2,500), if such property is not selected once its Reservation Request has been evaluated against the Selection and Preference Criteria.

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**ADMINISTRATIVE AND PROCESSING FEE** (Continued)

- The WVHDF will retain the greater of \$1,250, or 9.5% of the housing credit dollar amount reserved or allocated for a property, if such property is selected once its Reservation Request has been evaluated against the Selection and Preference Criteria and the WVHDF has notified the applicant of such property's selection status in writing, specifying the amount of credits reserved for such property, and the applicant has accepted such property's selection status in writing.

In the event an applicant submits a Carryover Allocation Request to the WVHDF after October 31, 2007 (or October 31, 2008), but on or before December 10, 2007 (or December 10, 2008), or an applicant submits an Allocation Request to the WVHDF after October 31, 2007 (2008 or 2009) (or October 31, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the third subsection of the previous section of this Plan, but on or before December 10, 2007 (2008 or 2009) (or December 10, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the third subsection of the previous section of this Plan, the applicant must post an additional Administrative and Processing Fee with the WVHDF in addition to the regular Administrative and Processing Fee described above. The additional Administrative and Processing Fee Schedule is contained in Exhibit C to this Plan.

The additional Administrative and Processing Fee must be submitted at the time the applicant submits the property's Carryover Allocation Request or Allocation Request, in the form and amount specified above. Payment and WVHDF acceptance of the additional Administrative and Processing Fee does not ensure, and is not intended and should not be interpreted to suggest, that a Carryover Allocation Certificate(s) will be issued for such property on or before December 31, 2007 (or December 31, 2008), or that an Allocation Certification(s) will be issued for each building in such property on or before December 31, 2007 (2008 or 2009) (or December 31, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the third subsection of the previous section of this Plan.

The WVHDF does not anticipate the submission of Carryover Allocation Requests after December 10, 2007 (or December 10, 2008), or the submission of Allocation Requests after December 10, 2007 (2008 or 2009) (or December 10, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the third subsection of the previous section of this Plan, will be necessary. In the unlikely event, the WVHDF will decide on a case-by-case basis whether to accept a

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**ADMINISTRATIVE AND PROCESSING FEE** (Continued)

Carryover Allocation Request for a selected property after December 10, 2007 (or December 10, 2008), or an Allocation Request for a selected property after December 10, 2007 (2008 or 2009) (or December 10, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the third subsection of the previous section of this Plan.

**With respect to the foregoing three paragraphs, for Carryover Allocation Requests submitted on or after November 1, 2007 (or November 1, 2008), and for Allocation Requests submitted on or after November 1, 2007 (2008 or 2009) (or November 1, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the third subsection of the previous section of this Plan, the WVHDF offers no assurance to the applicants that the WVHDF will have sufficient time to process any such Carryover Allocation Request or Allocation Request, and, accordingly, the WVHDF offers no assurance to the applicants that the WVHDF will have sufficient time to issue the requested Carryover Allocation Certificate(s) or Allocation Certification(s), respectively.**

The additional Administrative and Processing Fee, described above, will be retained by the WVHDF, once the WVHDF has issued any Carryover Allocation Certificate(s) for the property, and/or any Allocation Certification(s) for any building(s) in the property. **Only in the event the WVHDF is unable to issue any Carryover Allocation Certificate(s) for the property, and/or any Allocation Certification(s) for any building(s) in the property, will the WVHDF return the additional Administrative and Processing Fee.**

The WVHDF will charge a \$1,000 fee for each Administrative Waiver granted with respect to a property. An Administrative Waiver will not take effect until the WVHDF has received the fee. No fee will be charged to any property in the event an Administrative Waiver applies to all properties.

Based upon guidance provided by the Internal Revenue Service, the Administrative and Processing Fee is not eligible for inclusion in Adjusted Basis, Eligible Basis, and Qualified Basis.

All of the foregoing provisions apply for tax-exempt bond financed properties, which do not require credit allocations from the State Housing Credit Ceiling, except for references to the Carryover Allocation provisions.

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2007 AND 2008 ALLOCATION PLAN

**ALLOCATION POLICIES**

Timing of Allocations

The WVHDF's policy is to allocate (either as carryover allocations or as placed in service allocations) the 2007 (or 2008) State Housing Credit Ceiling to all selected and qualified properties on or before December 31, 2007 (or December 31, 2008). Accordingly, all properties that are selected to receive any portion of the 2007 (or 2008) State Housing Credit Ceiling must become eligible and qualified to receive a Carryover Allocation Certificate(s) for the property, or an Allocation Certification(s) for each building in the property on or before December 31, 2007 (or December 31, 2008).

Any selected property that is not eligible and qualified to receive a Carryover Allocation Certificate(s) for the property, or an Allocation Certification(s) for each building in the property on or before December 31, 2007 (or December 31, 2008) will not be carried over into 2008 (or 2009). The credits reserved in the selection notification letter and Binding Agreement(s) and Election(s) for Applicable Percentage(s) entered into for the building(s) in any such property will be automatically canceled and the application for the property will be automatically rejected. The credits reserved in the selection notification letter in 2007 (or 2008) will not be honored after December 31, 2007 (or December 31, 2008). Binding Agreement(s) and Election(s) for Applicable Percentage(s) entered into on or before December 31, 2007 (or December 31, 2008) will not be honored after December 31, 2007 (or December 31, 2008), unless the property has been issued a Carryover Allocation Certificate(s) or each building in the property has been issued an Allocation Certification(s) on or before December 31, 2007 (or December 31, 2008).

In 2006, no Binding Agreements were executed that committed the WVHDF to allocate (either as a carryover allocation or as a placed in service calendar year allocation by December 31, 2007) any annual housing credit dollars from the 2007 State Housing Credit Ceiling.

Except as is referred to in this Plan in the sections, Property Selection and Waiting Lists, the WVHDF will not enter into Binding Agreements that commit the WVHDF to allocate any housing credit dollar amounts from any future (beyond 2007 (or 2008)) year's State Housing Credit Ceiling.

This subsection of this Plan does not apply to tax-exempt bond financed properties, which do not require credit allocations from the State Housing Credit Ceiling.

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ALLOCATION POLICIES (Continued)

Substantial Completion Requirements for Newly Constructed Buildings

With respect to when the newly constructed building(s) in a property are considered substantially complete in order to be eligible to submit an Allocation Request (not to establish any building's placed in service date), the WVHDF is hereby implementing a more conservative approach than the provisions of IRS Notice 88-116 (which govern the establishment of a building's placed in service date).

A newly constructed building will be considered to be substantially complete on the date that the building is 95% or more complete; all common areas and facilities and all residential rental units in the buildings must be permanently connected to all utility services (electric/gas, water, sewer, telephone, cable); and there cannot be any accessibility impediment to ingress or egress to or from the property, its buildings, units, and common areas and facilities.

Definition of "Property"

A "property" is defined as consisting of either a single stand-alone building, that is not part of a group of multiple buildings (as described next), or a group of multiple buildings having similarly constructed housing units, located on the same tract of land, owned by the same entity for federal income tax purposes and financed pursuant to a common plan of finance.

A scattered site property may consist of multiple sites, all of which are located within the same municipality (city or town); or all of which are not located within any municipality, but all of which are located in the same county.

**Scattered site properties that involve sites that are located in different municipalities within the same county; or are located in a mixture of municipalities and unincorporated areas of the same county; or are located in different counties are not considered one property for the purposes of applying for Low-Income Housing Tax Credits.**

Any attempts to circumvent this policy will result in the rejection of each and all of the involved applications received by the WVHDF for each and all of the properties involved.

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**ALLOCATION POLICIES** (Continued)

Limitations on Amount of Property Allocation

The WVHDF's policies prohibit any reservation or allocation(s) to any one property that exceeds, in the aggregate, 15% of the per capita portion of the 2007 (or 2008) State Housing Credit Ceiling.

Any attempts to circumvent this policy will result in the rejection of each and all of the involved applications received by the WVHDF for each and all of the properties involved.

This subsection of this Plan does not apply to tax-exempt bond financed properties, which do not require credit allocations from the State Housing Credit Ceiling.

Limitations on Number of Applications Submitted

Except as described in the following paragraph, the WVHDF's policies prohibit the submission of more than three applications (Reservation Requests) for a reservation and ultimately an allocation from the first five Set-Aside Categories of the 2007 (or 2008) State Housing Credit Ceiling involving the same developer or general partner, or managing member/member. Applications submitted for a reservation and ultimately an allocation from the sixth Set-Aside Category of the 2007 (or 2008) State Housing Credit Ceiling involving the same developer, or general partner or managing member/member will not count towards the three-application limit.

The WVHDF's policies prohibit the submission of more than one application (Reservation Request) for a reservation and ultimately an allocation of 2007 (or 2008) State Housing Credit Ceiling involving a first-time developer, or general partner or managing member/member. A "first-time" developer, or general partner or managing member/member includes any person or entity that has not placed a Low-Income Housing Tax Credit Program property located in West Virginia in service and received the final Allocation Certification(s) for the buildings in the property.

Any attempts to circumvent this policy will result in the rejection of each and all of the involved applications received by the WVHDF for each and all of the properties involved.

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2007 AND 2008 ALLOCATION PLAN

**ALLOCATION POLICIES** (Continued)

**Limitations on Number of Applications Submitted** (Continued)

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

**Full Return of Credit and Re-selection**

Situation: A property received a Carryover Allocation Certificate(s) in one of the preceding two calendar years. The developer and general partner or managing member/member of such property later determine that they are unable to place the building(s) in such property in service within the federally-mandated two calendar years from the end of the calendar year in which such property received its Carryover Allocation Certificate(s). The general partner or managing member/member of such property is prepared to consent to a full return of credit. The general partner or managing member/member of such property plans to re-apply for such credits in the same year as their consent to a full return of credit.

The WVHDF will consider selecting any such property to receive only up to the amount of their returned credits without competing against other applicants, conditioned upon and provided that:

- the property's name, site, and unit size and composition cannot have changed;
- the provisions and requirements of this Plan must be applied to and satisfied by any such property, based, in part, upon the new Reservation Request submitted as required by this Plan;
- the new responses to the Selection and Preference Criteria for any such property cannot decrease from responses contained in the prior Reservation Request, for which all credits will be returned; and
- the general partner or managing member/member must consent in writing in a format prescribed by the WVHDF to a full return of credit for such property immediately preceding the issuance of the selection decision letter.

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2007 AND 2008 ALLOCATION PLAN

ALLOCATION POLICIES (Continued)

Full Return of Credit and Re-selection (Continued)

The WVHDF reserves the right to not honor any such request, if the reason underlying such request is considered by the WVHDF to be frivolous and/or lacking in merit. Any property that qualifies for re-selection under this subsection of this Plan will be counted as one of the permitted applications under the Allocation Policies, Limitations on Number of Applications Submitted subsection of this Plan.

This subsection of this Plan will be subject to a lifetime limit of no more than two properties per developer and general partner or managing member/member.

Per Unit Minimum Rehabilitation

The WVHDF requires that any property involving rehabilitation incur, in the aggregate, "hard cost" rehabilitation residential rental adjusted basis (Schedule A to WVHDF Form 1040, Part III, Line 10, Column A) that is greater than \$7,500 per residential rental unit in any such property.

Adjusted Property Costs

Adjusted property costs are defined as the Low-Income Housing Tax Credit Program Residential Rental Property Costs net of historic tax credits (if any), common areas, common facilities, construction loan interest (after the placed in service date), permanent loan fees, tax credit fees, rent-up costs, organizational costs, developer's fee, rent-up reserves, operating reserves, and other reasonable and similar investor-required reserves (provided that there is evidence of the investor requirement of such reserves, stated either as a percentage of a known base or as a specific dollar amount). In addition, provided that stated "green space" criterion is met, one-half of the purchase price of the land will also be excluded for the purpose of determining a property's adjusted property costs. The "green space" criterion is contained in this Plan under the section entitled, Selection and Preference Criteria, Quality of Housing.

In order to determine the reasonableness of adjusted property costs, the following HUD Section 221(d)(3) Mortgage Insurance Program limits, as adjusted for quality and inflation (third column), applicable for West Virginia will be utilized:

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**ALLOCATION POLICIES** (Continued)

Adjusted Property Costs (Continued)

Bedroom Size	HUD Section 221(d)(3) Mortgage Insurance Program Limits – WV - January, 2007 ("Base Limits")	Adjusted Property Cost Limits (Base Limits Plus 10% Plus 2.07% Inflationary Increase)
Efficiency	\$49,590	\$55,679
1 Bedroom	\$56,845	\$63,824
2 Bedrooms	\$69,124	\$77,611
3 Bedrooms	\$89,423	\$100,402
4 Bedrooms	\$98,160	\$110,212

Adjusted property costs will be compared to the aggregation (based upon the property's unit composition by the number of bedrooms) of the corresponding cost limits shown above (third column). Adjusted property costs in excess of the aggregation of the corresponding cost limits will result in the WVHDF decreasing Property Costs, and therefore Adjusted Basis, Eligible Basis, Qualified Basis, and the Eligible Housing Credit Dollar Amount from those contained in the property's application, and the Housing Credit Dollar Amount Needed for the property or for each building in the property.

Developer's Fee

A Developer's Fee represents compensation that is actually paid from one unrelated individual(s), entity(ies), or both, to another individual(s), entity(ies), or both, often over a period of time, to the individual(s), entity(ies), or both, who is (are) responsible for the development of the property. "Development" includes the work, costs and risks associated with the development of a property.

There are direct and indirect costs associated with the development of a property. These costs include, but are not limited to office space, furniture and equipment costs or rental expenses; utilities; office supplies; personnel salaries and fringe benefits; professional services, such as accounting and legal; travel; and other administrative expenses associated with operating such development business.

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**ALLOCATION POLICIES** (Continued)

**Developer's Fee** (Continued)

There are a variety of risks associated with the development of a property. There are significant risks to the developer associated with financial feasibility and long-term viability of a property.

In specifying the maximum amount of Developer's Fee that may be included in the Property Costs, Adjusted Basis, Eligible Basis, and Qualified Basis for each property or for each building in a property, there is a differentiation between properties that have been occupied as residential rental housing at any time during the year preceding the date of the option, purchase contract, or deed for the subject property, which is furnished with the initial application (Reservation Request) with respect to site control, and those properties that have not been occupied for residential rental housing at any time during the year preceding the date of the option, purchase contract, or deed for the subject property, which is furnished with the initial application (Reservation Request) with respect to site control. The WVHDF will also differentiate between a property where an identity of interest does not exist between the Developer(s) and the General Contractor, and one where an identity of interest does exist between the Developer(s) and the General Contractor.

An identity of interest between the Developer and General Contractor is construed to exist if any of the following conditions exist:

- When there is any financial interest of the Developer(s) in the General Contractor.
- When a Developer(s) is also an officer, director, owner, partner or stockholder of the General Contractor.
- When the General Contractor advances any funds to the Developer(s).
- When the General Contractor takes any interest in the Developer(s) as part of the consideration to be paid to the General Contractor.
- When any relationship exists which would give the Developer(s) or the General Contractor control or undue influence over the price of the contract, or the price paid to the subcontractor, material supplier or lessor of equipment.

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**ALLOCATION POLICIES** (Continued)

**Developer's Fee** (Continued)

- When there exists or comes into being any side deals, agreements, contracts or undertakings entered into or being contemplated between the Developer(s) and the General Contractor.

WVHDF Form 1040 requires the applicant to disclose any identity of interest between any of the development team members, including the Developer(s), General Contractor, and General Partner(s).

The matrix included as Exhibit B to this Plan contains the equations to be used to determine the maximum amount of Developer's Fee that may be included in the Property Costs, Adjusted Basis, Eligible Basis, and Qualified Basis for the property or for each building in the property.

In the event a property involves Rural Development assistance, the maximum Developer's Fee for such property or for each building in such property will be determined in accordance with the provisions for use of a "Developer's Fee norm", as contained in the Memorandum of Understanding once it has been executed by the WVHDF and Rural Development.

The maximum Developer's Fee is further limited to the amount of Developer's Fee that is actually paid, or otherwise earned or recognized as income, from one unrelated individual(s), entity(ies), or both to another individual(s), entity(ies), or both as compensation for the work, costs and risks associated with the development of a property.

The equations used to determine the maximum amount of Developer's Fee apply to the total of the amount(s) listed in the application for Developer's Fee, and to any separately-listed Consultant's(s') Fees or other costs relating to the development work and costs associated with the development of a property.

In the event the total of the amount(s) listed in the Schedule A for the property or for each building in the property for Developer's Fee and for any separately-listed Consultant's(s') Fees or other costs related to the development work and costs associated with the development of a property exceed the applicable limit, the WVHDF will make a corresponding reduction in each such property's or building's allowed Property Costs, Adjusted Basis, Eligible Basis, Qualified Basis, and,

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**ALLOCATION POLICIES** (Continued)

**Developer's Fee** (Continued)

therefore, Eligible Housing Credit Dollar Amount(s) and the Housing Credit Dollar Amount Needed.

A developer may not defer any more than 50% of the total developer's fee for a property. The deferred developer's fee (principal) and interest (if any) must be paid from available cash flow within the first ten years of the property's operations. The general partner or managing member/member must agree to contribute any unpaid balance at the end of year ten to the ownership entity, who must pay the unpaid balance to the developer, who must recognize such payment as income for tax purposes. Any developer financing must be substantiated by a written permanent financing commitment and promissory note, which must include the amount being deferred (principal), the loan term and amortization period, the interest rate (if any), and the repayment terms, including the provisions in the event there is an unpaid balance at the end of year ten.

**Interest Rates Allowed on Debt Financing**

Generally, the WVHDF's policies prohibit an interest rate (note rate) in excess of 250 basis points above the applicable federal rate for any debt financing. For any related party debt, including but not limited to a deferred developer's fee note, the WVHDF's policies prohibit an interest rate (note rate) in excess of the applicable federal rate.

**Builder's Operating Costs and Profit**

The percentages provided in the table below will be used to determine the maximum amount of builder's operating costs and profit that may be included in the Property Costs, Adjusted Basis, Eligible Basis, and Qualified Basis for the property or for each building in the property. These percentages are to be applied to the adjusted basis of the hard construction costs. Hard construction costs generally include demolition, on-site land improvements, off-site land improvements, common areas, common facilities, and new structures construction costs or rehabilitation of existing structures construction costs, but only to the extent that such costs are part of the construction contract.

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**ALLOCATION POLICIES** (Continued)

**Builder's Operating Costs and Profit** (Continued)

Builder's Operating Cost And Profit Line Item Description	Percentage of the Adjusted Basis of the Hard Construction Costs
Builder's General Overhead	2%
Builder's General Requirements	5%
Builder's Profit	8%
<b>Total Builder's Operating Cost and Profit</b>	<b>15%</b>

In the event a property involves Rural Development assistance, the maximum Builder's General Overhead, Builder's General Requirements, and Builder's Profit that may be included in the Property Costs, Adjusted Basis, Eligible Basis, and Qualified Basis for such property or for each building in such property will be determined in accordance with the provisions for use of the corresponding "norm", as contained in the Memorandum of Understanding once it has been executed by the WVHDF and Rural Development.

Applicants must provide in the Schedule A for the property or for each building in the property the amounts for Builder's General Overhead, Builder's General Requirements, and Builder's Profit.

In the event any of the amounts listed in the Schedule A for the property or for each building in the property for Builder's Overhead, Builder's General Requirements, and Builder's Profit exceed the applicable limit, the WVHDF will make a corresponding reduction in each such property's or building's allowed Property Costs, Adjusted Basis, Eligible Basis, Qualified Basis, and, therefore, Eligible Housing Credit Dollar Amount(s) and the Housing Credit Dollar Amount Needed.

**Cost Certification Requirements**

The WVHDF recognizes two types of Cost Certifications, one prepared and certified to by the owner, or an authorized representative thereof ("Owner's Cost Certification"); and one audited by an independent Certified Public Accountant ("Independent CPA Cost Certification and Audit").

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ALLOCATION POLICIES (Continued)

Cost Certification Requirements (Continued)

Owner's Cost Certification

Schedule A to WVHDF Form 1040 ("Schedule A", located in Appendix E of the WVHDF's Low-Income Housing Tax Credit Program Appendices Package) constitutes an Owner's Cost Certification, on a property basis or on a building by building basis. Each Schedule A is to be prepared on the method of accounting used by the taxpayer (owner) for federal income tax purposes. The Schedule A must detail the property's total costs as well as those costs that qualify for inclusion in eligible basis under Section 42(d) of the Code. Schedule A is a required document for any application for Low-Income Housing Tax Credits. There are three stages of application, Reservation Request, Carryover Allocation Request, and Allocation Request, through which a property is processed.

At the Reservation Request and Carryover Allocation Request application stages, the amounts listed and certified to by the owner as the Property Costs and Residential Rental Adjusted Basis are the owner's **best estimate**, at the time such Request is prepared, of what the actual final Property Costs and Residential Rental Adjusted Basis will be for the property. At the Allocation Request application stage, the amounts listed and certified by the owner as the Property Costs and Residential Rental Adjusted Basis are the **actual final** Property Costs and Residential Rental Adjusted Basis incurred by the owner for each building in the property.

The WVHDF will verify the mathematical and logical accuracy of the Owner's Cost Certification of Property Costs and Residential Rental Adjusted Basis (contained in Schedule A for the property or for each building in the property), at each stage of application.

The WVHDF will also reconcile the Residential Rental Adjusted Basis contained in the Schedule A for the property or for each building in the property to the corresponding Residential Rental Property Costs contained in the Schedule A for the property or for each building in the property, at each stage of application.

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ALLOCATION POLICIES (Continued)

Cost Certification Requirements (Continued)

Independent CPA Cost Certification and Audit

In connection with an owner's submission and the WVHDF's evaluation and processing of an Allocation Request for any property, the owner must obtain and provide the WVHDF with an originally-signed copy of the Independent CPA Cost Certification and Audit report at the time the Allocation Request is submitted to the WVHDF. The Independent CPA Cost Certification and Audit report must be in the format prescribed by the WVHDF.

The Independent CPA Cost Certification and Audit must be conducted in accordance with Generally Accepted Auditing Standards. The auditor's report must be unqualified and must address all items required in the regulations.

The WVHDF will review the Independent CPA Cost Certification and Audit opinion to determine that there were not any qualifications to or deviations from an unqualified report, and to determine that all items required in the regulations were addressed.

In the event there is a requirement imposed by an interested party for any property for an audit and/or cost certification of development costs, including but not limited to a federal audit and/or cost certification, a copy of any such audit and/or cost certification must be provided to the WVHDF in connection with the submission of any such property's Allocation Request.

Syndication Costs and Net Syndication Proceeds

Syndication costs represent those costs incurred by the syndicator in connection with obtaining investors for the limited partnership interests in a property. Accordingly, syndication costs are not considered to be Property Costs and, therefore, are not eligible for inclusion in the Property Costs, Adjusted Basis, Eligible Basis, or Qualified Basis for Low-Income Housing Tax Credit Program purposes. WVHDF Form 1040 (located in Appendix E of the WVHDF's Low-Income Housing Tax Credit Program Appendices Package) is clear on this matter.

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ALLOCATION POLICIES (Continued)

Syndication Costs and Net Syndication Proceeds (Continued)

Syndication costs are paid for out of the gross syndication proceeds raised from the limited partner investors. Accordingly, there is a direct and inverse relationship between the syndication costs and the net syndication proceeds available to fund Property Costs. The WVHDF's interest in the level of syndication costs is as a result of this direct and inverse relationship. The WVHDF wants each of its Low-Income Housing Tax Credit Program properties to maximize the net syndication proceeds available to fund Property Costs. As a result, the WVHDF is interested in the amount of syndication costs incurred.

Generally, syndications of limited partner investment interests can occur either through a private placement or through a public offering. Syndication costs are generally higher for a public offering than for a private placement. The higher syndication costs for a public offering are a result of the costs associated with the additional requirements imposed on a public offering by the Securities and Exchange Commission that are not imposed upon a private placement.

Syndication costs for a **private placement** should not exceed 15% of the gross syndication proceeds generated by virtue of limited partner investments. Syndication costs for a **public offering** should not exceed 25% of the gross syndication proceeds generated by virtue of limited partner investments.

The WVHDF recognizes that it does not have the ability to participate in the negotiation of the syndication arrangement between the developer and the syndicator for a property. Accordingly, in the event the syndication costs for a property are in excess of the amount determined based upon the applicable percentage stated above, the WVHDF will increase the net syndication proceeds available to fund property costs in an amount equal to the amount by which the syndication costs exceed the amount determined based upon the applicable percentage stated above, for the purposes of the Low-Income Housing Tax Credit Program housing credit need evaluation. This will encourage Developers to negotiate and obtain the best price for the limited partner investment in their property at the lowest syndication cost.

**In addition, the net syndication proceeds available to fund property costs will be valued at a minimum of \$0.91 per Low-Income Housing Tax Credit dollar syndicated to individual investors for the purpose of the WVHDF's housing credit need evaluation. The net syndication proceeds**

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**ALLOCATION POLICIES** (Continued)

Syndication Costs and Net Syndication Proceeds (Continued)

**available to fund property costs will be valued at a minimum of \$0.94 per Low-Income Housing Tax Credit dollar syndicated to corporate investors for the purpose of the WVHDF's housing credit need evaluation. In the event the Developer has negotiated for a higher amount, the WVHDF will use that higher amount. In the event the Developer has negotiated for a lower amount, the WVHDF will use the minimum of \$0.91 for individual investors, or the minimum of \$0.94 for corporate investors, whichever is applicable.**

The WVHDF will continue to utilize the minimums of \$0.91 and \$0.94 per Low-Income Housing Tax Credit dollar syndicated for individual and corporate investors, respectively, for the purpose of the WVHDF's housing credit need evaluation until the WVHDF determines that the economic and market conditions require that either or both of these minimums be changed. Such determination may occur prior to the adoption of the next Allocation Plan (for 2009 and 2010).

Maintenance of Continuous Site Control

Once the Reservation Request has been submitted to the WVHDF, the prospective ownership entity must have and continuously maintain control of the site and existing building(s), if any, for the subject property in the form of a deed, option or purchase contract, in the name of the ownership entity. In the event the prospective owner loses control of the site or if the site for the property is changed after the Reservation Request has been submitted to the WVHDF, the application for the property, regardless of stage of processing, will be automatically rejected and any documents entered into for such property or for the building(s) in any such property will be automatically canceled.

**COMPLIANCE MONITORING PROCEDURE**

Effective Date and General Provisions

Section 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

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**COMPLIANCE MONITORING PROCEDURE** (Continued)

Effective Date and General Provisions (Continued)

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 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 Section 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 Section 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 Section 42(m)(1)(B)(iii) of the Code; the final regulations, "Procedure for Monitoring Compliance with Low-Income Housing Credit Requirements", which appeared in the Federal Register on September 2, 1992; and amendments to the foregoing final regulations, "Compliance Monitoring and Miscellaneous Issues Relating to the Low-Income Housing Credit", which appeared in the Federal Register on January 14, 2000. 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 Section 42(m)(1)(B)(iii) of the Code. Pursuant to Section 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 Section 42(m)(1)(B)(iii) of the Code and the regulations described above, contains:

1. recordkeeping and record retention provisions,

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Effective Date and General Provisions (Continued)

2. certification and review provisions,
3. inspection provisions, and
4. provisions for notifying owners and the Internal Revenue Service 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.**

Recordkeeping and Record Retention Requirements

Recordkeeping Requirements

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),

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**COMPLIANCE MONITORING PROCEDURE** (Continued)

Recordkeeping and Record Retention Requirements (Continued)

Recordkeeping Requirements (Continued)

- the number of occupants in each low-income unit, for any unit that is part of a building in a property that received a credit allocation from either the 1987, 1988, or 1989 State Housing Credit Ceiling,
- 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, and 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 (for self-employed individuals) or 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 Section 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 Section 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).

Record Retention Requirement

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

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**COMPLIANCE MONITORING PROCEDURE** (Continued)

Recordkeeping and Record Retention Requirements (Continued)

Record Retention Requirement (Continued)

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.

Inspection Record Retention Requirement

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 Section 42(g)(1)(A) or Section 42(g)(1)(B) of the Code, respectively, whichever minimum set-aside test was applicable to the property, and the 15-40 test under Sections 42(g)(4) and 142(d)(4)(B) of the Code for "deep rent skewed" properties, if applicable to the property.

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Certification and Review Requirements (Continued)

Certification Requirements (Continued)

- There was no change in the applicable fraction (as is defined in Section 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 Section 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 Section 42(g)(2) of the Code.
- All units in the property were for use by the general public (as defined in final regulations Section 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 the Department of Housing and Urban Development (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,

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**COMPLIANCE MONITORING PROCEDURE** (Continued)

Certification and Review Requirements (Continued)

Certification Requirements (Continued)

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 Section 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 Section 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 Section 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 Section 42(h)(6) of the Code), Regulatory and Restrictive Covenants for Land Use Agreement, was in effect for only those buildings that received a credit allocation from the 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, or 2008 State Housing Credit Ceiling. For those buildings placed in service on or after August 10, 1993, the extended low-income housing commitment, Regulatory and Restrictive Covenants for Land Use Agreement, was in effect and included the requirement under Section 42(h)(6)(B)(iv) of the Code that an owner

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Certification and Review Requirements (Continued)

Certification Requirements (Continued)

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 because of the status of any such prospective tenant as such a holder.

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

Review Requirements

In connection with each property owner's submission of the Owner's Annual Certification (WVHDF, LIHTCP, CMP-1A), or Owner's Periodic Certification (WVHDF, LIHTCP, CMP-1B) (collectively and individually, "Owner's Certification"), the WVHDF is required to and will review, on an annual basis during each year of the 15-year compliance period, each Owner's Certification to determine the reported level of compliance with Section 42 of the Code.

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

- 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.

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COMPLIANCE MONITORING PROCEDURE (Continued)

Certification and Review Requirements (Continued)

Review Requirements (Continued)

The WVHDF is required to and will randomly select which low-income units and tenant records are to be inspected and reviewed by the WVHDF. 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 Section 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 Section 42(g)(1) and (2) of the Code are met. **However, if the**

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Certification and Review Requirements (Continued)

Exceptions from a Specific Portion of the Review Requirements (Continued)

**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 and will 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 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, in its sole discretion, 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, in its sole discretion, cancel the exception at any time and for any reason.

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 building(s) in the property.

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**COMPLIANCE MONITORING PROCEDURE** (Continued)

Inspection Requirements (Continued)

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 and will 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 and will 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 and will report the violation to the Internal Revenue Service. 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.

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**COMPLIANCE MONITORING PROCEDURE** (Continued)

Notification of Noncompliance Requirements

Owner

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 or able, for any reason, 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 certification(s) or to correct noncompliance with Section 42 of the Code within a correction period, which cannot exceed 90 days from 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 and will notify the Internal Revenue Service 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 Internal Revenue Service by filing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance, with the Internal Revenue Service prior to the end of the aforesaid 45-day period. The WVHDF must explain on Form 8823 the nature of the noncompliance or failure to certify and indicate whether the owner has corrected the noncompliance or failure to certify. An example of noncompliance that must be reported to the Internal Revenue

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**COMPLIANCE MONITORING PROCEDURE** (Continued)

Notification of Noncompliance Requirements (Continued)

Internal Revenue Service (Continued)

Service is any change in either the applicable fraction or eligible basis, as are required to be included in the Owner's Certification, which is described in the Certification Requirements portion of this Compliance Monitoring Procedure, that results in a decrease in the qualified basis of the low-income property.

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 Form 8823 in every subsequent year to report the noncompliance. Instead, the WVHDF may file a single 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 and will file Form 8823 with the Internal Revenue Service reporting the correction of the noncompliance or failure to certify.

WVHDF Recordkeeping and Record Retention Requirements

The WVHDF is required to and will 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 and will retain any records related to noncompliance or failure to certify for at least six years beyond the WVHDF's filing of Form 8823 with the Internal Revenue Service.

WVHDF Reports of Compliance Monitoring Activities

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

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**COMPLIANCE MONITORING PROCEDURE** (Continued)

Modification of the Compliance Monitoring Procedure

This Compliance Monitoring Procedure is based upon final regulations, "Procedure for Monitoring Compliance with Low-Income Housing Credit Requirements" ("final regulations"), which appeared in the Federal Register on September 2, 1992 (57 C.F.R. 40121), and amendments to the foregoing final regulations, "Compliance Monitoring and Miscellaneous Issues Relating to the Low-Income Housing Credit", which appeared in the Federal Register on January 14, 2000.

This Compliance Monitoring Procedure is subject to modifications by the WVHDF, in order to comply with any future promulgations, issuances, or modifications of such final regulations, Section 42 of the Code, and all regulations, rules, rulings, policies, procedures and any other official statements promulgated and issued by the Internal Revenue Service, 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 \$25 per residential rental unit in any such property, for fees collected in 2008 and 2009.

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

**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 Program must 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

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**OTHER MATTERS** (Continued)

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.

All interested parties should understand that full regulations for the Low-Income Housing Tax Credit Program have not been promulgated yet. 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.

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**2007 AND 2008 ALLOCATION PLAN  
EXHIBIT A**

**PROPERTY LOCATION, HOUSING NEEDS  
CHARACTERISTICS, AND POINT AWARDS**

Location	Column A Difficult Development Areas	Column B Points Awarded	Column C Fiscal Year 2007 Median Family Income	Column D Points Awarded	Column E LIHTCP Unit Production Percentage	Column F Points Awarded	Column G 2000 Census Report Percentage of Renter- Occupied Housing Units Lacking Complete Plumbing	Column H Points Awarded	Column I LIHTCP Unit Production (1990 to 2006) Percentage of 1990 Renter-Occupied Units Substandard and Not Suitable for Rehabilitation	Column J Points Awarded	Column K 2007 LIHTCP IRS Rent Restriction for a Two-Bedroom Unit as a Percentage of the 2006 Average Monthly Wage	Column L Points Awarded	Column M Total Points Awarded
Statewide			\$45,300		5.35%		1.33%		24.04%		24.31%		
Barbour	N	0	\$36,900	30	4.49%	30	3.50%	10	33.12%	30	30.25%	20	120
Berkeley	N	0	\$56,500	10	14.88%	5	0.78%	2	65.94%	20	31.34%	25	62
Boone	N	0	\$39,700	30	1.11%	40	2.63%	8	0.00%	40	17.06%	5	123
Braxton	N	0	\$36,300	30	6.42%	25	3.97%	10	96.43%	10	26.69%	15	90
Brooke	N	0	\$48,900	20	3.13%	35	0.70%	2	19.54%	35	28.35%	20	112
Cabell	N	0	\$44,500	25	4.70%	30	0.51%	2	17.84%	35	24.08%	15	107
Calhoun	Y	20	\$33,100	35	4.64%	30	8.05%	20	0.00%	40	27.14%	15	160
Clay	N	0	\$50,500	15	0.00%	40	7.37%	20	0.00%	40	31.18%	25	140
Doddridge	Y	20	\$37,800	30	0.00%	40	6.94%	18	0.00%	40	30.97%	20	168
Fayette	N	0	\$37,400	30	7.28%	25	1.85%	6	33.54%	30	26.80%	15	106
Gilmer	N	0	\$36,600	30	0.00%	40	0.78%	2	0.00%	40	24.80%	15	127
Grant	Y	20	\$43,000	25	0.68%	40	1.02%	4	4.72%	40	24.07%	15	144
Greenbrier	N	0	\$41,300	25	7.08%	25	1.76%	6	34.27%	30	25.96%	15	101
Hampshire	N	0	\$60,900	5	4.05%	30	3.19%	8	33.15%	30	43.91%	40	113
Hancock	N	0	\$48,900	20	3.59%	35	0.54%	2	22.11%	35	29.60%	20	112
Hardy	N	0	\$45,900	20	8.75%	20	3.05%	8	120.27%	5	31.66%	25	78
Harrison	N	0	\$46,400	20	3.92%	30	0.61%	2	18.94%	35	24.14%	15	102
Jackson	N	0	\$47,000	20	2.70%	35	3.05%	8	11.52%	40	26.23%	15	118
Jefferson	N	0	\$64,400	5	10.81%	15	0.97%	4	31.96%	30	37.99%	35	89
Kanawha	N	0	\$50,500	15	4.71%	30	0.71%	2	20.99%	35	24.82%	15	97
Lewis	N	0	\$40,500	25	4.95%	30	0.75%	2	37.20%	30	26.66%	15	102
Lincoln	N	0	\$50,500	15	1.54%	40	4.18%	12	19.31%	35	33.42%	25	127
Logan	N	0	\$35,700	30	0.29%	40	1.83%	6	1.47%	40	21.91%	10	126
McDowell	N	0	\$25,700	40	4.48%	30	3.15%	8	0.00%	40	24.33%	15	133
Marion	N	0	\$46,300	20	4.33%	30	1.25%	4	16.54%	35	24.52%	15	104
Marshall	N	0	\$47,100	20	7.25%	25	0.53%	2	33.64%	30	21.19%	10	87
Mason	N	0	\$40,200	30	5.15%	30	1.24%	4	39.02%	30	20.03%	5	99

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

**2007 AND 2008 ALLOCATION PLAN  
EXHIBIT A**

**PROPERTY LOCATION, HOUSING NEEDS  
CHARACTERISTICS, AND POINT AWARDS**

Location	Column A Difficult Development Areas	Column B Points Awarded	Column C Fiscal Year 2007 Median Family Income	Column D Points Awarded	Column E LIHTCP Unit Production Percentage	Column F Points Awarded	Column G 2000 Census Report Percentage of Renter- Occupied Housing Units Lacking Complete Plumbing	Column H Points Awarded	Column I LIHTCP Unit Production (1990 to 2006) Percentage of 1990 Renter-Occupied Units Substandard and Not Suitable for Rehabilitation	Column J Points Awarded	Column K 2007 LIHTCP IRS Rent Restriction for a Two-Bedroom Unit as a Percentage of the 2006 Average Monthly Wage	Column L Points Awarded	Column M Total Points Awarded
Mercer	N	0	\$41,200	25	4.82%	30	0.91%	4	25.90%	35	25.35%	15	109
Mineral	N	0	\$46,600	20	6.36%	25	0.54%	2	37.25%	30	38.91%	35	112
Mingo	N	0	\$32,900	35	5.54%	30	1.19%	4	17.64%	35	18.98%	5	109
Monongalia	N	0	\$48,400	20	2.20%	35	0.54%	2	6.39%	40	27.16%	15	112
Monroe	N	0	\$44,300	25	4.71%	30	2.24%	6	50.00%	25	28.43%	20	106
Morgan	N	0	\$56,500	10	6.13%	25	1.85%	6	74.12%	20	44.07%	40	101
Nicholas	N	0	\$39,700	30	8.77%	20	1.74%	6	57.71%	25	26.26%	15	96
Ohio	N	0	\$47,100	20	2.95%	35	0.65%	2	14.47%	40	26.08%	15	112
Pendleton	Y	20	\$43,300	25	0.72%	40	0.86%	4	15.63%	35	30.77%	20	144
Pleasants	N	0	\$45,400	20	7.12%	25	0.36%	2	54.79%	25	22.91%	10	82
Pocahontas	N	0	\$40,100	30	1.59%	40	2.38%	6	21.43%	35	28.64%	20	131
Preston	N	0	\$48,400	20	13.24%	5	1.69%	6	109.18%	5	33.32%	25	61
Putnam	N	0	\$50,500	15	11.09%	15	1.59%	4	70.03%	20	24.46%	15	69
Raleigh	N	0	\$44,100	25	6.95%	25	1.55%	4	32.49%	30	23.86%	10	94
Randolph	N	0	\$40,600	25	6.50%	25	1.76%	6	35.04%	30	26.74%	15	101
Ritchie	N	0	\$43,300	25	8.62%	20	4.83%	14	56.72%	25	28.10%	20	104
Roane	Y	20	\$36,000	30	3.50%	35	3.98%	10	27.85%	35	28.83%	20	150
Summers	N	0	\$33,700	35	7.45%	20	4.42%	12	31.91%	30	32.61%	25	122
Taylor	Y	20	\$39,200	30	6.58%	25	1.16%	4	92.31%	10	30.46%	20	109
Tucker	N	0	\$40,300	25	0.38%	40	0.00%	2	3.92%	40	30.44%	20	127
Tyler	N	0	\$43,300	25	0.00%	40	4.80%	12	0.00%	40	21.24%	10	127
Upshur	N	0	\$40,100	30	2.59%	35	2.35%	6	20.53%	35	23.93%	10	116
Wayne	N	0	\$44,500	25	5.91%	25	1.83%	6	26.82%	35	22.93%	10	101
Webster	N	0	\$31,000	35	2.86%	35	5.83%	16	38.10%	30	23.54%	10	126
Wetzel	N	0	\$45,000	25	7.52%	20	1.23%	4	30.04%	35	35.03%	30	114
Wirt	N	0	\$45,400	20	7.79%	20	5.45%	14	0.00%	40	44.89%	40	134
Wood	N	0	\$45,400	20	5.33%	30	0.87%	4	23.84%	35	26.87%	15	104
Wyoming	N	0	\$37,100	30	7.74%	20	1.55%	4	30.45%	30	21.76%	10	94

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

**2007 AND 2008 ALLOCATION PLAN  
EXHIBIT B**

DEVELOPER'S FEES FOR PROPERTIES THAT HAVE NOT BEEN OCCUPIED AS RESIDENTIAL RENTAL HOUSING AT ANY TIME DURING THE YEAR PRECEDING THE DATE OF THE OPTION, PURCHASE CONTRACT, OR DEED FOR THE SUBJECT PROPERTY, WHICH IS FURNISHED WITH THE INITIAL APPLICATION (RESERVATION REQUEST) WITH RESPECT TO SITE CONTROL

<b>Identity of Interest Does Not Exist</b>	<b>Identity of Interest Does Exist</b>
<p><i>The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:</i></p> <p>20% * Adjusted Basis<sup>1</sup></p>	<p><i>The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to the lesser of:</i></p> <p>20% * Adjusted Basis<sup>1</sup>; and</p> <p>((25% * (Adjusted Basis<sup>1</sup> - Builder's Profit)) - Builder's Profit)</p>

DEVELOPER'S FEES FOR PROPERTIES THAT HAVE BEEN OCCUPIED AS RESIDENTIAL RENTAL HOUSING AT ANY TIME DURING THE YEAR PRECEDING THE DATE OF THE OPTION, PURCHASE CONTRACT, OR DEED FOR THE SUBJECT PROPERTY, WHICH IS FURNISHED WITH THE INITIAL APPLICATION (RESERVATION REQUEST) WITH RESPECT TO SITE CONTROL

<b>Identity of Interest Does Not Exist</b>	<b>Identity of Interest Does Exist</b>
<b>Acquisition</b>	<b>Acquisition</b>
<p><i>The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:</i></p> <p>10% * Acquisition Adjusted Basis<sup>1</sup></p>	<p><i>The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:</i></p> <p>10% * Acquisition Adjusted Basis<sup>1</sup></p>
<b>Substantial Rehabilitation</b>	<b>Substantial Rehabilitation</b>
<p><i>The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:</i></p> <p>15% * Substantial Rehabilitation Adjusted Basis<sup>1</sup></p>	<p><i>The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to the lesser of:</i></p> <p>15% * Substantial Rehabilitation Adjusted Basis<sup>1</sup>; and</p> <p>((18% * (Substantial Rehabilitation Adjusted Basis<sup>1</sup> - Builder's Profit)) - Builder's Profit)</p>

<sup>1</sup> Adjusted Basis, which by definition excludes Land, and which, for the purposes of the Developer's Fee formulas provided above also excludes the Developer's Fee itself.

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

**2007 AND 2008 ALLOCATION PLAN  
EXHIBIT C**

**ADDITIONAL ADMINISTRATIVE AND PROCESSING FEE SCHEDULE**

<b>Date Submitted</b>	<b>Additional Administrative and Processing Fee</b>	<b>Date Submitted</b>	<b>Additional Administrative and Processing Fee</b>	<b>Date Submitted</b>	<b>Additional Administrative and Processing Fee</b>
11/1	\$600	11/22	\$3,050	12/13	\$7,450
11/2	\$700	11/23	\$3,200	12/14	\$7,850
11/3	\$800	11/24	\$3,350	12/15	\$8,250
11/4	\$900	11/25	\$3,500	12/16	\$8,650
11/5	\$1,000	11/26	\$3,650	12/17	\$9,050
11/6	\$1,100	11/27	\$3,800	12/18	\$9,450
11/7	\$1,200	11/28	\$3,950	12/19	\$9,850
11/8	\$1,300	11/29	\$4,100	12/20	\$10,250
11/9	\$1,400	11/30	\$4,250	12/21	\$11,050
11/10	\$1,500	12/1	\$4,450	12/22	\$11,850
11/11	\$1,600	12/2	\$4,650	12/23	\$12,650
11/12	\$1,700	12/3	\$4,850	12/24	\$13,450
11/13	\$1,800	12/4	\$5,050	12/25	\$14,250
11/14	\$1,900	12/5	\$5,250	12/26	\$15,050
11/15	\$2,000	12/6	\$5,450	12/27	\$15,850
11/16	\$2,150	12/7	\$5,650	12/28	\$16,650
11/17	\$2,300	12/8	\$5,850	12/29	\$17,450
11/18	\$2,450	12/9	\$6,050	12/30	\$18,250
11/19	\$2,600	12/10	\$6,250	12/31	\$19,050
11/20	\$2,750	12/11	\$6,650		
11/21	\$2,900	12/12	\$7,050		

The WVHDF does not anticipate the submission of Carryover Allocation Requests after December 10, 2007 (or December 10, 2008), or the submission of Allocation Requests after December 10, 2007 (2008 or 2009) (or December 10, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the Requirements for Requests, Allocation Requests section of this Plan, will be necessary. In the unlikely event, the WVHDF will decide on a case-by-case basis whether to accept a Carryover Allocation Request for a selected property after December 10, 2007 (or December 10, 2008), or an Allocation Request for a selected property after December 10, 2007 (2008 or 2009) (or December 10, 2008 (2009 or 2010)), or perhaps on that same date in a later calendar year as described in the Requirements for Requests, Allocation Requests section of this Plan.