

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

2013 AND 2014 TAX CREDIT MANUAL

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REQUIREMENTS FOR REQUESTS

There are certain requirements that must be met prior to an applicant submitting any type of request (Reservation, Carryover Allocation, and Allocation). A summary of the requirements for each type of request is provided below. **A Summary of Attachments to Support Responses Provided on Form 1040 and Other Attachments (WVHDF LIHTCP-E) should be utilized by applicants in connection with their preparation and submission of a request.**

It is in each property owner's best interests to complete and submit the Carryover Allocation Request or Allocation Request to the West Virginia Housing Development Fund ("WVHDF") as early during the 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 Certificates or Allocation Certifications on or before December 31. Current forms, once available, will be provided on the WVHDF website (www.wvhdf.com) and emailed to the WVHDF Low-Income Housing Tax Credit Program mailing list.

Pre-Registration

A Pre-Registration Form, attached as Exhibit A to this document, is a one-page document for applicants to complete for each property for which any such applicant intends to apply for Low-Income Housing Tax Credits, regardless of whether such tax credits are expected to be allocated from within or outside of (tax-exempt bond financed properties) the State Housing Credit Ceiling. Applicant must complete the Pre-Registration Form and submit it to the WVHDF on or before the Pre-Registration due dates listed in the Program Calendar (Exhibit G to this document).

Reminder: An applicant must submit a Pre-Registration Form for any property which is applying for tax credits from the current calendar year's State Housing Credit Ceiling regardless of which of the six set-aside categories to which the property is applying.

Reservation Requests

As provided for in the current Allocation Plan (the "Plan"), the WVHDF will accept and consider Reservation Requests during the respective application periods listed in the Program Calendar (Exhibit G to this document), until 4:30 p.m., prevailing Eastern Time, on the last business day of said period; or for tax-exempt bond financed properties which do not require credit allocations from the West Virginia ("State") Housing Credit Ceiling, during the respective application periods listed in the Program Calendar (Exhibit G to this document), until 4:30 p.m., prevailing Eastern Time, on the last business day of said period.

In the event an applicant fails to provide 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.

The requirements for Reservation Requests are as follows:

- The applicant must have submitted a complete Reservation Request, which consists of a completed current WVHDF Form 1040, a composite current Schedule A to WVHDF Form 1040, and a current LIHTCP-S (Selection and Preference Criteria Evaluation Summary) which must contain the applicant's self-score. If the property involves scattered sites (non-contiguous parcels which contain or will contain residential rental units), a separate Quality of Housing section of the current WVHDF Form 1040 must be completed and certified for each non-contiguous parcel which contains or will contain residential rental units. (See the description of a permissible scattered site property in the Allocation Policies, Definition of "Property" section of this document.)
- The applicant must have submitted the Initial Fee in the form and amount specified in the Processing Fee section of this document.
- The applicant must have submitted the required Program Participants Eligibility Requirements Certifications (WVHDF LIHTCP-G) regarding eligibility to participate in the Low-Income Housing Tax Credit Program. (See the Program Participants Eligibility Requirements section of the Plan for details on who must submit a certification.)
- The applicant must have submitted the required Credit Check Authorization and Release Forms (WVHDF LIHTCP-I). (See the Program Participants Eligibility Requirements section of the Plan for details on who must submit a form.)
- The property must satisfy the property characteristics and features of the applicant-selected Set-Aside Category.
- The owner must have submitted a recorded deed, an option, or a purchase contract **in the name of the ownership entity for the subject property.**
- The applicant must have submitted a Compliance Monitoring Training Certification (WVHDF LIHTCP-F) which certifies 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 W VHDF on a case-by-case basis.

- The applicant for any property that involves substantial rehabilitation (including gut rehabilitation and/or adaptive reuse) must have received and submitted a **professionally-prepared** and **independent** capital needs assessment, **including a costing of the capital needs identified**. If a property applies to the Top Off Set-Aside Category, a copy of the capital needs assessment submitted with the property’s Reservation Request which resulted in such property receiving its initial Carryover Allocation Certificate will fulfill this requirement. The minimum scope of work for capital needs assessments is as follows:
 - The assessment must include a site visit and physical inspection of the interior and exterior of units and structures, as well as an interview with available on-site property management and maintenance personnel to inquire about past repairs/improvements, pending repairs, and existing or chronic physical deficiencies.
 - The assessment must consider the presence of environmental hazards, such as asbestos, lead paint, and mold, on the site.
 - The assessment must include an opinion as to the proposed budget for recommended improvements and must identify critical building systems or components that have reached or exceeded their expected useful lives.
 - The assessment must include a projection of recurring probable expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, to determine the appropriate replacement reserve deposits on a per unit per year basis.
 - The assessment must include an examination and analysis of the following:
 - ❖ Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, and gas and electric utilities and lines;

- ❖ Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, and drainage;
 - ❖ Interiors, including unit and common area finishes (carpeting, tile, plaster walls, paint condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors; and
 - ❖ Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, and elevators.
- The applicant must have received and submitted 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 the form prescribed by the WVHDF and attached as Exhibit B to this document, 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 buildings in the property are or will be located. Such notification must be sent via certified mail or other verifiable commercial delivery service (e.g. FedEx, UPS, etc.) and the letter and a copy of the delivery receipt, evidencing the letter was received, must be included in the application. The notification may also be sent via email and a copy of the email with any and all attachments and a return email acknowledging that the email has been received must be included in the application. If a property applies to the Top Off Set-Aside Category, a copy of the written notification, sent to the chief executive officer of the local jurisdiction and submitted with the property's Reservation Request which resulted in such property receiving its initial Carryover Allocation Certificate, will fulfill this requirement. Note: In accordance with Subsection 42(m)(1)(A)(ii) of the Code, the WVHDF will notify the chief executive officer of the local jurisdiction for **all** properties, including those applying to the Top Off Set-Aside Category.
 - 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 and submitted a comprehensive market study of the housing needs of low-income individuals in the area to be served

by the property. The market study must be prepared by a professional, disinterested party, who has been approved by the WVHDF, which has no financial interest in such property other than in the practice of the market analyst profession. 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 Request.** If a property applies to the Top Off Set-Aside Category, a copy of the market study submitted with the property's Reservation Request which resulted in such property receiving its initial Carryover Allocation Certificate will fulfill this requirement. 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 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 overview of local economic conditions, including employment by sector, list of major employers, and labor force employment and unemployment trends over the prior five years;
- 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 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 (Residential Rental Housing Stock Occupancy Summary – see Exhibit C to this document) 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 causes;
 - 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;
 - 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 should include any other information and analyses 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 or the WVHDF's agent will review and evaluate each market study, specifically as relates to the study's satisfaction of the above-stated requirements for an acceptable market study, and to the study's primary purpose of determining the sufficiency of the market for the property as proposed 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 or its agent's review, evaluation, and acceptance of a market study, specifically as relates to the study's satisfaction of the requirements for an acceptable market study, and the market for any such property are solely for the WVHDF's use. 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 or its agent's review, evaluation, and acceptance with respect to the market study for any other purpose.

Threshold Review and Correction Period

A Threshold Review is a review of a property's Reservation Request to determine if such request includes the necessary documentation to fulfill the Reservation Request acceptance items listed in the Reservation Requests subsection above. The WVHDF will complete the Threshold Reviews of Reservation Requests received and offer the applicants a reasonable period of time to correct any acceptance deficiencies. If an applicant is unable to address and resolve the acceptance deficiencies prior to the end of the correction period, the WVHDF will reject the Reservation Request, and will notify the applicant of the rejection and of the reason for the rejection. The dates of the Threshold Review and Correction Periods are listed in the Program Calendar (Exhibit G to this document).

Important Notes:

- The WVHDF's expectation is that all applicants will make their best effort to complete the application and to provide all applicable attachments thereto to fulfill all Reservation Requests requirements. If it becomes apparent that an applicant took liberal advantage of

the Threshold Review and Correction Period the provisions of this subsection may not apply to such property.

- During the Threshold Review the WVHDF will not review the applications for items relating to selection and preference scoring. Scoring criteria are separate from acceptance requirements. Accordingly, applicants need to ensure that all items related to scoring are included in the application when it is initially submitted. The additional period of time for supplying acceptance items does not apply to scoring criteria. Accordingly, the WVHDF will not accept any additional documentation except for the specific documentation which is requested to be submitted during the correction period.

Carryover Allocation Requests

The WVHDF has decided to implement the provision of the Housing and Economic Recovery Act of 2008 (“HERA”) relating to the extension of time to meet the 10% Carryover Allocation Test to one year from (carryover) allocation. The applicant must submit one of the following:

- a current Schedule B – Standard 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 the close of the second calendar year following the calendar year in which the allocation is made (Column C of Schedule B).

OR

- a current Schedule B – Owner’s Self-Certification, which is a written certification from the taxpayer, signed under penalty of perjury, of the percentage of the reasonably expected basis in the property that the taxpayer has incurred by the close of the current calendar year. The Schedule B must be accompanied by supporting source documentation verifying the costs included in Column A, including, but not limited to invoices.

For the purposes of the Carryover Allocation 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 Carryover Allocation Test.

The WVHDF will accept Carryover Allocation Requests for selected properties on or before September 30. The WVHDF will continue to accept Carryover Allocation Requests for selected properties after the stated deadline of September 30 through December 10, to the extent reasonably possible. The WVHDF will not accept Carryover Allocation Requests after December 10 except in extenuating circumstances. A Late Submission Fee will be due in connection with any Carryover Allocation Request submitted on or after November 1. The amount of the Late Submission Fee will be determined in accordance with the provisions of the Processing Fee section of this document. **However, for Carryover Allocation Requests submitted on or after November 1, 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 Certificates.**

In the event an applicant fails to provide all of the necessary supporting documentation to verify the property's satisfaction of the requirements listed below, the WVHDF will reject the Carryover Allocation Request, and will notify the applicant of the rejection and of the reason for the rejection. Accordingly, the Late Submission Fee will continue to accrue at the applicable daily rate in connection with any resubmission. The Late Submission Fee Schedule is included in the Processing Fee, Late Submission Fee section of this document.

The requirements for Carryover Allocation Requests are as follows:

- The applicant must have submitted a complete Carryover Allocation Request, which consists of updated pages 1, 5, 16, 20-23, and 26-28 of a current WVHDF Form 1040, an updated composite current Schedule A to WVHDF Form 1040, and a current Schedule B – Standard accompanied by an independent CPA Cost Certification or a current Schedule B – Owner's Self-Certification. The Schedule B submission requirements are contained in the first paragraph of this subsection of this document.
- The anticipated and the actual placed in service dates for the buildings in the property must be no later than December 31 of the second calendar year following the calendar year in which the Carryover Allocations are made.
- The applicant must have submitted, if applicable, a Late Submission Fee in the form and amount specified in the Processing Fee section of this document.
- The property must satisfy the property characteristics and features of the Set-Aside Category the applicant selected in the property's Reservation Request.

- The applicant must have received, accepted, and submitted 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 and submitted 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 ownership entity must be properly in existence or qualified to do business and registered to do business in the State, as evidenced with the Secretary of State's office.

The property must receive Carryover Allocation Certificates from the WVHDF no later than December 31.

Each Carryover Allocation Certificate will contain the following special conditions, if applicable:

- By no later than one year from the date of this Carryover Allocation Certificate, the Owner must certify to the WVHDF that the taxpayer's basis in the Property is more than 10% of the taxpayer's reasonably expected basis in the Property, as of the close of the second calendar year following the calendar year in which the allocation is made. The WVHDF must receive a current Schedule B – One-Year accompanied by an independent CPA Cost Certification as to the 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 Owner's reasonably expected basis in the Property as of the close of the second calendar year following the calendar year in which the allocation is made (Column C of Schedule B) within one year of the date of this Carryover Allocation Certificate.

Note: The format for the CPA Cost Certification relating to the Carryover Allocation Test is attached as Exhibit D to this document.

- The Owner must maintain continuous site control in the name of the ownership entity until a deed is recorded in the name of the ownership entity, which must occur within one year of the date of the Carryover Allocation Certificate.
- The WVHDF must receive evidence that the Owner has received a written permanent financing commitment for all sources and amounts of permanent

financing (including any developer financing) within one year of the Carryover Allocation Certificate.

- The WVHDF must receive evidence of any and all necessary/required local zoning, planning and building permit approvals within one year of the date of the Carryover Allocation Certificate.
- The WVHDF must receive evidence of any and all necessary/required HUD approvals within one year of the date of the Carryover Allocation Certificate.
- The WVHDF must receive evidence of any and all necessary/required Rural Development approvals within one year of the date of the Carryover Allocation Certificate.
- The WVHDF must receive a professionally-prepared Phase I Environmental Site Assessment for the property, prepared in accordance with the American Society for Testing and Materials (ASTM) E1527-05 Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process.
- The WVHDF must receive an Affirmative Fair Housing Marketing Plan including Form HUD-935.2A (12/2011 or most recent version) for the property. In addition to the completed form, the approval of the property's Affirmative Fair Housing Marketing Plan will require the submission of the following:
 - Policy Statement to include:
 - ❖ Nondiscrimination Policy
 - ❖ Civil Rights Laws applicable to the affirmative marketing program (refer to training manual or Appendix D of the Program Regulatory Compliance Reference)
 - ❖ Statement regarding accessibility
 - ❖ TDD/alternative methods of service to disabled individuals
 - Experience and staff instructions
 - Equal Employment Opportunity Statement
 - Designated Equal Employment Opportunity officer (list name)
 - Marketing and Outreach Narrative to include:
 - ❖ Direction of marketing activity
 - ❖ Commercial media
 - ❖ Brochures, signs, etc.

- ❖ Community contacts identified
- ❖ Advertising (how often will advertising be done, sources listed, etc.)
- ❖ AFHMP posted in office
- ❖ HUD Fair Housing Poster
- ❖ Use of the Equal Housing Opportunity logo, slogan or Statement
- ❖ Copies of advertisements and brochures attached

Note: Minor deficiencies identified as a result of the WVHDF's review of the Affirmative Fair Housing Marketing Plan may be resolved by virtue of an updated plan that addresses any such minor deficiencies.

Allocation Requests

A building that receives State Housing Credit Ceiling must receive Allocation Certifications (Internal Revenue Service ("IRS") Forms 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 of the second calendar year following the calendar year in which the allocation was made and provided that all permanent loans for the property are closed. In the event all permanent loans for the property are not closed in the same calendar year such property's buildings were placed in service, the Allocation Certifications will be issued by the WVHDF in a later calendar year, once all permanent loans for the property are closed. As required by Subsection 42(h)(1)(E)(i) of the Code, a building that receives State Housing Credit Ceiling must place in service no later than December 31 of the second calendar year following the calendar year in which the allocation was made. If a building is not placed in service within the specified timeframe, the allocation will be cancelled and returned to the WVHDF.

Special Note: Under 26 CFR 1.42-14(d)(2)(ii), an allocation of credit may not be returned any later than 180 days following the close of the first taxable year of the credit period for the building that received the allocation. After that date, credit that might otherwise be returned expires, and cannot be returned to or reallocated by the WVHDF. Therefore, in order to enable the WVHDF to re-allocate credit which may be returned by a property placing in service, generally the WVHDF requires that Allocation Requests be submitted no later than April 30 of the year following the first tax year of such property's credit period.

The WVHDF will accept Allocation Requests for selected properties on or before September 30. The WVHDF will continue to accept Allocation Requests for selected properties through December 10, to the extent reasonably possible, and will not accept Allocation Requests after December 10, except in extenuating circumstances. A Late Submission Fee, in an amount set forth in the Processing Fee

section of this document, will be due in connection with any Allocation Request submitted on or after October 1. **The WVHDF offers no assurance to the applicants that the WVHDF will have sufficient time to process any Allocation Request received on or after October 1.**

In the event an applicant fails to provide all of the necessary supporting documentation to verify the property's satisfaction of the requirements listed below, the WVHDF will reject the Allocation Request, and will notify the applicant of the rejection and of the reason for the rejection. Accordingly, the Late Submission Fee will continue to accrue at the applicable daily rate in connection with any resubmission. The Late Submission Fee Schedule is included in the Processing Fee, Late Submission Fee section of this document.

The requirements for Allocation Requests are as follows:

- The applicant must have submitted a complete Allocation Request, which consists of an updated WVHDF Form 1040, a Schedule A to WVHDF Form 1040 for each building in the property, and a Schedule D. If the property involves scattered sites (non-contiguous parcels which contain or will contain residential rental units), a separate Quality of Housing section of the WVHDF Form 1040 must be completed and certified for each non-contiguous parcel which contains or will contain residential rental units. (See the description of a permissible scattered site property in the Allocation Policies, Definition of “Property” section of this document.) The Schedule D must be accompanied by an Independent CPA Cost Certification and Examination report, the required elements of which are described in the Allocation Policies, Cost Certification Requirements, Independent CPA Cost Certification and Examination section and Exhibit E to this document.
- All buildings in the property (according to credit type - new construction, acquisition, or rehabilitation) must be placed in service during the same calendar year.
- 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 were placed in service, or perhaps in a later calendar year if such property’s permanent loans were not closed in the same calendar year such property’s buildings were placed in service.
- The applicant must have submitted the Final Fee and, if applicable, a Late Submission Fee in the form and amount specified in the Processing Fee section of this document.

- The property must satisfy the property characteristics and features of the Set-Aside Category the applicant selected in the property's Reservation Request.
- The owner must have submitted a recorded deed **in the name of the ownership entity for the subject property.**
- The applicant must have received and submitted 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 submitted a fully-executed partnership/operating agreement with an equity provider.
- The owner must have submitted 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.
- The applicant for any property that involves new construction must have submitted a Substantial Completion Certification (WVHDF LIHTCP-H) 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 document.

Each building in a property must receive an Allocation Certification from the WVHDF no later than December 31, or no later than that same date in a later calendar year as described in the first paragraph of this section of this document. 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 Certifications 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), 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 Certifications. The Extended Low-

Income Housing Commitment is described in the Plan under the section, Selection and Preference Criteria, Preference for Properties Obligated to Serving Qualified Tenants for the Longest Periods of Time.

Applicability of the Requirements for Requests
Section to Tax-Exempt Bond-Financed Properties

All of the foregoing provisions in the Requirements for Requests section apply to 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.

PROCESSING FEE

The WVHDF has established a Processing Fee structure for applicants under the Plan:

Initial Fee The greater of \$1,250 or 4.5% of the housing credit dollar amount **requested**, due with the Reservation Request.

Final Fee The greater of \$1,250 or 4.5% of the housing credit dollar amount **allocated** (at Carryover), due with the Allocation Request.

The Processing Fee will not be applicable to any property located in a county that does not have any Low-Income Housing Tax Credit Program units. This includes three such counties: Clay, Gilmer, and Tyler. In addition, the 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 the Plan) owning 100% of the general partner or managing member/member interests for their first Low-Income Housing Tax Credit Program property.

The Processing Fee must be submitted in the form of a check.

Retention of the Processing Fee

The Processing Fee will be retained by the WVHDF in accordance with the guidelines outlined below.

Retention of the Initial Fee

- The WVHDF will retain the greater of \$500 or 3.5% (capped at a maximum of \$1,250) of the housing credit dollar amount requested for a property, once its

Reservation Request has been accepted by the WVHDF for meeting or exceeding the applicable requirements as described in the Requirements for Requests, Reservation Requests section of this document. **Only in the event the WVHDF is unable to accept the Reservation Request for any reason will the WVHDF return the full Initial Fee.**

- The WVHDF will retain the greater of \$1,000 or 4.5% (capped at a maximum of \$2,500) of the housing credit dollar amount requested for a property, if such property is not selected once its Reservation Request has been evaluated against the Selection and Preference Criteria.
- The WVHDF will retain the entire Initial Fee for a property, if such property is selected and the applicant has accepted such property's selection status in writing. **In the event a selected property is unable to place in service, the WVHDF will refund all but \$5,000 of the Initial Fee.**

Retention of the Final Fee

The WVHDF will retain the entire Final Fee for a property, once such property receives its final Allocation Certifications (IRS Forms 8609) for each building in such property.

Late Submission Fee

In the event an applicant submits a Carryover Allocation Request or an Allocation Request on or after November 1, the applicant must post a Late Submission Fee in addition to the Processing Fee described above. The Late Submission Fee Schedule is as follows:

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Date Submitted	Late Submission Fee	Date Submitted	Late Submission Fee	Date Submitted	Late Submission Fee
10/1	\$600	11/1	\$3,800	12/1	\$9,900
10/2	\$700	11/2	\$4,000	12/2	\$10,200
10/3	\$800	11/3	\$4,200	12/3	\$10,500
10/4	\$900	11/4	\$4,400	12/4	\$10,800
10/5	\$1,000	11/5	\$4,600	12/5	\$11,100
10/6	\$1,100	11/6	\$4,800	12/6	\$11,400
10/7	\$1,200	11/7	\$5,000	12/7	\$11,700
10/8	\$1,300	11/8	\$5,200	12/8	\$12,000
10/9	\$1,400	11/9	\$5,400	12/9	\$12,300
10/10	\$1,500	11/10	\$5,600	12/10	\$12,600
10/11	\$1,600	11/11	\$5,800	12/11	\$12,900
10/12	\$1,700	11/12	\$6,000	12/12	\$13,200
10/13	\$1,800	11/13	\$6,200	12/13	\$13,500
10/14	\$1,900	11/14	\$6,400	12/14	\$13,800
10/15	\$2,000	11/15	\$6,600	12/15	\$14,100
10/16	\$2,100	11/16	\$6,800	12/16	\$14,400
10/17	\$2,200	11/17	\$7,000	12/17	\$14,700
10/18	\$2,300	11/18	\$7,200	12/18	\$15,000
10/19	\$2,400	11/19	\$7,400	12/19	\$15,300
10/20	\$2,500	11/20	\$7,600	12/20	\$15,600
10/21	\$2,600	11/21	\$7,800	12/21	\$15,900
10/22	\$2,700	11/22	\$8,000	12/22	\$16,200
10/23	\$2,800	11/23	\$8,200	12/23	\$16,500
10/24	\$2,900	11/24	\$8,400	12/24	\$16,800
10/25	\$3,000	11/25	\$8,600	12/25	\$17,100
10/26	\$3,100	11/26	\$8,800	12/26	\$17,400
10/27	\$3,200	11/27	\$9,000	12/27	\$17,700
10/28	\$3,300	11/28	\$9,200	12/28	\$18,000
10/29	\$3,400	11/29	\$9,400	12/29	\$18,300
10/30	\$3,500	11/30	\$9,600	12/30	\$18,600
10/31	\$3,600			12/31	\$18,900

The Late Submission Fee must be submitted at the time the applicant submits the property's Carryover Allocation Request or Allocation Request, in the form of a check.

The WVHDF will not accept Carryover Allocation Requests or Allocation Requests after December 10, except in extenuating circumstances.

With respect to the foregoing three paragraphs, for Carryover Allocation Requests or Allocation Request submitted on or after November 1, 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 Certificates or Allocation Certifications, respectively.

Administrative Waiver 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.

Ineligibility for Inclusion in Basis

Based upon guidance provided by the IRS, the Processing Fee (including any Late Submission Fee and any Administrative Waiver Fee) is not eligible for inclusion in Adjusted Basis, Eligible Basis, and Qualified Basis.

Applicability of the Processing Fee Section to Tax-Exempt Bond Financed Properties

All of the foregoing provisions apply to 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.

ALLOCATION POLICIES

Timing of Allocations

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

Any selected property that is not eligible and qualified to receive Carryover Allocation Certificates for the property or Allocation Certifications for each building in the property on or before December 31 will not be carried over into the next year. The credits reserved in the selection notification letter and Binding Agreements and Elections for Applicable Percentages (LIHTCP-4) entered into for the buildings 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 the current year will not be honored after December 31 of the current year. Binding Agreements and Elections for Applicable Percentages (LIHTCP-4) entered into during the current year will not be honored after December 31 of the current year unless the property has been issued Carryover Allocation Certificates or each building in the property has been issued Allocation Certifications on or before December 31 of the current year.

If the WVHDF executes Binding Agreements in a previous year to allocate a portion of a future year's State Housing Credit Ceiling, such credit will reduce the amount available in the applicable Set-Aside Category. Such reduction will be reflected in the State Housing Credit Ceiling – Set-Aside Categories and Amounts for the corresponding calendar year.

Except as is referred to in the Plan in the sections, Property Selection and Waiting Lists, the WVHDF will not enter into Binding Agreements (LIHTCP-4) that commit the WVHDF to allocate any housing credit dollar amounts from any future year's State Housing Credit Ceiling.

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

Substantial Completion Requirements for Newly Constructed Buildings

With respect to when the newly constructed buildings 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 implements 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.

This section of this document applies to all properties including tax-exempt bond financed properties.

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.

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

Limitations on Amount of Property Allocation

The WVHDF's policies prohibit any reservation or allocation to any one property that exceeds, in the aggregate, 15% of the per capita portion of the current year State Housing Credit Ceiling. As soon as it is available, the “15% amount” will be provided on the WVHDF website (www.wvhdf.com) and emailed to the WVHDF Low-Income Housing Tax Credit Program mailing list.

An applicant can apply for additional credits in one of the subsequent two calendar years, but no later than the placed-in-service calendar year, and only to the

extent that the “15% amount” for any such calendar year would not be exceeded in the aggregate.

This section of this document 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 Reservation Requests involving the same developer, general partner, or managing member/member. Reservation Requests applying for an allocation of credits from the Top Off Set-Aside Category of the current year State Housing Credit Ceiling involving the same developer, general partner or managing member/member will not count towards the three-Reservation Request limit.

The WVHDF’s policies prohibit the submission of more than one Reservation Request and ultimately an allocation of current year State Housing Credit Ceiling involving a first-time developer, general partner, or managing member/member. A “first-time” developer, 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 Certifications 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.

This section of this document applies to all properties including tax-exempt bond financed properties.

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 \$10,000 per residential rental unit in any such property.

This section of this document applies to all properties including tax-exempt bond financed properties.

Property Cost Limits

Property costs are defined as the Total Property Costs (Schedule A to WVHDF Form 1040, Part III, Line 42, Column 1). In order to determine the reasonableness of property costs, the HUD Subsection 221(d)(3) Mortgage Insurance Program limits for West Virginia (January 2012) as shown below will be utilized. The maximum per unit limits listed below are the lesser of (1) the Subsection 221(d)(3) mortgage limits as adjusted by the applicable high cost percentage, or (2) 240% of the basic Subsection 221(d)(3) mortgage limits for each of the seven regions in the State. Currently, the limits are identical for all seven regions of the State. Therefore, the table below has been simplified to reflect that change.

Bedroom Size	Property Cost Limits
Efficiency	\$132,814
1 Bedroom	\$152,251
2 Bedrooms	\$185,136
3 Bedrooms	\$239,506
4 Bedrooms	\$262,903

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 based upon the region in which the property is located contained above. Property costs in excess of the aggregation of the corresponding cost limits which cannot be justified (in the WVHDF's sole discretion) given the specific development characteristics of the property (e.g. location in a difficult development area, site conditions, prevailing wage requirements, rehabilitation to historical standards, etc.) 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.

This section of this document applies to all properties including tax-exempt bond financed properties.

Developer's Fee

A Developer's Fee represents compensation that is actually paid from one unrelated individual, entity, or both, to another individual, entity, or both, often over a period of time, to the individual, entity, or both, who is 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.

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 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 Reservation Request with respect to site control. The WVDHF also differentiates between a property where an identity of interest does not exist between the Developer and the General Contractor and one where an identity of interest does exist between the Developer 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 in the General Contractor.
- When a Developer is also an officer, director, owner, partner or stockholder of the General Contractor.
- When the General Contractor advances any funds to the Developer.
- When the General Contractor takes any interest in the Developer as part of the consideration to be paid to the General Contractor.
- When any relationship exists which would give the Developer 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.
- When there exists or comes into being any side deals, agreements, contracts or undertakings entered into or being contemplated between the Developer 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, General Contractor, and General Partner.

The matrix below 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.

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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 RESERVATION REQUEST WITH RESPECT TO SITE CONTROL

Identity of Interest Does Not Exist	Identity of Interest Does Exist
<p><i>The Developer's Fee included in Property Costs and Adjusted Basis must be less than or equal to:</i></p> <p>18% * Adjusted Basis¹</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>18% * Adjusted Basis¹; and</p> <p>((22% * (Adjusted Basis¹ - 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 RESERVATION REQUEST WITH RESPECT TO SITE CONTROL

Identity of Interest Does Not Exist	Identity of Interest Does Exist
Acquisition	Acquisition
<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 Basis¹</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 Basis¹</p>
Substantial Rehabilitation	Substantial Rehabilitation
<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 Basis¹</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 Basis¹; and</p> <p>((18% * (Substantial Rehabilitation Adjusted Basis¹ - Builder's Profit)) - Builder's Profit)</p>

¹ 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.

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, entity, or both to another individual, entity, 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 amounts listed in the application for Developer's Fee, and to any separately-listed Consultant'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 amounts listed in the Schedule A To WVHDF Form 1040 for the property or for each building in the property for Developer's Fee and for any separately-listed Consultant'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, therefore, Eligible Housing Credit Dollar Amount and the Housing Credit Dollar Amount Needed.

In order for the Developer's Fee to be eligible for inclusion in Property Costs, Adjusted Basis, Eligible Basis, and Qualified Basis, the payment, recognition, and taxation of the Developer's Fee must comply with IRS requirements.

If a state-designated basis boost is being requested for a property, a minimum deferred Developer's Fee will be required as set forth in the Allocation Policies, State Designated Basis Boost section of this document.

This section of this document applies to all properties including tax-exempt bond financed properties.

Builder's Operating Costs and Profit

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 (plus demolition, if applicable). 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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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	6%
Builder's Profit	6%
Total Builder's Operating Cost and Profit	14%

Applicants must provide in the Schedule A to WVHDF Form 1040 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 to WVHDF Form 1040 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 and the Housing Credit Dollar Amount Needed.

This section of this document applies to all properties including tax-exempt bond financed properties.

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 examined and certified to by an independent Certified Public Accountant ("Independent CPA Cost Certification and Examination").

Owner's Cost Certification

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

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 to WVHDF Form 1040 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 to WVHDF Form 1040 for the property or for each building in the property to the corresponding Residential Rental Property Costs contained in the Schedule A to WVHDF Form 1040 for the property or for each building in the property, at each stage of application.

Independent CPA Cost Certification and Examination

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 Independent CPA Cost Certification and Examination report at the time the Allocation Request is submitted to the WVHDF. The Independent CPA Cost Certification and Examination report must be in the format prescribed by the WVHDF, and is attached as Exhibit E to this document. The WVHDF has also prescribed the format in which the property's final sources and uses of funds must be presented. The prescribed format is Schedule D to WVHDF Form 1040. The Schedule D must be accompanied by the Independent CPA Cost Certification and Examination report referred to above.

The Independent CPA Cost Certification and Examination must be prepared in conformity with the accounting practices prescribed by the IRS, under the method of accounting used by the taxpayer (owner) for federal income tax purposes, and in conformity with the prescribed format (Schedule D) set by the WVHDF. 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 Examination report to determine that these requirements are met.

In the event an interested party imposes any requirement for an audit, examination, and/or cost certification of development costs, including but not limited to a federal audit, examination, and/or cost certification, a copy of any such audit,

examination, and/or cost certification must be provided to the WVHDF in connection with the submission of any such property's Allocation Request.

This section of this document applies to all properties including tax-exempt bond financed properties.

Syndication Costs and Net Syndication Proceeds

Syndication costs represent those costs incurred by the syndicator in connection with obtaining investors for 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.

Syndication costs are paid for out of the gross syndication proceeds raised from the 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 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 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 result from the costs associated with the additional requirements imposed by the Securities and Exchange Commission on public offerings.

Syndication costs for a **private placement** should not exceed 15% of the gross syndication proceeds generated by virtue of such investment in the property. Syndication costs for a **public offering** should not exceed 25% of the gross syndication proceeds generated by virtue of such investment in the property.

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 investment in their property at the lowest syndication cost.

It is in a property's best interest to negotiate and obtain the highest possible price per Low-Income Housing Tax Credit dollar. The lower the price per Low-Income Housing Tax Credit dollar, the less likely the property will be able to achieve financial feasibility.

Once the Reservation Requests for the current year have been submitted, the WVHDF will review the entire universe of syndication proposals and determine the range of prices provided. In general, the WVHDF will use the syndication price indicated in the syndication proposal submitted with a property's Reservation, Carryover Allocation, or Allocation Request for the purpose of the WVHDF's housing credit need evaluation, unless such price is deemed to be substantially lower than the range of prices provided.

This section of this document applies to all properties including tax-exempt bond financed properties.

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 buildings, 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 (except as described in the following paragraph) 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 buildings in any such property will be automatically canceled.

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

This section of this document applies to all properties including tax-exempt bond financed properties.

State-Designated Basis Boost

Subsection 42(d)(5)(B)(v) of the Code authorizes the WVHDF to award up to a 30% basis boost to any building that the WVHDF determines needs such basis boost to be financially feasible as part of a qualified low-income housing property. Unless

the W VHDF declares otherwise in a separate notice, the state-designated basis boost is available in any county in the State.

Guiding principle for awarding the state-designated basis boost: The basis boost must be considered necessary for the financial feasibility of the property.

The following items need to be considered reasonable for a property to be considered for the state-designated basis boost as permitted under Subsection 42(d)(5)(B)(v) of the Code:

- Per credit equity price
- Total property costs
- Band of affordability for 60% units
- Vacancy percentage (from 5% to 7%)
- Other income
- Operating expenses per unit per annum
- Replacement reserve
- Repayment terms and interest rate on permanent financing
- Cash flow
- Debt Service Coverage Ratio (normally 1.25 to 1.30 or slightly lower for properties which have 50% or greater project-based rental subsidy)
- Deferred Developer's Fee. Generally, in order to be considered for a boost in basis, the required deferred Developer's Fee is 20% of the total allowed Developer's Fee. Only in the event the property's operating pro-forma does not show the ability to repay the required deferred Developer's Fee out of available cash flow will the W VHDF consider a deferred Developer's Fee of less than the required amount. The purpose of the boost in basis is not to ensure 100% of the Developer's Fee at the end of construction or shortly thereafter. If the developer is requesting less than 100% of the allowed Developer's Fee for the property (see the Allocation Policies, Developer's Fee section of this document), such reduction will be considered a portion of the required deferral.

Following are three examples demonstrating the calculation of the required Developer's Fee deferral.

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Example	Item A	Item B	Item C	Required Deferred Developer's Fee**
	Allowed Total Developer's Fee*	Property's Actual Total Developer's Fee	Difference of Item A and Item B	
A	\$100,000	\$100,000	\$0	\$20,000
B	\$100,000	\$90,000	\$10,000	\$8,000
C	\$100,000	\$80,000	\$20,000	\$0

* Per the Developer's Fee matrix included in the Allocation Policies, Developer's Fee section of this document.

** Calculation: The greater of [(Item B times 20%) less Item C] or zero.

This section of this document is not applicable to tax-exempt bond financed properties since such properties are not eligible to receive a state-designated basis boost.

WVHDF Underwriting Analysis

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

Consideration of the percentage of the housing credit dollar amount used for property costs (other than the cost of intermediaries) shall not be given so as to impede the development of properties in hard-to-develop areas. Subsection 42(m)(2)(B) of the Code also provides that "such a determination shall not be construed to be a representation or warranty as to the feasibility or viability of the project".

Subsection 42(m)(2)(C) of the Code also requires that the WVHDF analyze the property and make a determination of the amount of housing credit dollar amount necessary as of each of the following times:

- The application for the housing credit dollar amount (Reservation Request).
- The allocation of the housing credit dollar amount (Carryover Allocation Request).
- The date the building is placed in service (Allocation Request).

The basic underwriting spreadsheets that the WVHDF utilizes to complete the required analysis (underwriting) at each of the above-referenced application stages is attached as Exhibit F to this document, copies of which may be found on the WVHDF website (www.wvhdf.com) or by contacting the WVHDF at 1-800-933-9843.

This section of this document applies to all properties including 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.

QUALIFIED CONTRACT REQUEST PROCEDURE

A qualified contract is a bona fide contract to acquire (within a reasonable period after the contract is entered into) the non-low-income portion of the building for fair market value and the low-income portion of the building for an amount not less than the applicable fraction (specified in the Regulatory and Restrictive Covenants for Land Use Agreement) of the sum of (i) the outstanding indebtedness secured by the building, (ii) the adjusted investor equity in the building, and (iii) other capital contributions, reduced by cash distributions from or available for distribution from the property. A request for a qualified contract allows eligible owners of properties receiving federal low-income housing tax credits to exit the tax credit program after the end of the initial fifteen (15) year compliance period. The following procedure sets forth the terms and conditions property owners must follow to allow the WVHDF to administer qualified contract requests (“Requests”). A qualified contract is not available, and this procedure is not applicable, to an owner that waived its right to request a qualified contract in the Regulatory and Restrictive Covenants and Land Use Agreement between the owner and the WVHDF.

Time of Request

An eligible owner of a property utilizing federal low-income housing tax credits may request a qualified contract pursuant to Subsection 42(h)(6)(E) of the Code for the acquisition of the low-income portion of the property any time after the last day of the fourteenth (14th) year of the compliance period. Generally, the WVHDF has one year from the date it notifies the owner that it has all of the required information it needs to process the request. This one year time period may be extended as set forth below.

Qualified Contract Notification Letter

To begin the Request process, a property owner must submit a Qualified Contract Notification Letter (the “Notification Letter”) to the WVHDF. The form of the Notification Letter may be found on the WVHDF website (www.wvhdf.com) or by contacting the WVHDF at 1-800-933-9843. This notice will not bind the owner to submit a Request and does not start the one year period for response from the WVHDF. The Notification Letter must address the following minimum criteria for eligibility to request a qualified contract.

1. That the owner did not waive its right to request a qualified contract in the Regulatory and Restrictive Covenants for Land Use Agreement.
2. That the property has completed the fourteenth (14th) year of its compliance period.
3. That the property is in compliance with all of the requirements of Section 42 of the Code.
4. That the owner has secured complete, unconditional waivers of all purchase options, including any rights of first refusal relating to the property.
5. That the owner has not requested a qualified contract on the property in the past. The owner may only request one (1) qualified contract per property.

In addition to the minimum eligibility requirements set forth above, the Notification Letter must include the following commitments and certifications from the owner:

1. That the owner has not been notified of any audit or investigation or disallowance pertaining to Section 42 of the Code by the IRS. The owner must provide any copies of IRS audit findings or disallowances which it has received during the tax credit period.
2. That the all information submitted with the Notification Letter is accurate and complete.
3. That the owner is and will be solely responsible for all documents and information provided to the WVHDF and to prospective purchasers in connection with the Request.
4. That the owner agrees to cooperate with the WVHDF and its agents to present a qualified contract for purchase of the property. This may include providing copies of additional rent rolls, property tax returns, income

certifications, repair and maintenance records, operating expenses and debt service information, and other due diligence documents. The WVHDF may suspend the one year time frame for presenting a qualified contract while waiting on such items.

5. That the owner agrees to provide access to the property for inspection by the WVHDF, its agents, and prospective purchasers.
6. That the owner agrees to indemnify, defend, and hold the WVHDF harmless with respect to the use of any information submitted.

Upon review of the Notification Letter, the WVHDF will notify the owner in writing of its eligibility to submit a Request. The WVHDF will include instructions for submitting the request and will provide the owner with a form reimbursement agreement.

Qualified Contract Request

If the owner is notified that it is eligible to request a qualified contract, it must submit its Request by providing the following documentation to the WVHDF. The one year period does not start until the owner submits all required documents to the satisfaction of the WVHDF.

1. A cover letter indicating the intentions of the owner along with a fully completed "Calculation of Qualified Contract Price," ("QCP") including Worksheets A-E. These worksheets may be found on the WVHDF website (www.wvhdf.com) or by contacting the WVHDF at 1-800-933-9843. These forms must be accompanied by a signed letter from a Certified Public Accountant stating the name of the property and that he or she is an independent third-party Certified Public Accountant who is not an employee, officer, partner, member or shareholder of the owner. The letter must further state that the calculation of the QCP has been completed, or reviewed and approved in accordance with 26 CFR Part 1, Section 1.42-18, published May 3, 2012 (77 Fed. Reg. 26175), or its appropriate successor. The letter must also state the determined QCP.
2. All fees referenced below in the Fee section.
3. All IRS Forms 8609 related to the property, showing part II completed.
4. Annual audited financial statements for each year of property operation.
5. Annual partnership or ownership entity tax returns for the most recent five years of the property's operations.

6. Loan documents for all secured debt during the compliance period (and evidence that the owner is in good standing, is not in default; and is not aware of any event, which but for the passage of time, would constitute default under the outstanding loan agreement and/or deed of trust encumbering the real property).
7. Partnership Agreement or Operating Agreement, with all amendments.
8. Evidence of consent of all partners or members and lenders to seek a qualified contract (or proof consent is not necessary).
9. Any third party bona fide offers to purchase the property received within one year prior to the date of the Request.
10. Title report showing all outstanding liens and encumbrances on title.
11. An executed Reimbursement Agreement.

Fees

The WVHDF will assess the owner a \$3,500 non-refundable administration fee for processing a Request. The non-refundable fee may be adjusted for properties of five units or less. In addition to the administrative fee, the owner must execute an agreement to reimburse the WVHDF for all costs and must also deposit with the WVHDF \$1,000 per unit up to a maximum of \$30,000 to cover anticipated third party costs. This deposit may be used by WVHDF to pay for such third party costs as:

- A physical needs assessment of the property;
- An appraisal of the property;
- A market study of the property;
- A Phase I environmental study and, if necessary, a Phase II environmental study;
- An accountant to confirm the QCP;
- Legal fees.

These fees must be paid to the WVHDF at the time of the submission of the Request. If third party costs exceed the original deposit from the owner, the WVHDF shall make a request for additional deposits. The processing of the Request will be suspended during any time an additional deposit has been requested from the owner until such funds have been received by the WVHDF. If requested funds are not received within 15 days of notice to the owner, the processing of the Request will be terminated. Suspension in accordance with this paragraph or any requirement set forth herein shall also suspend the one year time period for the WVHDF to present a qualified contract. Any amount of the deposit remaining upon sale of the property will be returned (without interest) to the owner.

Notwithstanding the foregoing, the WVHDF is not obligated to obtain any of the third party reports described above, and the WVHDF will make no representations or warranties to any prospective purchaser of the property.

Presentation of a Qualified Contract

The owner and the proposed buyer are free to negotiate different transaction terms prior to closing.

Under Subsection 42(h)(6)(E)(i)(II) of the Code, the WVHDF's only obligation is to "present" to the owner a bona fide contract signed by a prospective buyer to acquire the owner's property for the QCP ("the Contract.") The Contract will include basic real estate transaction terms and will be as close to a contingency free contract as possible. When the WVHDF presents the Contract to the owner, regardless of when or if the Contract is fulfilled, the possibility of terminating the extended use period is removed forever and the property remains bound to the provisions in, and does not terminate, the Regulatory and Restrictive Covenants for Land Use Agreement. Whether or not the owner actually executes the Contract and closes the transaction is a separate, legally unrelated question.

By submitting a Request, the owner grants the WVHDF the authority to market the property and to provide applicable information to interested parties. Any and all information, including property and partnership financial statements and tax returns may be provided to third parties or otherwise used by the WVHDF as it deems appropriate in its discretion. The WVHDF must have continuous cooperation from the owner. Lack of cooperation will cause the processing of the Request to be terminated.

In the event processing of a Request is suspended or terminated for any reason, the property must continue to be maintained and operated under the Regulatory and Restrictive Covenants for Land Use Agreement.

Three-Year Period

If the WVHDF fails to present a qualified contract before the expiration of the one year period (or such longer period as occurs in accordance with this procedure or as the owner may agree to in writing), the extended use period for the property will terminate. However, the property will be subject to the requirements set forth in Subsection 42(h)(6)(E)(ii) of the Code which provides that for a three-year period commencing on the termination of the compliance period, the owner may not (i) evict or terminate a tenancy (other than for good cause) of an existing tenant of any low-income unit; or (ii) increase the gross rent with respect to any low-income unit except as permitted under Section 42 of the Code.

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

2013 AND 2014 TAX CREDIT MANUAL
EXHIBIT A - PRE-REGISTRATION FORM

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

Property Name: _____	
Property Location: _____	
Property Owner: _____	
Property Developer: _____	Contact Name/Phone: _____
Market Study Preparer: _____	
Investor/Syndicator: _____	Property in a CRA Area? _____
Number of Buildings in the Property: _____	Number of Residential Rental Units in the Property: _____
Number of Efficiencies: _____	
Number of One Bedroom Units: _____	Number of Two Bedroom Units: _____
Number of Three Bedroom Units: _____	Number of Four Bedroom Units: _____
Non-Residential (Commercial) Facilities: _____	
Property Type: _____	Single Family Residential Rental _____ Other, describe: _____
	Multi-Family Residential Rental _____
Building Type: _____	Detached _____ Townhouse _____
	Elevator _____ Condominium _____
	Garden _____
Area of Site: _____	Acres _____ Property Density (Units/Acreage): _____
Credit Type: _____	New Construction with Federal subsidies
	New Construction without Federal subsidies
	Acquisition and Substantial Rehabilitation with Federal subsidies
	Acquisition and Substantial Rehabilitation without Federal subsidies
	Substantial Rehabilitation with Federal subsidies
	Substantial Rehabilitation without Federal subsidies
Type of Financing: _____	Conventional (Bank) _____ Rural Development _____
	Deferred Developer Fees _____ Other, describe: _____
	Greater than 50% Tax-Exempt Bond Financed _____
Set-Aside Category: _____	Qualified Non-Profit _____ Rural Development Preservation _____
	HUD Preservation or NC _____ Rural Development New Construction _____
	New Supply Small _____ Top Off _____
Estimated Property Costs: _____	Percentage Low-Income: _____
Estimated Qualified Basis: _____	Estimated Eligible Housing Credit Dollar Amount: _____

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

2013 AND 2014 TAX CREDIT MANUAL
EXHIBIT B – DEVELOPER'S NOTIFICATION
OF CEO OF LOCAL JURISDICTION

_____ VIA _____

Re: _____ (Property Name)
Proposed Low-Income Housing Tax Credit Program Property

Dear _____:

I am/We are proposing to develop the above-referenced property as an Internal Revenue Code Section 42 Low-Income Housing Tax Credit Program property. I am/we are notifying you, as the (Mayor/President) of (municipality/county commission) (the chief executive officer of the local jurisdiction), within which the buildings in the proposed _____ property is/are/will be located.

I/We have prepared the following summary of the proposed property.

Property Name: _____

Property Location: _____

Property Owner: _____

Property Developer: _____

Number of Buildings in the Property: _____

Number of Residential Rental Units in the Property: _____

Non-residential Facilities: _____

Property Type: _____

Occupancy Type: _____

Building Type: _____

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

2013 AND 2014 TAX CREDIT MANUAL
EXHIBIT B – DEVELOPER'S NOTIFICATION
OF CEO OF LOCAL JURISDICTION

Page Two

Area of Site: _____

Credit Type: _____

Type of Financing: _____

If you would like any additional information on the property that is not provided above, please do not hesitate to contact me.

Sincerely,

(Property Developer's Name)

(Name of Authorized Representative)

(Title)

cc: Michelle L. Wilshere
West Virginia Housing Development Fund

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

Redline Version

2013 AND 2014 TAX CREDIT MANUAL
 EXHIBIT C - RESIDENTIAL RENTAL HOUSING STOCK OCCUPANCY SUMMARY

WEST VIRGINIA HOUSING DEVELOPMENT FUND
 LOW-INCOME HOUSING TAX CREDIT PROGRAM
 RESIDENTIAL RENTAL HOUSING STOCK OCCUPANCY SUMMARY

Subject Property Name: _____ City, County: _____ Market Analyst: _____

Property Name	Subsidy	0 BR			1 BR			2 BR			3 BR			4 BR			Total		
		Total	Occupied	Occ. %	Total	Occupied	Occ. %	Total	Occupied	Occ. %	Total	Occupied	Occ. %	Total	Occupied	Occ. %	Total	Occupied	Occ. %
FAMILY																			
Subsidized																			
Subtotal - Family Subsidized																			
Not-Subsidized																			
Subtotal - Family Not-Subsidized																			

TOTAL FAMILY _____

Any occupancy rate of less than 90% identified overall or within any of the above stratifications (as shown in the double lined box above) must be addressed with respect to the underlying cause. Attach an explanation to this form.

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

Redline Version

2013 AND 2014 TAX CREDIT MANUAL
 EXHIBIT C - RESIDENTIAL RENTAL HOUSING STOCK OCCUPANCY SUMMARY

WEST VIRGINIA HOUSING DEVELOPMENT FUND
 LOW-INCOME HOUSING TAX CREDIT PROGRAM
 RESIDENTIAL RENTAL HOUSING STOCK OCCUPANCY SUMMARY

Subject Property Name: _____ City, County: _____ Market Analyst: _____

Property Name	Subsidy	0 BR			1 BR			2 BR			3 BR			4 BR			Total		
		Total	Occupied	Occ. %	Total	Occupied	Occ. %	Total	Occupied	Occ. %	Total	Occupied	Occ. %	Total	Occupied	Occ. %	Total	Occupied	Occ. %
ELDERLY																			
Subsidized																			
Subtotal - Elderly Subsidized																			
Not-Subsidized																			
Subtotal - Elderly Not-Subsidized																			

TOTAL ELDERLY	=====																		<input type="text"/>
TOTAL SUBSIDIZED	=====																		<input type="text"/>
TOTAL NOT-SUBSIDIZED	=====																		<input type="text"/>
GRAND TOTAL	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Any occupancy rate of less than 90% identified overall or within any of the above stratifications (as shown in the double lined boxes above) must be addressed with respect to the underlying cause. Attach an explanation to this form.

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

2013 AND 2014 TAX CREDIT MANUAL
EXHIBIT D – MODEL CARRYOVER ALLOCATION TEST LETTER

Independent Accountants' Report

Date: XXXX XX, 20__

To: West Virginia Housing Development Fund
5710 MacCorkle Avenue SE
Charleston, WV 25304

and

XXXX (the "Owner")
Street
City, State Zip Code

Re: XXXXX (the "Property")

We have examined the accompanying Carryover Qualification Test ("Schedule B to WVHDF Form 1040") of the Owner for the Property as of XXXX, XX, 20__. Schedule B to WVHDF Form 1040 is the responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on Schedule B to WVHDF Form 1040 based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting Schedule B to WVHDF Form 1040 and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The accompanying Schedule B to WVHDF Form 1040 was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service under the accrual method of accounting and by the West Virginia Housing Development Fund (the "WVHDF"), which is a comprehensive basis of accounting other than generally accepted accounting principles.

The Schedule B to WVHDF Form 1040 includes an estimate prepared by the Owner of the reasonably expected basis (Column C), as defined in Treasury Regulation Section 1.42-6. We have not examined or performed any procedures in connection with such estimated reasonably expected basis and, accordingly, we do not express any opinion or any other form of assurance

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

2013 AND 2014 TAX CREDIT MANUAL
EXHIBIT D – MODEL CARRYOVER ALLOCATION TEST LETTER

on such estimate. Furthermore, even if the Property is developed and completed there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

In our opinion, Schedule B to WVHDF Form 1040 referred to above presents fairly, in all material respects, costs incurred for the Property as of XXXX XX, 20__ (Column A), on the basis of accounting described above.

In addition to examining Schedule B to WVHDF Form 1040, we have, at your request, performed certain agreed-upon procedures, as enumerated below, with respect to the Property. These procedures, which were agreed to by the Owner, were performed to assist you in determining whether the Property has met the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6. These agreed-upon procedures were performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures:

- We calculated, based on estimates of total development costs provided by the Owner, the Property's total reasonably expected basis (Column C), as defined in Treasury Regulation Section 1.42-6, to be \$XXXX as of XXXX XX, 20__.
- We calculated the reasonably expected basis incurred by the Owner as of XXXX XX, 20__ (Column A) to be \$XXXX.
- We calculated the percentage of the Developer's Fee incurred by the Owner as of XXXX to be XX% of the total Developer's Fee.
- We compared the reasonably expected basis incurred as of XXXX XX, 20__ (Column A) to the total reasonably expected basis of the Property (Column C), and calculated that XX% had been incurred as of XXXX XX, 20__.

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

2013 AND 2014 TAX CREDIT MANUAL
EXHIBIT D – MODEL CARRYOVER ALLOCATION TEST LETTER

- We determined that the Owner uses the accrual method of accounting, and has not included any construction costs in Column A that have not been properly accrued.
- Based on the amount of total reasonably expected basis listed above (Column C), for the Owner to meet the 10% test in accordance with Internal Revenue Code Section 42(h)(1)(E) and Treasury Regulation Section 1.42-6, we calculated that the Property needed to incur at least \$XXXX of costs prior to December 31, 20___. As of XXXX XX, 20___, costs of at least \$XXXXXX had been incurred, which is approximately XX.XX% of the total reasonably expected basis of the Property (Column C).

We were not engaged to, and did not perform an audit of the Owner's financial statements or of the Property's total reasonably expected basis. Furthermore, even if the Property is developed and completed there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with the WVHDF and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

City, State
XXXX XX, 20___

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

2013 AND 2014 TAX CREDIT MANUAL
EXHIBIT E – MODEL INDEPENDENT CPA COST
CERTIFICATION AND EXAMINATION REPORT

Independent Accountants' Report

Owner's Name: XXXX

Property Name: XXXX

We have examined the costs and final sources of funds included in the accompanying Final Cost Certification (Schedule D to WVHDF Form 1040) (the "Final Cost Certification") of XXXX (the "Owner") for XXXX ("the Property") as of XXXX XX, 20___. The Final Cost Certification is the responsibility of the Owner and the Owner's management. Our responsibility is to express an opinion on the Final Cost Certification based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Final Cost Certification and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The accompanying Final Cost Certification was prepared in conformity with the accounting practices prescribed by the Internal Revenue Service, under the XXXXX method of accounting, and in conformity with the format (Schedule D to WVHDF Form 1040) set by the West Virginia Housing Development Fund (the "WVHDF"), which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion the Final Cost Certification presents fairly, in all material respects, the actual costs of \$XXXX and eligible basis of \$XXXX of the Owner for the Property as of XXXX XX, 20___, on the basis of accounting described above. In our opinion the Final Cost Certification presents fairly, in all material respects, the final sources of funds of \$XXXXX for the Property as of XXXX XX, 20___.

This report is intended solely for the information and use of the Owner and the Owner's management and for filing with the WVHDF and should not be used for any other purpose.

We have no financial interest in the Property other than in the practice of our profession.

City, State

XXXX XX, 20___

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

**2013 AND 2014 TAX CREDIT MANUAL
EXHIBIT F - WVHDF BASIC UNDERWRITING SPREADSHEETS**

ANALYSIS OF INTERMEDIARY COSTS		
	Prepared by:	XXX
	Completion date:	XX/XX/XXXX
PROPERTY NAME:	SAMPLE PROPERTY	
PROPERTY FILE NUMBER:	XXXX-#XX	
NUMBER OF UNITS:	40	
	AMOUNT PER	PERCENTAGE OF
COST DESCRIPTION	SCHEDULES A	TOTAL PROPERTY COSTS
BUILDER'S GENERAL REQUIREMENT	\$130,000.00	3.41%
BUILDER'S GENERAL OVERHEAD	\$44,000.00	1.16%
BUILDER'S PROFIT	\$134,000.00	8.09%
BUILDER'S BOND PREMIUM-LOC	\$0.00	0.00%
BUILDING PERMIT FEE	\$0.00	0.00%
ARCHITECT DESIGN FEE	\$75,000.00	1.97%
ARCHITECT INSPECTION FEE	\$18,000.00	2.44%
ENGINEERING FEE	\$25,000.00	0.66%
PROPERTY SURVEY FEE	\$6,000.00	0.16%
PROPERTY APPRAISAL FEE	\$5,000.00	0.13%
CAPITAL NEEDS ASSESSMENT	\$0.00	0.00%
LEGAL FEES	\$15,000.00	0.39%
TITLE INSURANCE FEE	\$14,500.00	0.38%
STATE FIRE MARSHALL FEE	\$3,000.00	0.08%
RECORDING FEES	\$500.00	0.01%
COST CERTIFICATION FEE	\$9,000.00	0.24%
CONSTRUCTION PERIOD INTEREST	\$75,000.00	1.97%
CONSTRUCTION LOAN INTEREST	\$0.00	0.00%
CONSTRUCTION LOAN FEES	\$19,800.00	0.52%
CONSTRUCTION INSURANCE	\$5,200.00	0.14%
CONSTRUCTION REAL ESTATE TAXES	\$6,000.00	0.16%
PERMANENT LOAN FEES	\$15,300.00	0.40%
MARKET STUDY	\$6,000.00	0.16%
ENVIRONMENTAL STUDY	\$5,000.00	0.13%
TAX CREDIT FEE	\$39,879.00	1.05%
RENT-UP COSTS	\$20,000.00	0.53%
ORGANIZATIONAL COSTS	\$11,320.00	0.30%
DEVELOPER'S FEE	\$550,000.00	14.44%
RENT-UP RESERVE	\$16,000.00	0.42%
OPERATING RESERVE	\$47,000.00	1.23%
OTHER COSTS (PLEASE DESCRIBE):		
	\$0.00	0.00%
TOTAL INTERMEDIARY COSTS	\$1,295,499.00	24.97%
TOTAL PROPERTY COSTS	\$3,808,000.00	
PERCENTAGE OF INTERMEDIARY COSTS TO TOTAL PROPERTY COSTS	34.02% *	

*Intermediary costs should generally be no higher than 30-35% of total property costs, with the builder's line items, architect's fees, and developer's fee making up the majority of the percentage of intermediary costs to total property costs.

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

**2013 AND 2014 TAX CREDIT MANUAL
EXHIBIT F - WVHDF BASIC UNDERWRITING SPREADSHEETS**

ANALYSIS OF PROPERTY COSTS TO HUD SECTION 221(d)(3) LIMITS			
		Prepared by:	XXX
		Completion date:	XX/XX/XXXX
PROPERTY NAME:	SAMPLE PROPERTY		
PROPERTY FILE NUMBER:	XXXX-#XX		
NUMBER OF UNITS:	40		
	NUMBER	PROPERTY	EXTENDED
PROPERTY COMPOSITION	OF UNITS	COST LIMITS*	AMOUNTS
EFFICIENCY		\$132,814.00	\$0.00
ONE BEDROOM UNIT	4	\$152,251.00	\$609,004.00
TWO BEDROOM UNIT	6	\$185,136.00	\$1,110,816.00
THREE BEDROOM UNIT	24	\$239,506.00	\$5,748,144.00
FOUR BEDROOM UNIT	6	\$262,903.00	\$1,577,418.00
TOTALS	40		\$9,045,382.00
PROPERTY COSTS (Schedule A, Page 3, Line 42, Column 1)			\$3,808,000.00
EXCESS (DEFICIENCY) - PROPERTY COSTS			(\$5,237,382.00)

*Property cost limits are contained in the Allocation Policies, Property Cost Limits section of this document.

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

**2013 AND 2014 TAX CREDIT MANUAL
EXHIBIT F - WVHDF BASIC UNDERWRITING SPREADSHEETS**

DETERMINATION OF HOUSING CREDIT DOLLAR AMOUNT NEEDED	
Prepared by:	XXX
Completion date:	XX/XX/XXXX
PROPERTY NAME:	SAMPLE PROPERTY
FILE NUMBER:	XXXX - #XX
SET-ASIDE CATEGORY:	XXX
PERCENTAGE SYNDICATED:	99.99%
LAND VALUE:	\$250,000.00
DEVELOPER'S FEE:	\$550,000.00
(ACTUAL)	
TOTAL PROPERTY COSTS:	\$3,808,000.00
PROPERTY COSTS NOT ALLOWED:	
Excess Adjusted Property Costs	\$0.00
N/A	\$0.00
N/A	\$0.00
NET PROPERTY COSTS ALLOWED:	\$3,808,000.00
FINANCING SOURCES:	
First Bank	\$420,000.00
TOTAL FINANCING SOURCES:	\$420,000.00
EQUITY GAP:	\$3,388,000.00
PERCENTAGE OF NET SYNDICATION PROCEEDS TO THE AGGREGATE HOUSING CREDIT DOLLAR AMOUNT SYNDICATED:	85.00%
AGGREGATE HOUSING CREDIT DOLLAR AMOUNT SYNDICATED TO FILL EQUITY GAP WITH SYNDICATION PROCEEDS:	\$3,985,882.35
ANNUAL HCDA SYNDICATED TO FILL EQUITY GAP WITH SYNDICATION PROCEEDS:	\$398,588.24
ANNUAL HOUSING CREDIT DOLLAR AMOUNT NEEDED IN ORDER TO SYNDICATE 99.99% OF THE INVESTMENT INTEREST:	\$398,628.10
ANNUAL ELIGIBLE HCDA (ACQUISITION):	
ANNUAL ELIGIBLE HCDA (REHABILITATION):	
ANNUAL ELIGIBLE HCDA (NEW CONSTRUCTION):	\$398,794.00
TOTAL ANNUAL ELIGIBLE HCDA (SCHEDULES A):	\$398,794.00
TOTAL ANNUAL ELIGIBLE HCDA REQUESTED (1040):	\$398,000.00
TOTAL ANNUAL ELIGIBLE HCDA (WVHDF ADJUSTED):	N/A
TOTAL ANNUAL HCDA RESERVED (IF APPLICABLE):	\$398,000.00
TOTAL ANNUAL HCDA AT CARRYOVER (IF APPLICABLE):	N/A
ANNUAL HCDA ALLOWED:*	\$398,000.00

* The housing credit dollar amount allowed is the lesser of items A, B, C, D, E, or F above. This spreadsheet along with the financial underwriting of the property (utilizing projected operating information provided in the WVHDF Form 1040) results in the property being allocated only the amount of credit necessary for the financial feasibility of the property and its viability as a qualified low-income housing property throughout the credit period.

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

2013 AND 2014 TAX CREDIT MANUAL
EXHIBIT G – PROGRAM CALENDAR

Description	Regular (Non-Tax-Exempt Bond Financed) LIHTCP Properties	Tax-Exempt Bond Financed LIHTCP Properties
Calendar Year 2013		
General Partner Portfolio Occupancy Rate Measurement Date	March 31, 2013	March 31, 2013
Pre-Registration Forms Due	Tuesday, April 16, 2013	Monday, June 17, 2013
Application Period (Reservation Requests Due)	Wednesday, May 1, 2013 Through Friday, May 31, 2013	Wednesday, May 1, 2013 Through Wednesday, July 31, 2013
Threshold Review and Correction Period	June 1, 2013 Through July 15, 2013	August 1, 2013 Through September 15, 2013
Carryover Allocation Requests or Allocation Requests Due Without a Late Submission Fee	September 30, 2013	Not Applicable
Calendar Year 2014		
General Partner Portfolio Occupancy Rate Measurement Date	March 31, 2014	March 31, 2014
Pre-Registration Forms Due	Wednesday, April 16, 2014	Monday, June 16, 2014
Application Period (Reservation Requests Due)	Tuesday, May 1, 2014 Through Friday, May 30, 2014	Tuesday, May 1, 2014 Through Thursday, July 31, 2014
Threshold Review and Correction Period	June 1, 2014 Through July 15, 2014	August 1, 2014 Through September 15, 2014
Carryover Allocation Requests or Allocation Requests Due Without a Late Submission Fee	September 30, 2014	Not Applicable