

2020 - 2021 9% Qualified Allocation Plan



IOWA FINANCE
AUTHORITY

PART A – REQUIREMENTS FOR NINE PERCENT (9%) TAX CREDITS	8
SECTION 1. INTRODUCTION	8
1.1 Tax Credit Reservation Schedule	9
1.1.1 2020 Funding Round Schedule	9
1.1.2 2021 Funding Round Schedule	9
SECTION 2. TAX CREDIT RESERVATION AND ALLOCATION PROCESS	10
2.1 Amount of Tax Credits to be Allocated.	10
2.2 Set-Asides.....	10
2.2.1 Nonprofit Set-Aside.....	10
2.2.2 Supportive Housing for Families Set-Aside.....	10
2.2.3 Disaster Recovery Set-Aside.....	11
2.2.4 Rural Set-Aside.....	11
2.3 Maximum LIHTC Allocation.....	11
2.3.1 Developer Cap.....	11
2.3.2 Project Cap.....	11
2.4 Prohibition of Applying Within the Compliance Period.....	11
2.5 Prioritization of Review and Award of Credits.....	11
SECTION 3. THRESHOLD REQUIREMENTS – APPLICATION PROCESS	11
3.1 Joint Review.....	12
3.2 Contact with IFA.....	12
3.2.1 Prior to Application Submittal.....	12
3.2.1.1 Qualified Service Provider Participation.....	12
3.2.2 After Application Submittal.....	12
3.3 Application Process.....	12
3.3.1 Market Study and Analysis.....	12
3.3.2 Threshold Application Review.....	13
3.3.2.1 Threshold Deficiency Review Period.....	13
3.3.2.2 Site Visits.....	13
3.3.2.3 Authorization Forms.....	13
3.3.2.4 Document Timeliness.....	13
3.3.2.5 Opinions and Certifications.....	13
3.3.3 Scoring Determination.....	13
3.4 HOME Funds for Rural or Supportive Housing for Families Projects.....	14
3.4.1 Compliance with HUD Environmental Requirements (24 CFR Part 58).....	14
3.4.2 Compliance with HUD Environmental Noise Requirements (24 CFR Part 51, Subpart B).....	14
3.4.2.1 Noise Abatement and Control.....	14
3.4.3 Flood Zones.....	14
3.4.4 Wetlands.....	14

3.5	Ownership of and Costs Associated with Applications.....	14
3.6	Public Information.....	14
3.7	Qualified Residential Rental Property.....	15
3.8	Fees.....	15
SECTION 4. THRESHOLD REQUIREMENTS – UNDERWRITING.....		15
4.1	Underwriting Standards.....	15
4.1.1	Escalators.....	15
4.1.2	Vacancy Rate Standards.....	15
4.1.3	Debt Service Coverage Ratio (DSCR) Standards.....	15
4.1.4	Interest Rates.....	15
4.1.5	Amortization Schedule.....	15
4.1.6	Existing Reserve Accounts.....	16
4.1.7	Net Rent Increases.....	16
4.1.8	Historic Tax Credits.....	16
4.1.8.1	State Historic Tax Credits.....	16
4.1.9	Gap Financing.....	16
4.1.10	Appraisals.....	16
4.1.10.1	Land or Building Acquisition with an Identity of Interest.....	16
4.1.10.2	Acquisition/Rehab Projects.....	16
4.2	Operating Expenses.....	16
4.2.1	Housing for Older Persons.....	16
4.2.2	Housing for Families.....	16
4.2.3	Financial Statements.....	16
4.3	Operating and Replacement Reserves.....	16
4.3.1	Operating Reserve.....	16
4.3.2	Replacement Reserve.....	17
4.4	Deferred Developer Fees.....	17
4.5	Financing Commitments.....	17
4.5.1	Construction and Permanent Financing.....	17
4.5.2	Other Financing.....	17
4.5.3	Other Commitments.....	17
4.5.4	Multiple Funding Scenarios.....	17
4.5.5	Senior Living Revolving Loan.....	17
4.5.6	HOME Funds.....	18
4.5.7	General Partner Contribution.....	18
4.5.8	Operating Income During Construction.....	18
4.5.9	Financing for Paved Roads.....	18
4.5.10	Financing for Utilities.....	18

4.6	Developer, Builder and Other Fees.	18
4.6.1	Developer Fees.	18
4.6.2	Builder and General Contractor Fees.	19
4.6.3	Nonprofit Set-Aside Participation Fees.	19
4.6.4	Professional and Other Fees.	19
4.7	Construction Contingency Funding.	19
4.8	Subsidy Layering Review.	19
4.9	Tax Credit Cap per LIHTC Unit.	19
4.10	Basis Boost.	19
4.10.1	Special Considerations for Projects Located in Qualified Census Tracts (QCT) and Difficult Development Areas (DDA).	19
4.10.1.1	Community Service Facility.	19
4.10.1.2	Concerted Community Revitalization Plans (CCRP).	20
4.10.2	Special Considerations for Projects Located in a Rural City.	20
4.10.3	Special Considerations for Projects Serving Lower AMIs (Area Median Income).	20
4.11	Minimum Set-Aside Elections.	20
4.11.1	20-50 Test.	20
4.11.2	40-60 Test.	21
4.11.3	Average Income Test (Income Averaging).	21
4.12	Section 811 Project Rental Assistance Program (Section 811 PRA).	21
SECTION 5. THRESHOLD REQUIREMENTS - ALL DEVELOPERS/OWNERSHIP ENTITIES.		21
5.1	Complete Application.	21
5.2	Legal Ownership Entity.	21
5.3	Qualified Development Team.	21
5.3.1	New Developer.	22
5.3.1.1	Mandatory New or Returning Developer Training.	22
5.3.2	Open Projects Limitation.	22
5.3.3	Maximum Applications.	22
5.3.4	Tax Credit Investor.	22
5.4.1	Site Requirements.	22
5.4.1.1	Scattered Sites.	22
5.4.2	Location Near Services.	22
5.5.	Adequate Market.	23
5.6	Preliminary Costs and Scope of Work for All Projects.	23
5.7	Capital Needs Assessment for Acquisition/Rehab and Rehab Projects.	23
5.8	Displacement of Residential Tenants.	23
5.9	Confirmation of Eligibility—Acquisition/Rehabilitation.	23
5.10	Rehabilitation Standards.	23

5.11	Building Standards.....	24
5.12	Market Rate Standards.....	24
5.13	Senior Projects Standards.....	24
5.14	Minimum Project Score.....	24
5.15	Next Available Unit Rule.....	24
5.16	Acknowledgements.....	24
5.17	Ineligibility.....	24
SECTION 6. SCORING CRITERIA		25
6.1	Resident Profile.....	25
6.1.1	Serves Lowest Income Residents.....	25
6.1.2	Market Rate Incentive.....	25
6.1.3	Serves Tenant Population of Households with Children.....	25
6.1.4	Provides an Opportunity for Homeownership.....	26
6.2	Location.....	26
6.2.1	Great Places.....	26
6.2.2	Iowa Opportunity Index Census Tracts.....	26
6.2.3	Rural Disaster Recovery.....	26
6.3	Building Characteristics.....	26
6.3.1	Market Appeal.....	26
6.3.2	Projects with Historical Significance.....	27
6.3.3	Preservation and Conversion of Existing Rental Housing.....	27
6.3.3.1	Federal Project-Based Rental Assistance.....	27
6.3.3.2	Market Rate Rental Housing Conversion.....	27
6.3.4	Construction/Unit Characteristics.....	27
6.3.5	Olmstead Goals.....	28
6.3.6	Impact on the Environment.....	29
6.3.7	Energy Efficiency.....	29
6.4	Other Scoring Criteria.....	30
6.4.1	Iowa Title Guaranty.....	30
6.4.2	Developer or General Partner/Managing Member Experience and Performance.....	30
6.4.2.1	LIHTC Experience.....	30
6.4.2.2	Multi-Family Rental Experience.....	30
6.4.2.3	Performance.....	30
6.4.3	Waives Right to Qualified Contract.....	30
6.4.4	Construction Costs.....	31
SECTION 7. SELECTION CRITERIA AND NOTICE OF THE TAX CREDIT AWARD		31
7.1	Tax Credit Calculation and Reservation.....	31
7.2	Selection Criteria.....	31

7.3	Discretion by the Board.....	32
7.4	Notice of Tax Credit Reservation.....	32
7.5	Waiting List.....	32
7.5.6	Prioritization of Waiting List.....	33
7.6	Informal Appeals.....	34
7.6.1	Notice of Appeal.....	34
7.6.2	Procedures for Appeal.....	34
7.6.3	Decision.....	34
7.6.4.	Final Agency Action.....	34
7.7	Remedies on Appeal.....	34
SECTION 8. POST RESERVATION REQUIREMENTS.....		34
8.1	Construction.....	34
8.2	Changes to the Application After Award.....	35
8.3	Material Changes.....	35
8.4	Changes to the Ownership Entity.....	35
8.4.1	Transfers.....	35
8.4.2	Changes to the Ownership Entity Structure.....	35
8.5	Return of Tax Credits.....	36
8.6	Carryover-Ten Percent (10%) Test Application and IRS Form 8609 Application.....	36
8.6.1	Pre-Closing Review.....	36
8.6.2	Second Application for Carryover-Ten Percent (10%) Test.....	36
8.6.2.1	Local Lead Agency.....	36
8.6.3	Initiation of Construction.....	36
8.6.4	Third Application for IRS Form 8609.....	36
8.6.4.1	Marketable Title Requirement.....	36
8.6.5	IFA Discretion.....	37
8.7	Prior to Placed-in-Service Documents.....	37
8.8	IRS Form 8609.....	37
8.9	Destruction of a Project Prior to Placement-in-Service.....	37
8.10	Annual Audited Financials.....	38
8.11	Operating and Replacement Reserves.....	38
8.12	Compliance.....	38
8.12.1	Record Keeping.....	38
8.12.2	Annual Certifications.....	38
8.12.3	Review and Inspections.....	38
8.12.4	Notice of Noncompliance.....	38
8.12.5	Correction Period.....	38
8.12.6	Notice to Internal Revenue Service.....	38

8.12.7	Delegation of Monitoring.....	39
8.12.8	Liability.....	39
8.12.9	Violence Against Women Act (VAWA).....	39
PART B	– TERMS AND CONDITIONS	40
	SECTION 9: TERMS AND CONDITIONS	40
9.1	Documents Incorporated by Reference.....	40
9.2	Binding Obligations.....	40
9.3	Land Use Restrictive Covenants (Land Use Restrictive Agreement (LURA)).....	40
9.4	Disclosure of Information Regarding Equity Investors or Syndicators.....	40
9.5	No Representation or Warranty Regarding the QAP.....	41
9.6	IFA Policy on Civil Rights Compliance.....	41
PART C	– THRESHOLD REQUIREMENTS FOR BUILDING, CONSTRUCTION, SITE AND REHABILITATION	42
A.	Site Control.....	42
1.	Evidence of Site Control.....	42
2.	Requirements for Site Control:.....	42
B.	Reserved.....	43
C.	Zoning.....	43
D.	Access to Paved Roads.....	43
E.	Access to Utilities.....	43
F.	Building Standards.....	43
G.	Minimum Development Characteristics.....	43
1.	General.....	43
1.1	Construction Warranty.....	43
1.2	Site Lighting.....	43
1.3	Sidewalks.....	43
1.4	Laundry.....	43
1.5	Unit Bathrooms.....	44
1.6	Closets.....	44
1.7	Minimum Unit Net Square Footage.....	44
2.	Accessibility.....	44
2.1	Accessible Units.....	44
2.2	Accessible Communication Features Units.....	44
3.	Energy Requirements.....	44
3.1	Heating and Air Conditioning.....	44
3.2	Energy Efficiency:.....	44
3.2.1	New construction.....	44
3.2.3	For existing structures (Acq/Rehab and Adaptive Reuse).....	45
4.	Exterior Construction.....	45

4.1	Exterior Construction.....	45
4.2	Roofs.....	45
4.3	Exterior Entry Doors to Common Areas.	45
4.4	Unit Doors.	45
4.5	Overhead Doors.....	45
5.	Interior Construction.....	45
5.1	Unit Doors.	45
5.2	Durable Window Sills.	45
5.3	Window Covering.	45
5.4	Appliances.....	45
5.5	Cabinetry.....	45
5.6	High-Speed Internet Access.	45
5.7	Paints and Primers.....	45
5.8	Adhesives.....	46
5.9	Caulks and Sealants.	46
6.	Flooring	46
6.1	Carpeting.....	46
6.2	Resilient Flooring – Kitchens.	46
6.3	Resilient Flooring – Bathrooms.....	46
6.4	Shower Flooring.....	46
H.	Submission of Site Characteristics.	46
I.	Rehabilitation Standards.....	47
J.	Capital Needs Assessment (CNA).....	47
PART D – GLOSSARY OF TERMS.....		48

PART A – REQUIREMENTS FOR NINE PERCENT (9%) TAX CREDITS

SECTION 1. INTRODUCTION

Thank you for your interest in the Low-Income Housing Tax Credit (LIHTC) Program. The Iowa Finance Authority (IFA) administers this program in Iowa, as specified in Iowa Code Section 16.35.

Section 42 of the Internal Revenue Code (the Code) requires each Allocating Agency to develop a Qualified Allocation Plan (QAP) for use in determining those developments that will receive an allocation of Tax Credits. If the relevant IRS Code or IRS regulations which govern this program are amended, the IFA Board has the authority to allow changes to this Qualified Allocation Plan to ensure it conforms to the IRS Code or regulations. If the Board amends this QAP to ensure its conformity with federal statutes or regulations, written notification will be posted on the IFA website.

The Code requires the QAP to include three statutory preferences: developments serving the lowest income tenants, developments affordable for the longest periods of time, and developments located in qualified census tracts (QCTs) designated by the U.S. Department of Housing and Urban Development (HUD) that contribute to a concerted community revitalization plan.

The Code also requires the QAP to consider ten statutory selection criteria: project location; housing needs characteristics; project characteristics; sponsor characteristics; tenant populations with special housing needs; public housing waiting lists; tenant populations of individuals with children; projects intended for eventual tenant ownership; energy efficiency of the project; and historic nature of the project.

In accordance with the Code, IFA has developed this QAP to establish the criteria and process for the allocation of the housing Tax Credits to Qualified Residential Rental properties in Iowa.

IFA will implement the QAP following its approval by the IFA Board of Directors. Final approval of the QAP by the Governor shall be a precondition to the execution of any Carryover Agreement under this QAP. This QAP shall govern the 2020 and 2021 allocation years.

The QAP consists of 4 parts: (1) Part A - Requirements for Nine Percent (9%) Tax Credits; (2) Part B – Terms and Conditions; (3) Part C – Threshold Requirements for Building, Construction, Site and Rehabilitation; and (4) Part D – Glossary of Terms.

IFA will rely on the following when interpreting the requirements of the QAP: (1) the QAP, including the Tax Credit Application, appendices, exhibits, instructions, and any incorporated materials; (2) IFA's questions and answers for the QAP; (3) IFA's training guide; and (4) IFA's past practice. IFA may, at its discretion, conduct due diligence to verify information provided by the Applicant. An Applicant's interpretation of the QAP and its requirements is immaterial.

1.1 Tax Credit Reservation Schedule. To the extent possible, the following schedules apply to the Tax Credit Reservation Application process for nine percent (9%) Tax Credits:

1.1.1 2020 Funding Round Schedule

1.	Rules and QAP become final	Upon adoption and filing of the rules
2.	Mandatory New or Returning Developer Training	On or about, November 20, 2019
3.	Application Package becomes available	On or about November 20, 2019
4.	Supportive Housing for Families set-aside Qualified Service Provider exhibits due to IFA	On or about February 21, 2020
5.	Application Package due to IFA	March 11, 2020 by 4:30 PM
6.	Threshold Deficiency Notification	On or about June 12, 2020
7.	IFA Tax Credit Reservation recommendations presented to Board	August 2020 IFA Board of Directors meeting
8.	Issuance of 2020 Carryover Agreements	On or about October 1, 2020
9.	Pre-closing review	Two weeks prior to closing
10.	Carryover-Ten Percent (10%) Test Application Package due to IFA	On or about August 1, 2021 (10 months following date of Carryover Agreement)
11.	IRS Form 8609 Application Package due to IFA	By November 1 of the first year credit period

1.1.2 2021 Funding Round Schedule

1.	Mandatory New or Returning Developer Training	September 2020
2.	Application Package Available	September 2020
3.	Supportive Housing for Families set-aside Qualified Service Provider exhibits due to IFA	February 2021
4.	Application Package due to IFA	March 10, 2021 by 4:30 PM
5.	Threshold Deficiency Period	June 2021
6.	IFA Tax Credit Reservation recommendations presented to Board	August 2021 IFA Board of Directors meeting
7.	Issuance of 2021 Carryover Agreements	On or about October 1, 2021
8.	Pre-closing review	Two weeks prior to closing
9.	Carryover-Ten Percent (10%) Test Application Package due to IFA	On or about August 1, 2022 (10 months following date of Carryover Agreement)
10.	IRS Form 8609 Application Package due to IFA	By November 1 of the first year credit period

Any revisions to the Section 1.1 – Tax Credit Reservation Schedule will be published on the IFA website at <http://www.iowafinanceauthority.gov>.

SECTION 2. TAX CREDIT RESERVATION AND ALLOCATION PROCESS

2.1 Amount of Tax Credits to be Allocated. The amount of annual Tax Credits (“Per Capita Tax Credits”) allocated is based on a per-capita amount derived from population estimates released by the Internal Revenue Service (IRS). In allocation year 2019, IFA’s Per Capita Tax Credit authority was \$8,699,124. The 2020 and 2021 Per-Capita Tax Credit amounts are yet to be determined. In addition to the Per Capita Tax Credits, IFA may have returned Tax Credits from previous years to allocate. IFA may also elect not to allocate a de minimis amount of Tax Credits.

2.2 Set-Asides. There will be one pool of Tax Credits with four set-asides in the 2020 and 2021 funding rounds. These set-asides are Supportive Housing for Families, Nonprofit, Disaster Recovery and Rural. The Supportive Housing for Families set-aside shall be allocated no more than \$840,000. After this allocation, IFA will fund the Nonprofit, Disaster Recovery and Rural set-asides with the remaining Tax Credits awarded in the General Pool. An Applicant may apply for the Nonprofit, Disaster Recovery and Rural set-asides, and if those set-asides are filled and the Project remains unfunded, the Project may compete in the General Pool. An Applicant applying for the Supportive Housing for Families set-aside shall not apply for the same Project in another set-aside or in the General Pool.

2.2.1 Nonprofit Set-Aside. Ten percent (10%) of all available Tax Credits are set aside for Qualified Nonprofit Organizations. This Tax Credit amount cannot be used for any other purpose. IFA reserves the right to conduct due diligence to determine whether an Entity is a Qualified Nonprofit Organization.

The Applicant is required to demonstrate the involvement of a Qualified Nonprofit Organization. To qualify, the Nonprofit shall meet the following requirements:

1. The Nonprofit shall have an IRC Section 501(c)(3) or an IRC Section 501(c)(4) designation from the IRS and be qualified to do business in Iowa.
2. The Nonprofit cannot be formed for the principal purpose of being included in the Nonprofit Set-Aside. The Nonprofit cannot be Controlled by a for-profit organization. IFA shall make a determination that the Nonprofit is not affiliated with or Controlled by a for-profit.
3. The Nonprofit and/or parent Nonprofit organization shall have as one of its exempt purposes, the fostering of low-income housing and shall have been so engaged for the two years prior to the Application submission date. The Applicant shall demonstrate that the Nonprofits’ programs include a low-income housing component. The Applicant shall explain how the Nonprofit will accomplish its charitable purposes, as an organization that provides low-income housing, consistent with Rev. Proc. 96-32, 1996-1 C.B. 717.
4. The Nonprofit shall be an Owner Representative, either directly as a General Partner or through a wholly owned subsidiary as defined in IRC Section 42(h)(5)(d)(i) and (ii). If the Nonprofit is one of two or more Owner Representatives, each of the Owner Representatives shall be a Nonprofit organization; only one of the Nonprofit Owner Representatives shall have as one of its exempt purposes, the fostering of low-income housing, and have been doing so for the two years prior to the submission of the Application.
5. The Nonprofit shall demonstrate its capacity and intention to Materially Participate in the development and operation of the Project throughout the Compliance Period and Extended Use Period. Nonprofit material participation is defined in IRC §469(h) and Treasury Regulation 1.469-5T.
6. The Nonprofit shall receive no less than fifty percent (50%) of the combined total of the Developer and Consultant Fee.

2.2.2 Supportive Housing for Families Set-Aside. This set-aside is for a Project that shall provide permanent supportive housing for families experiencing homelessness. One Project shall be awarded in this set-aside. An Applicant applying for the Supportive Housing for Families set-aside shall not apply for the same Project in another set-aside or in the General Pool. Entities seeking an award of Tax Credits from the Supportive Housing for Families set-aside shall submit the qualified service provider exhibits through the online Application. IFA reserves the right to conduct due diligence to determine whether an Entity is a qualified service provider.

Refer to Appendix A – Supportive Housing for Families Set-Aside of the Application Package.

2.2.3 Disaster Recovery Set-Aside. One Project shall be awarded in this set-aside. Eligible Projects are located in a county that has been declared a major disaster by the president of the United States on or after March 12, 2019, and that is also a county in which individuals are eligible for federal individual assistance. The intended purpose of the Disaster Recovery set-aside is to assist in the long-term housing recovery of counties impacted by a major disaster declaration. [FEMA Disaster Listings](#)

2.2.4 Rural Set-Aside. One Project shall be awarded in this set-aside. Eligible Projects are located in a city located in this state, except those located wholly within one or more of the eleven most populous counties in the state, as determined by the most recent population estimates issued by the United States Census Bureau. [Iowa Data Center - Population Estimates](#)

2.3 Maximum LIHTC Allocation.

2.3.1 Developer Cap. IFA shall not allocate (1) more than \$1,680,000 in Tax Credits to Projects being developed by a single Developer; or (2) more than three Projects per Developer. IFA will select which Projects are awarded Tax Credits based on the QAP. Co-Developers will be allocated Tax Credits based upon the percentage of interest in the Project. For example, if a Co-Developer retains a fifty percent (50%) interest in the various Developer and Consultant Fees realized from a Project, fifty percent (50%) of the Tax Credits will be counted against the Developer's cap.

Parties that have an Identity of Interest may be treated as a single Applicant for purposes of the cap if IFA concludes, based on the relevant facts and circumstances, that the submission of an Application by one or more of the Applicants is intended, in whole or in part, as a means of circumventing the annual Developer Tax Credit cap. Consideration will be given to the familial, financial, business or any other significant relationship in the review of the Identity of Interest as it relates to the Developer cap limit.

2.3.2 Project Cap. The maximum Tax Credit amount that will be awarded to any one Project is \$840,000.

2.4 Prohibition of Applying Within the Compliance Period. Once a Project has been issued an IRS Form 8609, the Project is prohibited from applying for Tax Credits until after the 15th year has been completed (of the initial 15-year Compliance Period).

2.5 Prioritization of Review and Award of Credits. IFA will use the following priority list to review and award credits:

1. Supportive Housing for Families.
2. Nonprofit set-aside.
3. Disaster Recovery set-aside.
4. Rural set-aside.
5. General Pool.

Applications will be scored and ranked within each of these categories. If an Applicant is not awarded within a set-aside, except for Section 2.2.2 – Supportive Housing for Families, the Applicant will be considered in additional set-asides that were applied for and the General Pool. If a balance remains in the Nonprofit set-aside, IFA may exceed the set-aside amount in order to award the next qualifying Project within the Nonprofit set-aside. The excess funds needed to complete the Nonprofit set-aside award will be drawn from the General Pool. In the event there are not enough qualified Projects to fill a specific set-aside, with the exception of the Nonprofit set-aside, the remaining balance of that set-aside will be transferred to the General Pool.

SECTION 3. THRESHOLD REQUIREMENTS – APPLICATION PROCESS

Applicants shall submit the Application package through the online Application system. The completed Application shall contain electronic signature(s) and shall be accompanied by an electronic payment for the appropriate nonrefundable Application fee(s) specified in Section 3.8 – Fees. In the event it becomes necessary to amend the Application Package, IFA will post the amended version on its website. Applicants are advised to check IFA's website periodically for any amendments or modifications. During the Application review process, IFA will resolve any errors that affect the operation of the online Application system on a case-by-case basis.

Information identifying the Applicants will be placed on the IFA website. During the evaluation period, Applications will not be made available to the public. After the IFA Board approves the selections and awards the Tax Credits, Applications and files are public information and available for review and copy in accordance with Iowa Code Chapter 22.

3.1 Joint Review. IFA reserves the right to conduct joint reviews with other funding sources including any other party, loan or grant program. IFA may contact other sources to obtain information regarding the materials contained in the Application to either verify the information or to obtain independent information regarding a Project. The information will be available for review after the Applications have been evaluated and Tax Credits have been reserved.

3.2 Contact with IFA

3.2.1 Prior to Application Submittal. Prior to the submittal of the Application, if an Applicant has a question regarding an interpretation or clarification of the QAP, IFA policies, procedures or rules relating to the LIHTC Program, the question shall be submitted to housingtaxcredits@iowafinance.com. Questions and answers deemed by IFA to be of general interest to potential Applicants will be placed on the IFA website. IFA shall not be bound by any oral or written representation made in connection with the Application or award of Tax Credit Reservations other than those provided on the website.

3.2.1.1 Qualified Service Provider Participation. If applying under the Supporting Housing for Families set-aside the Applicant shall provide information necessary for IFA to determine the service provider's capacity to carry out responsibilities related to the permanent supportive housing Project. Entities seeking qualified service provider status for the Supportive Housing for Families set-aside shall request approval through the online Application by the date noted in Section 1.1 – Tax Credit Reservation Schedule.

3.2.2 After Application Submittal. Once the Application has been submitted, IFA will notify the Applicant of any required information for supplemental or clarifying data and will specify the date and time by which a response from the Applicant is expected. Unless contacted by IFA to clarify a threshold item within the Application, an Applicant shall not contact any IFA staff or Board members, nor shall anyone contact staff or Board members on the Applicant's behalf, in order to unduly influence IFA's determination related to the award of Tax Credits. If it has been determined by IFA that a staff member or Board member has been improperly contacted by the Applicant or a party on behalf of the Applicant, then IFA may reject the Application.

3.3 Application Process. The complete Application process consists of: (1) market analysis; (2) threshold Application review; and (3) scoring determination. Any revisions to Section 1.1 – Tax Credit Reservation Schedule will be published on the IFA website.

3.3.1 Market Study and Analysis. IFA shall commission a market study for all proposed Projects. An Applicant shall select only one of three possible tenant populations: Family, Older Persons 55 and older (eighty percent (80%) of the occupied Units must contain a person 55 or older) or Older Persons 62 and older (all tenants shall be 62 years of age or older). If layered with an existing Federal Program, the senior occupancy restrictions for the Federal Contract shall apply.

3.3.1.1 Applicants may provide market information they believe may be helpful in determining market feasibility of their Project. The Applicant is encouraged to submit any third party market information they believe would be helpful in determining the market feasibility of their project including, but not limited to, an independently obtained market study, information from proposed service providers or other market information. The market study provider shall review and evaluate the information submitted while conducting their market analysis. By submitting this information, Applicants are afforded the opportunity to provide input that may be considered in the determination of market feasibility. However, neither IFA nor the commissioned market study provider will be bound by the Applicant's written statements, independent market study or other market information provided..

3.3.1.2 The market study provider shall determine the market rate advantage for all Units. Units shall demonstrate a minimum ten percent (10%) rent advantage for each bedroom size when evaluating comparable market rate (free market) Units in a primary market area. If the Applicant

applies with proposed rents that exceed this level, the Applicant shall be required to adjust rents in the deficiency period.

3.3.1.3 During the threshold deficiency period, Applicants will be permitted to change income targeting, decrease rents and add amenities, if recommended by the market study analyst. Changes made by the Applicant that were not recommended, will not be allowed. An updated market study will not be prepared. Underwriting shall be adjusted, if applicable. If required changes are indicated by the market study analyst and it would affect points elected in the Application, IFA has the discretion to adjust points in scoring. If the Applicant does not make the requested change(s), then the Project may fail to meet threshold by reason of market feasibility.

3.3.1.4 The market study provider may contact the Applicant at any time to clarify information provided in the online Application or exhibits. However, the Applicant may not contact the market study provider unless they are responding to a question posed by the market study provider. If an Applicant directly contacts the market study provider, the market study provider shall notify IFA that contact was made and summarize the content of information received.

3.3.1.5 The market study analysis shall only be used to demonstrate that there is adequate sustained demand for the proposed Project, and that the construction or rehabilitation of the additional affordable Units will not have an adverse impact on the existing affordable Units in the market area.

3.3.2 Threshold Application Review. This Application will be used by IFA to determine if the Project has met the threshold requirements. IFA reserves the right to determine if a Project meets threshold. The Applicant shall submit the Application Package by the due date as outlined in Section 1.1 – Tax Credit Reservation Schedule.

3.3.2.1 Threshold Deficiency Review Period. The Applicant shall have 21 calendar days to respond and correct all items in the initial deficiency notification. During the threshold deficiency review period, changes to the Application shall not be allowed that maintain or improve the score received by an Applicant. IFA shall not be precluded from requesting any and all such information needed to properly evaluate the Application. The Applicant may contact IFA Tax Credit staff during this period to request clarification.

3.3.2.2 Site Visits. IFA shall make site visits as it deems necessary to review proposed Projects and verify any of the information provided by the Applicant. Applicants may or may not be notified of a site visit. If deemed necessary by IFA, Applicants shall provide building access for inspection.

3.3.2.3 Authorization Forms. IFA may request an executed IRS Form 8821, Tax Information Authorization Form, for each Developer for sharing of information between IFA and the IRS. Additionally, members of the Qualified Development Team, as determined by IFA, shall execute an Authorization to Release Information as part of the online Application.

3.3.2.4 Document Timeliness. All supporting documentation required by the Application shall not be more than 180 days old, unless otherwise noted, on the date that the Application is submitted to IFA. Exceptions allowed would include, documents not specifically produced for the Application, such as a valid purchase agreement, deed, land title document, Articles of Incorporation and IRS letters to a Nonprofit stating they are an exempt organization under IRC Section 501(c)(3) or 501(c)(4).

3.3.2.5 Opinions and Certifications. The Applicant shall file certifications and professional opinions in support of the Application. All certifications, opinions and documents submitted by attorneys, the Applicant or other professionals shall be based on an independent investigation into the facts and circumstances regarding the proposed Project. Any opinion submitted by any professional that is not based on an independent investigation of the facts and circumstances of a proposed Project will not be accepted. All certifications shall be in the form specified by IFA. The certifications shall be made under penalty of perjury.

3.3.3 Scoring Determination. If there are more Applicants for LIHTC than credits available, IFA will use a Project's score to rank those Projects that will be awarded credits within the prioritization established in

Section 2.5 – Prioritization of Review and Award of Credits. IFA shall make the final determination of the Applicant’s score. See Section 6 – Scoring Criteria.

3.4 HOME Funds for Rural or Supportive Housing for Families Projects. Only Projects that are located in a Rural city or Projects that have applied under Section 2.2.2 – Supportive Housing for Families are eligible to apply for HOME funds. If an Applicant is applying for State HOME funds, the Applicant shall complete the HOME section in the online Application and attach the appropriate information. IFA shall jointly review Applications applying for HOME funds and Tax Credits. Additional points will not be awarded to an Applicant that seeks HOME funding. IFA has the sole and final authority with respect to any reservation of Tax Credits or HOME funds.

3.4.1 Compliance with HUD Environmental Requirements (24 CFR Part 58). The environmental review process is required for all HUD-assisted projects to ensure that the proposed Project does not negatively impact the surrounding environment and that the Property site itself will not have an adverse environmental or health effect on end users. The Applicant agrees and acknowledges that if the Project is funded under the Tax Credit and HOME programs that this does not constitute a commitment of funds or site approval and that such commitment of funds or approval may occur only upon satisfactory completion of an environmental review and receipt, by the Project, of a Release of Funds from the State of Iowa under 24 CFR Part 58 (National Environmental Policy Act-NEPA). It is further understood that the environmental clearance must be obtained prior to any commitment of funds or the undertaking of any physical or choice-limiting actions.

3.4.2 Compliance with HUD Environmental Noise Requirements (24 CFR Part 51, Subpart B). Applicants shall take into consideration the noise criteria and standards in the environmental review process (24 CFR Part 51, Subpart B) and consider corrective actions when noise sensitive land development is proposed in noise exposed areas.

3.4.2.1 Noise Abatement and Control. The requirements set out in Section 51.104(a) are designed to ensure that noise sensitive projects do not have an interior noise level that exceeds the 45 decibels (dB) level established as a goal in Section 51.10 (a)(9). Complete the IFA form included in Appendix E – HOME Requirements and if a noise sensitive condition exists for the project, a noise assessment that meets HUD federal requirements must be included in your Appendix.

3.4.3 Flood Zones. Assisted rental units may not be in an identified or proposed flood zone. Include a FEMA FIRMette map for the proposed Project site.

3.4.4 Wetlands. Assisted rental units may not be in a designated wetland. (24 CFR, Part 55, Executive Order 11990) [HUD - Wetlands Protection](#).

Any violation of Section 3.4 may result in the denial of funds. Refer to Appendix E - HOME Requirements.

3.5 Ownership of and Costs Associated with Applications. IFA shall become the owner of the Application. IFA is not responsible for any costs incurred by the Applicant.

3.6 Public Information. At the conclusion of the selection process, the contents of all Applications shall be placed in the public domain and be opened to review by interested parties subject to the provisions of Iowa Code Chapter 22. IFA may treat all information submitted by the Applicant as a public record unless the Applicant properly requests that the information be treated as confidential information at the time the Application is submitted. Any request for confidential treatment of information shall be included in a letter uploaded in the online Application and shall enumerate the specific grounds in Iowa Code Chapter 22 or other provisions of law that support treatment of the material as confidential and shall indicate why disclosure is not in the best interest of the public. The request shall also include the name, address, and telephone number of the Person authorized by the Applicant to respond to any inquiries by IFA concerning the confidential status of the materials. In the event IFA receives a request for the release of information that includes material the Applicant has marked as confidential, IFA shall provide a written notice to the Applicant regarding the request. Unless otherwise directed by a court of competent jurisdiction, IFA will release the requested information within 20 days after providing the written notice of the request to the Applicant. The Applicant’s failure to request confidential treatment of material pursuant to this Section may be deemed by IFA as a waiver of any right to confidentiality.

3.7 Qualified Residential Rental Property. The Applicant shall certify that the Project as proposed is a Qualified Residential Rental Property. IFA reserves the right to require the Applicant to supply a legal opinion that the Project as proposed is a Qualified Residential Rental Property.

3.8 Fees. IFA shall collect the fees for the LIHTC Program. Electronic payment of the fees is required. An Application shall not be accepted unless the Application fee accompanies the Application. The reservation fee will be due within 30 calendar days after the Tax Credit Reservation Date. If the date that the reservation fee is due falls on a weekend or holiday, the fee is due on the next business day. The Carryover Allocation Agreement shall not be valid until the reservation fee is paid to IFA. If the reservation fee is not received, IFA may withdraw the Tax Credit Reservation from the Applicant. IFA will not issue an IRS Form 8609 until the initial compliance monitoring fee is paid in full. All fees are nonrefundable.

Refer to Appendix C – Fee Schedule of the Application Package.

SECTION 4. THRESHOLD REQUIREMENTS – UNDERWRITING

The Applicant shall demonstrate that the Project is financially feasible and viable using the least amount of Tax Credits. Underwriting will be completed by IFA during the Application review process. IFA may adjust the amount of Tax Credits based upon the underwriting. Underwriting shall also be completed for a Project prior to the time a reservation is awarded, at submission of the Carryover-Ten Percent (10%) Test Application and before an IRS Form 8609 is issued. The pro forma cash flow is part of the Application IFA may require the Applicant to provide annual financial statements or credit reports for the Developer.

The Applicant shall provide information regarding federal, state and local subsidies and any other type of financing or contributions that are relevant to the financial feasibility of the Project and are available to the Project.

IFA allocates the Tax Credit amount to the Ownership Entity based on the credit price obtained from the Tax Credit investor(s) and applies this price to one hundred percent (100%) of the Tax Credit amount. IFA does not adjust the Tax Credit Allocation based on the components of the Ownership Entity.

The following minimum financial underwriting requirements apply to all Projects. Projects that cannot meet the minimum requirements, as determined by IFA, will not receive Tax Credits.

4.1 Underwriting Standards.

4.1.1 Escalators. Projects will be underwritten with income escalating at a minimum of two percent (2%) and operating expenses escalating at a minimum of three percent (3%), with a minimum spread of one percent (1%) required between the income and expense escalators. Management fees will escalate at the same rate as income.

4.1.2 Vacancy Rate Standards. Projects will be underwritten at a seven percent (7%) vacancy rate. Projects with 25 Units or less will be underwritten at a ten percent (10%) vacancy rate. IFA will allow a five percent (5%) vacancy rate if the Property has maintained a ninety-five percent (95%) or higher annual occupancy rate for the previous three years, and is currently occupied at a minimum of ninety-five percent (95%).

4.1.3 Debt Service Coverage Ratio (DSCR) Standards. All Projects shall reflect an average DSCR between 1.20 DSCR and 1.50 DSCR. Any one year cannot go below 1.15 DSCR or above 1.70 DSCR for the first 15 years. Existing debt that will be assumed by the Ownership Entity shall be disclosed in the threshold Application.

4.1.3.1 Projects with 25 Units or less may exceed the DSCR in order to achieve up to \$800 per unit per year of net cash flow for the first 15 years. Projects receiving federal rental assistance may have requirements that supersede this subsection.

4.1.4 Interest Rates. IFA reserves the right to underwrite the Project at current market interest rates.

4.1.5 Amortization Schedule. IFA will underwrite using a 30-year minimum amortization on the first mortgage debt.

4.1.6 Existing Reserve Accounts. Cash from Project reserve accounts transferred to the Ownership Entity with the acquisition of a Project shall not be allowed in eligible basis.

4.1.7 Net Rent Increases. IFA shall limit net rent increases to a maximum of six percent (6%) per Unit, between the Threshold Application and the IRS Form 8609 Application unless the Project has an executed Federal Project-Based Rental Assistance Contract.

4.1.8 Historic Tax Credits. Applicants requesting points for historic significance shall use the maximum amount of state and federal historic tax credits as awarded by the appropriate allocating agency as a funding source. Applicants shall not create a sub recipient of the Federal Historic Tax Credits in order to become eligible for more Tax Credits.

4.1.8.1 State Historic Tax Credits. State Historic Tax Credits may be listed as a source of funds, provided that the Applicant can demonstrate that the credits will be available to the Project prior to the due date of the Carryover-Ten Percent (10%) Test Application submission date. If the Applicant does not have a commitment for State Historic Tax Credits, a General Partner loan commitment is required.

4.1.9 Gap Financing. If a gap in financing is discovered during the threshold Application review process the gap may be filled from no more than fifty percent (50%) of the Developer's fee, or a General Partner loan. No other funding source shall be used to fill a gap in financing.

4.1.10 Appraisals. IFA reserves the right to acquire an appraisal at the Applicant's expense, if reasonable cause exists to question the fair market value of the land and/or buildings acquired.

4.1.10.1 Land or Building Acquisition with an Identity of Interest. For land or buildings which are acquired from a party with an Identity of Interest, at Application submission IFA will commission an appraisal by an MAI certified appraiser who is not a related party and is currently in good standing. The appraisal shall specify an allocation of value between land and buildings.

4.1.10.2 Acquisition/Rehab Projects. For Acquisition/Rehab Projects requesting acquisition credits, at Application submission IFA will commission an appraisal by an MAI certified appraiser who is not a related party and is currently in good standing. The appraisal shall specify an allocation of value between land and buildings.

4.2 Operating Expenses.

4.2.1 Housing for Older Persons. Minimum of \$3,800 per Unit per year not including taxes and reserves.

4.2.2 Housing for Families. Minimum of \$4,000 per Unit per year not including taxes and reserves.

4.2.3 Financial Statements. IFA reserves the right to request the last three years of financial statements, which shall include a balance sheet and income statement, of existing housing projects.

4.3 Operating and Replacement Reserves.

4.3.1 Operating Reserve. The operating reserve will be the greater of: (1) \$1,500 per Unit; or (2) six months of debt service, operating expenses and real estate taxes. At the time of the issuance of the IRS Form 8609, the operating reserve cannot exceed eight months of debt service, operating expenses and real estate taxes. The operating reserve shall be in place for the first 15 years and be used solely to cover operating deficits. The Applicant shall include a narrative explaining how the operating reserve will be established. The operating reserve shall be fully funded within six months from the date IFA sent the IRS Form 8609 to the Ownership Entity.

4.3.1.1 The operating reserve can be funded by deferring the Developer's fees of the Project.

4.3.1.2 The Ownership Entity may fund the operating reserve using an irrevocable letter of credit. The letter of credit will be released after the end of the 15-year period described in Section 4.3.1 – Operating Reserve. If a letter of credit is used, the proceeds shall not be included in the Project costs. The fees associated with obtaining the letter of credit may be included in Project costs.

4.3.1.3 The requirement for the operating reserve is a compliance issue and may be satisfied using the terms and conditions of the operating reserve required by lenders or other funders financing the Project, provided the reserve is equal to or greater than the reserve required by Section 4.3.1. Applicants shall submit to IFA a verification that the terms and conditions of the operating reserve required by lenders or other funders financing the Project has or will be satisfied at the time a building is Placed-in-Service. If the operating reserve will be established with the final equity payment, a letter from the syndicator or investor will be required.

4.3.2 Replacement Reserve. All Family Projects shall budget replacement reserves of \$400 per Unit per year escalating at the same rate as operating expenses. All Older Persons Projects shall budget replacement reserves of \$300 per Unit per year escalating at the same rate as operating expenses.

4.3.2.1 The Application will include a narrative explaining how the replacement reserve will be escrowed and used only for the replacement of capital components of the Project. The replacement reserve shall be shown on the pro forma.

4.3.2.2 The requirement for the replacement reserve is a compliance issue and may be satisfied using the terms and conditions of the replacement reserve required by lenders or other funders financing the Project provided the reserve is equal to or greater than the reserve required by Section 4.3.2 – Replacement Reserve. Applicants are required to submit to IFA a verification that the terms and conditions of the replacement reserve required by lenders or other funders financing the Project has or will be satisfied at the time a building is Placed-in-Service.

4.4 Deferred Developer Fees. Developer fees can be deferred to cover a gap in funding sources as long as: (1) the entire amount will be paid within 15 years and meets the standards required by the IRS to stay in basis; and (2) the deferred portion does not exceed fifty percent (50%) of the total Developer fee. Nonprofit organizations shall include a resolution from their Board of Directors allowing such a deferred payment obligation to the Project. The deferred Developer fee shall be paid from the net cash flow and not be calculated into the minimum DSCR.

4.5 Financing Commitments.

4.5.1 Construction and Permanent Financing. The Applicant shall provide a letter of intent for construction and permanent financing from the lending institution on the institution's letterhead. The permanent financing commitment letter shall clearly state the term of the loan, the fixed interest rate, the amortization period, fees, prepayment penalties, anticipated security interest in the Property and lien position. This letter shall be valid for at least 12 months beyond the date the Application due date. IFA realizes that the fixed interest rate may change at closing; however, the amount of the permanent loan shall be at least ninety percent (90%) of the amount listed in the threshold approved Application.

4.5.2 Other Financing. For all other sources, a commitment for funding shall be made in advance. This includes any existing debt to be assumed, grants, loans, tax credits, etc. Documentation that specifies the value of the commitment, the purpose the funds can be used for, and time limitations related to the commitment shall be provided from the entity making the commitment. The Owner contribution letter shall be an unconditional and non-expiring commitment to the Project.

4.5.3. Other Commitments. For tax increment financing, tax abatement and Urban Revitalization Tax Exemption (URTE), a resolution adopted by the city council that allows the creation of a TIF district or an URTE, subject to the Project being awarded Tax Credits, is required.

4.5.4 Multiple Funding Scenarios. IFA shall not consider multiple funding scenarios for a Project except as listed in Sections 4.5.5 - Senior Living Revolving Loan and 4.5.6 – HOME Funds.

4.5.5 Senior Living Revolving Loan. If a Senior Living Revolving Loan is being requested from IFA, the Applicant may submit the designated financial documents listing the IFA construction and/or permanent loan(s) listed as a source, and may submit the designated financial documents with an alternative source for the construction and/or permanent loan(s). Refer to Appendix D – Senior Living Revolving Loan Program of the Application Package.

4.5.6 HOME Funds. If HOME funds are being requested from IFA, the Applicant may submit the designated financial documents listing the IFA construction and/or permanent loan(s) listed as a source, and may submit the designated financial documents with an alternative source for the construction and/or permanent loan(s). Refer to Appendix E – HOME Rental with LIHTC Requirements of the Application Package.

4.5.7 General Partner Contribution. A minimum required contribution of \$100 by the General Partner/managing member shall be included in the funding sources in the Application.

4.5.8 Operating Income During Construction. Acquisition/Rehab Projects shall include an estimate of the Project’s operating income during construction as a funding source.

4.5.9 Financing for Paved Roads. If the path from the proposed Property entrance to a paved road is de minimis, as determined solely at IFA’s discretion, then the Applicant will be allowed to provide a binding commitment for both the construction and financing of the paved road, using funds outside of the Tax Credit development budget. The cost of construction of the paved road shall not be included in the Project costs, and the construction of the paved road shall be completed prior to the issuance of an IRS Form 8609. The Ownership Entity cannot be financially obligated for the cost of the road.

4.5.10 Financing for Utilities. The Applicant shall certify that all Utilities are or will be physically available to and have adequate capacity for the proposed Project. If Utilities are not available to the site on the date the Application is submitted, the Applicant shall supply adequate evidence that demonstrates that the Utilities will be available by start of construction. This evidence shall include the appropriate funding source the Applicant will utilize for the Utility extension. Any charges for the extension of services that are not normal extensions may not be included in Eligible Basis. Utilities shall be available at the site prior to the issuance of an IRS Form 8609. The site plans shall clearly show the locations of existing Utilities to the site. The Application shall verify the Utilities are adequate to serve the Project or shall provide costs to upgrade in the Scope of Work.

4.6 Developer, Builder and Other Fees.

4.6.1 Developer Fees. Developer fees (including Developer overhead and profit and Consultant Fees) shall not exceed the percentages described below. Developer fees (including Developer overhead and profit and Consultant Fees) shall not be increased after the submission of the Threshold Application. For new construction, the Developer’s fee is calculated as a percentage of Total Project Costs minus land, Developer’s fee, Developer’s overhead and profit, Consultant Fees and Project reserves. Fees paid to parties who have an Identity of Interest shall be fully disclosed, and at IFA’s discretion, will be included in the allowable Developer fee. For Acquisition/Rehab or Rehab Projects, the Developer’s fee is listed in the schedule below. The fees will be limited to the lesser of the calculations using the total development costs or one hundred and fifty percent (150%) of the Tax Credit Cap per LIHTC Unit prior to basis boost calculation:

Total Development Costs	
Project Type	Fee Limit
New Construction Projects:	
First 36 Units within the Project	Not to exceed fourteen percent (14%)
Remaining Units within the Project above 36	Not to exceed twelve percent (12%)

Acquisition/Rehabilitation or Rehabilitation Projects:	
Rehabilitation Portion of Acq/Rehab or Rehab Projects, including Adaptive Reuse, Historic, and Preservation Projects:	The following percentages are based on the Total Project Costs minus land, building purchase (existing structures), Developer fee, Developer overhead and profit, Consultant Fees and Project reserves.
First 36 Units within the Project	Not to exceed fifteen percent (15%)
Remaining Units within the Project above 36	Not to exceed thirteen percent (13%)

Acquisition Portion of Acq/Rehab Projects, including Adaptive Reuse, Historic, and Preservation Projects:	Not to exceed five percent (5%) of the purchase cost of the buildings (existing structures).
---	--

4.6.2 Builder and General Contractor Fees. Builder and general contractor fees shall be limited to a total of twelve percent (12%) of the Hard Construction Costs. This fee is limited to ten percent (10%) of Hard Construction Costs if an Identity of Interest exists between the Owner, the builder and general contractor.

4.6.3 Nonprofit Set-Aside Participation Fees.

When the General Partner/managing member of the Ownership Entity is a Qualified Nonprofit and the Project was awarded under the Nonprofit set-aside, the Nonprofit shall receive no less than fifty percent (50%) of the combined total of the Developer and Consultant Fee.

4.6.4 Professional and Other Fees. IFA reserves the right to limit professional fees and other fees related to services rendered to the Project. Fees paid to parties who have an Identity of Interest shall be fully disclosed, and at IFA's discretion, will be included in the allowable Developer fee.

4.7 Construction Contingency Funding. All new construction Projects shall have a hard cost Construction Contingency line item between five percent (5%) and six percent (6%) of total Hard Construction Costs, less Construction Contingency. For Acquisition/Rehab or Rehab Projects, the hard costs Construction Contingency limits will be no less than seven percent (7%) and no more than twelve percent (12%). For adaptive reuse and historic preservation Projects, the hard cost Construction Contingency limits will be no less than eleven percent (11%) and no more than fourteen percent (14%) of the total Hard Construction Costs, less Construction Contingency. Construction Contingency shall be used to cover costs for unknown conditions discovered and cost overruns incurred during construction. Applicants shall obtain IFA approval for the use of Construction Contingency funds for items that were not part of the initial Scope of Work. Soft cost contingencies are restricted to the lesser of \$20,000 or six percent (6%) of the subtotals of the Interim Costs, Financing Fees and Expenses, and Soft Costs minus the soft cost contingency.

4.8 Subsidy Layering Review. HUD is required to undertake a subsidy layering review of each Project that receives HUD housing assistance. This is to ensure that the Applicant does not receive excessive government subsidies by combining HUD housing assistance with other forms of federal, state or local assistance. For Projects that combine HUD housing assistance with Tax Credits, HUD has delegated the subsidy layering review to IFA. HUD and IFA have entered into a Memorandum of Understanding ("MOU") governing the procedures that IFA shall follow when undertaking the subsidy layering review. Generally, the fee limits for the Developer's fee, overhead, builder's profit and other fee limits set forth in Sections 4.6 – Developer and Builder Fees will be applied by IFA in its subsidy layering review. IFA will complete the subsidy layering review for applicable Projects after the Applicant and HUD submit relevant documentation for review at Carryover. This information includes the results of HUD's underwriting analysis, the Applicant's proposed development costs, and information concerning any syndication of the Project. IFA will undertake the subsidy layering review for each Project after completion of HUD's and IFA's underwriting, if applicable. IFA will complete a second subsidy layering review at the time the IRS Form 8609 is issued for the Project. IFA reserves the right, without amending this QAP, to amend its subsidy layering procedures as necessary to comply with changes in applicable federal law or regulations, HUD guidelines or the MOU. HOME and CDBG funding, when combined solely with Tax Credits, do not trigger the subsidy layering review process.

4.9 Tax Credit Cap per LIHTC Unit. The maximum amount of Tax Credits per LIHTC Unit is limited.

Refer to Appendix F – Tax Credit Cap per LIHTC Unit of the Application Package for the Tax Credit Cap per LIHTC Unit limits.

4.10 Basis Boost. A Project may not receive more than a thirty percent (30%) increase in Eligible Basis. Applicants will receive the higher basis, if eligible, but IFA reserves the right to determine the Tax Credit Allocation amount required for the financial feasibility of the Project.

4.10.1 Special Considerations for Projects Located in Qualified Census Tracts (QCT) and Difficult Development Areas (DDA). The Code allows the possibility of receiving a Tax Credit Reservation boost for areas defined by HUD as QCT or DDA. IFA allows up to a fifteen percent (15%) increase in Eligible Basis for such Applicants. Refer to Appendix B – QCT's, DDA's, Rural and Major Disaster Counties of the Application Package.

4.10.1.1 Community Service Facility. Tax Credits may be awarded to that portion of the building used as a Community Service Facility not in excess of twenty-five percent (25%) in Eligible Basis, if the building is located within a QCT. "Community Service Facility" may include childcare, workforce

development, healthcare, etc., and shall be designed primarily to serve individuals whose income is sixty percent (60%) or less of AMI.

4.10.1.2 Concerted Community Revitalization Plans (CCRP). Projects entirely located in a QCT and entirely within the defined geographical boundaries of an Area for which a Concerted Community Revitalization Plan exists, may be eligible for an additional fifteen percent (15%) increase in Eligible Basis if all requirements listed below are met, as determined solely at IFA's discretion:

1. A copy of the CCRP shall be submitted with the Threshold Application;
2. The CCRP must have been formulated more than six months from the LIHTC Threshold Application submission due date. Comprehensive and Consolidated Plans, outdated plans, and plans completed in the prior 6 months of the LIHTC Threshold Application submission due date are not permitted;
3. CCRP Area ("Area") shall be clearly define in the CCRP and specify the geographical boundaries within a city for which the CCRP was solely developed. The Area may not encompass an entire city.
4. The CCRP shall also include, at a minimum:
 - a) Description of the revitalization needs and identification of revitalization efforts beyond housing that identifies, at a minimum, existing structures, existing infrastructure, demographics, and economic characteristics of the Area;
 - b) Description of the need for housing development that includes affordable housing;
 - c) Identification of community partners and committed and/or planed funding sources (both public and private and federal and state);
 - d) Revitalization goals, measurements of progression to goal attainment, identification of barriers, and steps to be taken to overcome the barriers; and
 - e) Description of community outreach and input that occurred in developing the CCRP.

4.10.2 Special Considerations for Projects Located in a Rural City. Projects in a Rural city may be designated by IFA as requiring a fifteen percent (15%) increase in Eligible Basis in order for such Projects to be financially feasible, as allowed by the Housing and Economic Recovery Act of 2008.

4.10.3 Special Considerations for Projects Serving Lower AMIs (Area Median Income). Applicants that elected points under Section 6.1.1 – Serves Lowest Income Residents shall qualify for the following:

4.10.3.1 Projects that provide Units serving tenants with incomes at forty percent (40%) or less AMI shall qualify for an increase in Eligible Basis.

- One percent (1%) boost for each full two percent (2%) of the total Project Units up to fifteen percent (15%) boost.

4.10.3.2 Projects that provide Units serving tenants with incomes at thirty percent (30%) or less AMI shall be eligible for an increase in Eligible Basis.

- One percent (1%) boost for each full one percent (1%) of the total Project Units up to fifteen percent (15%) boost.

Applicants that have Federal Project-Based Rental Assistance do not qualify for this section.

4.11 Minimum Set-Aside Elections. The Applicant shall make a minimum set-aside election of income and rent levels of those listed below.

Any Owner election made in regard to the minimum set-aside election requirement for a qualified low-income housing project under IRC Section 42(g) is irrevocable once made in the Threshold Application.

If a Project fails to meet its Owner-elected minimum set-aside standard at the end of a year, it is not a qualified low-income housing project for the year under IRC Section 42(g)(1)(C) and this noncompliance must be reported on IRS Form 8823. The Owner may be subject to the loss of Tax Credits.

4.11.1 20-50 Test. At a minimum twenty percent (20%) or more of the residential Units in a Project are both rent-restricted and occupied by individuals whose income is fifty percent (50%) or less of AMI; or

4.11.2 40-60 Test. At a minimum forty percent (40%) or more of the residential Units in a Project are both rent restricted and occupied by individuals whose income is sixty percent (60%) or less of AMI); or

4.11.3 Average Income Test (Income Averaging). At a minimum forty percent (40%) or more of the residential Units in a Project serve households earning as much as eighty percent (80%) AMI, as long as the average income/rent limit in the property is sixty percent (60%) or less of AMI.

4.12 Section 811 Project Rental Assistance Program (Section 811 PRA). Section 811 PRA is designed to provide long-term rental assistance for: (1) permanent supportive housing for non-elderly, extremely low-income persons with disabilities; and (2) extremely low-income households that include at least one non-elderly person with a Disability that will fund the difference between the tenant's payment for rent and the approved rent for the Unit (anticipated to be the applicable HUD Fair Market Rent). In the event IFA is awarded project-based subsidy from HUD under Section 811 PRA, any Project, whether or not it applies for Section 811 PRA, can be required by IFA to participate in, to accept an allocation of this project-based subsidy and to comply with all applicable program restrictions. If IFA is not approved to participate in Section 811 PRA, no Section 811 PRA will be available from IFA and this subsection will not apply to the Project.

SECTION 5. THRESHOLD REQUIREMENTS - ALL DEVELOPERS/OWNERSHIP ENTITIES

To be considered for a Tax Credit Reservation, a Project shall demonstrate that it meets the requirements described in this section. Threshold determinations made in prior years are not binding on IFA for the current funding round.

5.1 Complete Application. In order for IFA to review an Application fairly and accurately, it shall be complete. If there is not adequate information provided to review the Application, and upon request from IFA to the Applicant, adequate information is not submitted, then IFA shall reject the Application. In the case that additional information is requested by IFA, the notice for information will be sent through email or the online Application. The Applicant will have 21 calendar days (threshold deficiency review period) to respond to all items in the initial written deficiency notification. A change in funding sources, including equity pricing, shall not be allowed during the threshold deficiency review period unless specifically requested by IFA. Changes to the Application shall not be allowed that maintain or improve the score received by an Applicant. The Applicant may contact the IFA LIHTC Manager or other Tax Credit staff during this period to request clarification. IFA reserves the right to contact the Applicant in other ways to clarify information contained in the Application.

5.2 Legal Ownership Entity. The Ownership Entity shall be formed and submitted at least 30 days from the date of the Tax Credit Reservation Date. This entity shall be a single asset entity. All members, managers, partners and officers of all entities of the Ownership Entity shall be disclosed in an organizational chart. The proposed structure identified within this chart may not be changed after Application submittal. Failure to submit the required Ownership Entity documents within the allotted 30 days may result in the revocation of Tax Credit award.

If a Project is applying for HOME funds, the Ownership Entity shall be formed at Threshold Application submission.

5.3 Qualified Development Team. The Applicant is required to identify the Qualified Development Team (QDT) and to provide a narrative describing the function of each mandatory member of the QDT. The narrative shall explain how the QDT possesses the necessary experience to successfully complete the proposed Project and that it has developed projects of comparable size and financing complexity.

The qualifications of the QDT will be evaluated again at Carryover and the Tax Credit Reservation may be revoked, at the sole discretion of IFA, if the QDT is not qualified to successfully complete the proposed Project. The management company/manager shall have at least three years of Section 42 management experience and are currently managing a Section 42 Property. IFA reserves the right to request the audited financials of the management company.

IFA may require a financial background check of the Project Developer, General Partner/managing member and the management company, or the Affiliates of any of the foregoing. If the background check discloses any financial difficulties, risks or similar matters that IFA believes might substantially impair or harm the successful development and operation of the Project as a qualified low-income housing Project, IFA may:

1. Refuse to allow the QDT member to participate in the Tax Credit Program; and/or
2. Reject or disqualify an Application and cancel any Tax Credit Reservation and Carryover Allocation Agreement; and/or

3. Demand additional assurances that the development, ownership, operation or management of the Project will not be impaired or harmed (such as performance bonds, pledging unencumbered assets as security, opinions of financial solvency by an independent certified public accountant, or such other assurances as determined by IFA).

5.3.1 New Developer. A Developer that has never been allocated Tax Credits in any state is only eligible to receive an award of Tax Credits for one Project. A new Developer shall complete at least one LIHTC Project in which all LIHTC Units have been leased at least once and has received an IRS Form 8609, in Iowa or any other state, before being allowed to submit a subsequent Application. It is recommended that new Developers attend an in-person Application meeting with the LIHTC manager to review the QAP and the Application process prior to submitting an Application.

5.3.1.1 Mandatory New or Returning Developer Training. If a Developer has not been allocated Tax Credits in any state or has not submitted an Application to IFA in the three previous nine percent (9%) LIHTC rounds, the Developer shall attend the mandatory training session as noted in Section 1.1 – Tax Credit Reservation Schedule. Only one Developer per Application needs to meet this requirement. IFA recommends that any party who will be completing the online Application attend the mandatory training session. A development consultant cannot be substituted for the Developer for this requirement.

5.3.2 Open Projects Limitation. A Developer or a General Partner/managing member that has three or more open nine percent (9%) LIHTC Projects in Iowa, may only be awarded one Project in the current funding round. A Project is considered open once it receives a Tax Credit Reservation and closed upon IRS Form 8609 issuance.

5.3.3 Maximum Applications. A Developer or a General Partner/managing member shall only be listed as a QDT member on a maximum of four Applications in the current funding round.

5.3.4 Tax Credit Investor. A Project with a Tax Credit investor who has an Identity of Interest with an Owner Representative of the Project shall have a third party asset manager that is pre-approved by the IFA LIHTC Manager. A direct investor shall have a LIHTC asset management department with at least three years' experience.

5.4 Location and Site Requirements.

5.4.1 Site Requirements. The proposed Project shall be located in an incorporated city at Application submission. Applications shall not contain or propose alternate sites. The Applicant shall be ready to proceed with the Project by documenting site control and site suitability. Refer to Part C – Threshold Requirements for Building, Construction, Site and Rehabilitation for related requirements.

5.4.1.1 Scattered Sites. The Applicant shall submit a composite Application reflecting the total of all sites as well as separate site specific exhibits for each site included in the Project. A Scattered Site is a Project where multiple buildings with similar Units are not located in proximity to one another, but are owned by the same Ownership Entity and financed under the same agreement(s), and are located within a 30-mile radius, as determined by Google Maps. A Scattered Site Project may be new construction, Acquisition/Rehab, Rehab or a combination of these types. For Scattered Site Projects, all Units shall be qualified LIHTC Units.

5.4.2 Location Near Services. Project's Primary Address (PA) shall be shown in the Building Tab of the LIHTC online Application. The PA will be used to determine the distance to the services that are available. The service shall be in operation and accessible via existing roads at the time of Application submission. Using Google Maps (www.Googlemaps.com), unless otherwise specified, the distance between the PA and the service shall not be greater than the distance listed below. The Applicant shall submit the Google Map(s) that lists the name of the service and shows the mileage between the PA and the existing service location. If the Project has not been assigned a PA or should the PA not be shown on Google Map(s), the Applicant shall provide evidence that the PA cannot be shown on the Google Maps(s) and provide a narrative on why a different map (Yahoo, etc.) should be considered.

If a Scattered Site Project, all building addresses shall be listed at all site locations. Each building address of a Scattered Site Project shall meet the distance listed below.

A Project located in a Rural city shall be within the distance stated of two of the services listed below.

All other Projects shall be within the distance stated of three of the services listed below.

The Applicant may select from the following services (all services are defined in Part D – Glossary of Terms).

The following services shall be within the driving distance (using Google Maps driving directions) of 2.0 miles or less:
Full Service Grocery Store
Convenience Store (Rural Projects only)
Senior Center (Older Persons Projects only)
Medical Services
Pharmacy
Public Library
Park (City, State or County)
Licensed Day Care (Family Projects only)
Community College

The following services shall be within walking distance (using Google Maps walking directions) of .50 mile or less:
Public Transportation (a bus stop location shall be indicated)
Schools

Each individual service may only be used once to meet the applicable requirement. Example: Three grocery stores may not be used to meet the services requirement.

5.5. Adequate Market. The market study analysis shall only be used to demonstrate that there is adequate sustained demand for the proposed Project, and that the construction or rehabilitation of the additional affordable Units will not have an adverse impact on the existing affordable Units in the market area.

5.6 Preliminary Costs and Scope of Work for All Projects. The Applicant shall provide a Scope of Work for the Project that includes a cost estimate for the Hard Construction Costs. The estimate shall be in the form prescribed by IFA.

5.7 Capital Needs Assessment for Acquisition/Rehab and Rehab Projects. Acquisition/Rehab and Rehab Projects shall submit a complete Capital Needs Assessment with the threshold Application. The CNA shall be prepared by a third party that regularly provides CNA's as a basic or core service. The third party may be a member of the Qualified Development Team with prior approval by IFA, but may not be the Ownership Entity or Developer.

5.8 Displacement of Residential Tenants. IFA will accept Applications that have displaced (or will displace) tenants, although permanent displacement of existing tenants is strongly discouraged. IFA reserves the right to reject any Application that fails to minimize permanent displacement of tenants and/or provide an adequate relocation plan. A formal relocation plan shall be submitted with the Application if the Project scope requires any form of temporary or permanent relocation of existing tenants. The proposed relocation plan shall provide an overview of the need for relocation, a proposed timeline, an estimated budget, and other information as requested in the Application to document that the need for temporary or permanent relocation of existing tenants is adequately addressed. If a federal funding source is used, the most restrictive relocation plan requirements shall be followed.

5.9 Confirmation of Eligibility—Acquisition/Rehabilitation. The Applicant shall confirm eligibility under IRC Section 42(d)(2)(B)(ii) (the 10-year rule) by listing each building by address, the date the building was Placed-in-Service by the Applicant from whom the building was or will be acquired, the date the building was or is planned for acquisition by the Applicant and the number of years between the date the building was last Placed-in-Service and the expected date of acquisition. If the number of years for any building is less than 10 years, the Applicant shall explain any exception under the Internal Revenue Code which would make the building eligible for Tax Credits under IRC Section 42(d)(2)(B)(ii).

5.10 Rehabilitation Standards. The Applicant shall provide information regarding Rehabilitation Expenditures for each building as specified in Part C – I – Rehabilitation Standards.

5.11 Building Standards. Preliminary site plan, floor plans and elevations of all sides of the buildings shall be submitted with the Application to IFA for all of the buildings in the proposed development. The Applicant shall meet local, state and federal standards that apply to the Project, and meet IFA's minimum development characteristics. For additional requirements and a list of the minimum development characteristics, refer to Part C – Threshold Requirements for Building, Construction, Site and Rehabilitation.

5.12 Market Rate Standards. Market rate single family homes shall not be allowed in any Project. Market rate Units shall be dispersed throughout the property rather than segregated.

5.13 Senior Projects Standards. Senior Projects are not allowed anything greater than 2 bedrooms per Unit. If layered with an existing Federal Program, the senior occupancy restrictions for the Federal Contract shall apply.

5.14 Minimum Project Score. A Project shall have a minimum score of 115 to meet threshold. Projects applying under Section 2.2.2 – Supportive Housing for Families set-aside are exempt from this section.

5.15 Next Available Unit Rule. All buildings that contain residential rental Units shall have at least one Low-Income Unit. The LIHTC Available Unit Rule (AUR) or sometimes referred to as the Next Available Unit Rule (NAUR) shall apply to all buildings in the Project. Each building's Applicable Fraction shall be maintained throughout the Compliance Period and the Extended Use Period.

5.16 Acknowledgements. The Applicant shall acknowledge the following:

1. The commitment to notify the PHA of all vacancies.
2. The commitment to notify the Local Lead Agency of all vacancies.
3. The notification of the Chief Executive Officer of the Local Jurisdiction where the proposed Project is located. IFA will send a summary of the characteristics of the proposed Project to the Chief Executive Officer.
4. The Affirmative Fair Housing Marketing Plan requirement and shall submit the plan to IFA no less than 120 days prior to the Placed-in-Service Date. The Property shall maintain an AFHMP throughout the Compliance Period and Extended Use Period. A new plan shall be established and approved by IFA every five years or as prescribed by HUD, whichever is stricter.
5. All awarded Projects shall be listed on Iowa's free rental housing locator at www.iowaHousingSearch.org. The Applicant shall list the Property no less than 120 days prior to the Placed-in-Service Date. The Property shall maintain the listing throughout the Compliance Period and Extended Use Period. Failure to list the property is an unsatisfactory performance issue with IFA and may deem the party ineligible for future rounds. IFA reserves the right to change this requirement if a free rental housing locator is no longer maintained.
6. In order to comply with Section 8.27 of Section 504 of the Rehabilitation Act of 1973, the Owner shall lease Accessible Units designed for persons with disabilities to tenants requiring the accessibility features of the unit. The Applicant shall agree to require a lease addendum to be executed by a tenant(s) occupying that Accessible Unit, who does not require such Accessible features. In the lease addendum, the tenant shall agree to move to a comparable non-accessible Unit upon the request of the Owner with moving expenses to be paid by the Owner. The lease addendum shall be submitted no less than 120 days prior to the Placed-in-Service Date. The Property shall maintain the lease addendums throughout the Compliance Period and the Extended Use Period.
7. Owners shall develop and make public written tenant selection policies and procedures that include descriptions of the eligibility requirements and income limits for admission. The tenant selection plan shall include whether or not there is an elderly restriction or preference in the admission of tenants. The restriction or preference must cite the supporting documentation to ensure nondiscrimination in the selection of tenants. The policy shall show a preference for persons with a Disability. The plan also shall be consistent with the purpose of improving housing opportunities and be reasonably related to program eligibility and the rental applicant's ability to perform the obligations of the lease. The tenant selection plan shall be submitted at least 120 days prior to the first Unit Placed-in-Service. The Property shall maintain the plan throughout the Compliance Period and Extended Use Period. The plan shall be provided and reviewed by IFA every five years.

5.17 Ineligibility. Significant Parties and Affiliates thereof are subject to being deemed ineligible to participate in the LIHTC Program as set forth in Appendix G – Ineligibility.

SECTION 6. SCORING CRITERIA

IFA does not intend for any Project to achieve the maximum allowable points. IFA designed the scoring to allow Developers to propose Projects that work best for their communities, targeted market and development organization, yet still allowing the Project to compete for an award. By providing more gradients in scoring, Developers will have the ability to elect more or fewer points throughout the scoring and create Projects that better fit communities.

IFA shall make the final determination of the Applicant's score. IFA will award scoring points based on the evidence provided in the Application and exhibits, provided adequate evidence supports the award of points for all sites within the Project. The online Application shall provide a tentative non-binding score based on the submitted information. Scoring determinations made in prior years are not binding on IFA for the current funding round. If the Project is Historic, the Applicant is responsible for completing due diligence with the State Historic Preservation Office (SHPO) to ensure all construction-related scoring elections are permitted by SHPO prior to submission of the threshold Application.

Changes to the Application shall not be allowed that maintains or improves the score received by an Applicant.

6.1 Resident Profile.

6.1.1 Serves Lowest Income Residents. **0 to 30 points**

Projects that provide Units that are set-aside and occupied by tenants with incomes at forty percent (40%) AMI or less and are rent restricted. Annual re-certification of tenant income is required.

- 1 point for each full two percent (2%) of the total Project Units 15 points maximum

Projects that provide Units that are set-aside and occupied by tenants with incomes at thirty percent (30%) AMI or less and are rent restricted. Annual re-certification of tenant income is required. These Units shall be in addition to any Units selected for the forty percent (40%) AMI or less.

- 1 point for each full one percent (1%) of the total Project Units 15 points maximum

Elected AMI percentages shall be maintained throughout the Compliance Period and the Extended Use Period.

If a project is a previous LIHTC Project with an existing LURA, Applicant shall not elect scoring points for this category if it would be less restrictive than the existing LURA. Current LURA requirements shall be adhered to or can be made more restrictive.

This category is not available to an Applicant that has Federal Project-Based Rental Assistance.

This category is available for Section 4.10.3 – Special Considerations for Projects Serving Lower AMI's.

6.1.2 Market Rate Incentive. **0 to 10 points**

Projects that provide market rate Units (not eligible for Tax Credits). On-site staff Units cannot be counted for points. Annual re-certification of tenant income is required.

- 1 point for each full one percent (1%) of the Units 10 points maximum

This category shall comply with the requirements stated in Sections 5.12 – Market Rate Standards and 5.15 – Next Available Unit Rule.

This category is not available to an Applicant that elects points in Section 6.1.4 – Provides an Opportunity for Homeownership or that have Federal Project-Based Rental Assistance.

6.1.3 Serves Tenant Population of Households with Children. **0 to 5 points**

Projects that provide 3 or 4 bedroom LIHTC Units.

- 1 point for each five percent (5%) of all Units provided as 3 or 4 bedroom LIHTC Units. 5 points maximum.

6.1.4 Provides an Opportunity for Homeownership.

25 points

Iowa Renter to Ownership Savings Equity (ROSE) Program: The Iowa ROSE Program provides a savings plan, for the benefit of each tenant, to purchase a home. Refer to Part D – Glossary and Appendix H - Iowa ROSE Program of the Application Package for further details.

This category is not available to an Applicant that elects points for Section 6.1.2 – Market Rate Incentive or Section 6.4.3 – Waives Right to a Qualified Contract.

6.2 Location.

6.2.1 Great Places.

2 points

IFA shall consult with the Department of Cultural Affairs to determine if a Project is within a project identified in an Iowa Great Places agreement that has been designated by the Iowa Great Places Board for participation in the program within the last three years, pursuant to Section 303.3C, subsection 4 of the Iowa Code.

If a Scattered Site Project, all building addresses shall meet the Great Places requirements.

6.2.2 Iowa Opportunity Index Census Tracts.

0 to 5 points

Projects located in a census tract that is identified as a very high or high opportunity area as shown in Appendix I – Iowa Opportunity Index in the Application Package.

Very High Opportunity Area	5 points
High Opportunity Area	3 points

If a Scattered Site Project, all building addresses shall be located in a qualifying opportunity index census tract to be eligible for points. If buildings are in different categories of qualifying opportunity index census tracts, the lesser points shall be awarded.

6.2.3 Rural Disaster Recovery.

5 points

Projects located in a Rural city that is eligible for Section 2.2.3 – Disaster Recovery Set-Aside.

6.3 Building Characteristics.

6.3.1 Market Appeal.

0 to 29 points

These amenities shall be provided at no cost to the tenants and shall be maintained throughout the Compliance Period and the Extended Use Period..

The Applicant may select from the options below (all amenities are defined in Part D – Glossary of Terms):

Amenities	
Video Security System. The security system that shall record activity at the site such that no part of the site can be accessed without that activity being recorded. Parts of the site to be covered include parking areas, all levels of stairways, elevators, hallways, and entrances to all non-tenant spaces. Cameras in corridors shall be placed in such a way that all unit entrances are covered. The recordings shall be maintained for a minimum of 30 days. To be eligible for points, single family or Scattered Site Projects are required to have the Video Security System to cover all Units.	6 points
Storage Units	5 points
Built-In Dishwasher	3 points
Ceiling fan/light combination units with a wall switch. Minimum two per one or more bedroom Units and one per studio.	2 points
Kitchen exhaust hoods that exhaust to the exterior	2 points
Bike Racks	1 point

Laundry Facilities	6 points maximum
In-Unit Laundry Space with Washer and Dryer (Dryer shall vent to exterior.)	6 points
Free Community Laundry	2 points

For Senior Projects only	
Community Room (must be 20 square feet per unit up to the first 40 units)	4 points

For Family Projects only	
Playground	4 points

6.3.2 Projects with Historical Significance. 5 points

All buildings within the Project shall be on the National Register of Historic Places or are determined eligible for the National Register by SHPO. Applicants requesting points for historic significance shall use state and federal historic tax credits as a funding source.

6.3.3 Preservation and Conversion of Existing Rental Housing.

6.3.3.1 Federal Project-Based Rental Assistance. 0 to 35 points

At least seventy-five percent (75%) of the Project Units are covered by a project-based rental assistance contract.	35 points
At least fifty percent (50%) of the Project Units are covered by a project-based rental assistance contract.	30 points

6.3.3.2 Market Rate Rental Housing Conversion. 3 points

100% market rate Projects that convert to an 85% to 100% LIHTC Project.

6.3.4 Construction/Unit Characteristics. 0 to 16 points

The Applicant may select from the following options:

Exterior Construction (durability):	0 to 9 points
Minimum of fifty percent (50%) of the gross exterior (excluding window and door areas), of 4" nominal brick, 4" nominal stone, stucco over masonry, architectural CMU block or pre-cast concrete wall panels. The remaining fifty percent (50%) shall be constructed of one hundred percent (100%) fiber cement board siding or engineered wood siding by Smartside, Truwood or Katawba. The Buildings soffit and fascia shall be pre-finished aluminum or fiber cement board or engineered wood siding by Smartside, Truwood or Katawba. Soffits shall be vented.	9 points
One hundred percent (100%) fiber cement board siding (excluding window and door areas) or engineered wood siding by Smartside, Truwood or Katawba and/or nominal 2" thick manufactured stone over ¾" stucco. The Buildings soffit and fascia shall be pre-finished aluminum or fiber cement board or engineered wood siding by Smartside, Truwood or Katawba. Soffits shall be vented.	7 points
Minimum of thirty percent (30%) of the gross exterior (excluding window and door areas), of 4" nominal brick, 4" nominal stone, stucco over masonry, architectural CMU block or pre-cast concrete wall panels. The remaining seventy percent (70%) shall be aesthetically pleasing and in harmony with the architecture of the rest of the building. The Buildings soffit and fascia shall be pre-finished aluminum or fiber cement board. Soffits shall be vented.	5 points
Minimum of forty percent (40%) of the gross exterior (excluding window and door areas), of nominal 2" thick manufactured stone or imitation brick over 5/8" stucco. The remaining sixty percent (60%) shall be aesthetically pleasing and in harmony with the architecture of the rest of the building. The Buildings soffit and fascia shall be pre-finished aluminum or fiber cement board. Soffits shall be vented.	4 points

Universal Design Features		0 to 2 points
Closet rods and shelves in each bedroom closet in each Unit. Once installed, the closet shelves and hanger bars shall be easy to adjust to different heights with no tools required. They shall have adjustable standards and brackets. Hanger rods shall attach to the shelving and provide continuous slide for hangers between supports. Shelves shall be 12" deep minimum and material vinyl coated steel or similar.		1 point
One minimum 5' wide ADA compliant roll in shower per each 20 Units and shall be dispersed throughout the property and in different bedroom sizes.		1 point

Other:		0 to 5 points
Steel frame doors at Unit entries leading to building corridors or interior spaces, metal clad wood frames acceptable at Unit entries leading to the exterior.		2 points
Main entrance areas: Unit main entrance to interior - shall be designed with a foyer and equipped with a remote security and intercom system to each unit to control entry to common areas. Unit main entrance to exterior – shall have a storm door and a covered entry with a minimum depth and width of coverage of 4 feet by 4 feet.		2 points
Vertical grab bars in the bathtub/shower and lever door hardware throughout the Units.		1 point

6.3.5 Olmstead Goals.

0 to 14 points

Projects advancing the goals of Iowa Department of Human Services Olmstead Plan for Mental Health and Disability Services to build a consumer- and family-driven system that expands people’s choices about the supports and services they need and where they are provided, in other words, a system that operates the way the U.S. Supreme Court says it should in its’ landmark Olmstead decision, where people with disabilities, of any age, receive supports in the most integrated setting consistent with their needs.

All rooms and floors within a multi-level Accessible Unit shall be accessible. Accessible Units shall be dispersed throughout the Project and in different bedroom sizes rather than segregated.

The applicant may select from the following options:

Fully Accessible Units (required for all) See Part C– G2.	Unit with Accessible Communications Features (required for all) See Part C – G2.	Additional Accessible Type A Units (optional for scoring)	Scoring
10%	2%	5%	4 points
10%	2%	10%	6 points
10%	2%	15%	8 points

Senior Projects Only			
10%	2%	20%	12 points
10%	2%	25%	14 points

In determining the number of Accessible Units, Fractional Rounding shall be used. The sequence of percentages will go left to right in order of the table.

Should an Applicant commit to providing the above Accessible Units, the Project architect shall acknowledge this commitment at the time of the LIHTC Application submittal. All Unit percentages listed in the table above are specified as minimum thresholds for scoring purposes as percentages of the total number of Project Units. “Additional Accessible Type A Units” commitments made for scoring purposes shall be over and above the Fully Accessible Units required under Part C – G-2 – Accessibility.

6.3.6 Impact on the Environment.

0 to 8 points

Implement and enforce a “no smoking” policy in all common and individual living areas of all buildings. The common area does not include the public areas of the exterior grounds of the building for this “no smoking” policy.	2 points
Water conserving measures: Toilets are high efficiency WaterSense toilets that use 1.28 gallons per flush or less; faucet aerators use 1.5 gallons per minute (gpm) or less in kitchens and 1.0 gpm or less in bathrooms; showerheads use 1.5 gpm or less. (dual flush toilets do not qualify)	2 points
Passive (New Construction) or Active (rehab/reuse) Radon System Radon-reducing features (including a drain tile loop for new construction), below the building slab along with vertical vent pipe(s) and junction box(es) following requirements as shown in Appendix F - “Radon Control Methods” in the 2012 International Residential Code.	2 points

(maximum 2 points)	
In unit water heaters that have a minimum energy factor (EF) of 0.61 for tank type gas, 0.93 for tank-type electric, or .96 for tankless water heaters.	2 points
Central water heaters (serving entire building) – with a ninety (90%) Thermal Efficiency rating or minimum ninety five percent (95%) efficient thermal water storage tanks coupled to a better than 90 AFUE boiler.	2 points

6.3.7 Energy Efficiency.

8 points

New Construction (3 stories or less, or 4 stories or more with each Unit having its own heating, A/C and water heating):	
Home Energy Rating Systems (HERS) Index of 62 or less	8 points

New Construction (4 stories or more without each Unit having its own heating, A/C and water heating):	
Exceed ASHRAE 90.1-10 by twenty percent (20%)	8 points

Existing Structures (Acq/rehab and adaptive reuse):	
2015 International Energy Conservation Code (IECC) exceeded by eight percent (8%) or more. (not available to Projects utilizing Historic Tax Credits)	8 points

*For Projects that include new construction and existing structures to receive the full 8 points both indexes shall be met.

A new construction Project that elects a lower HERS index shall submit prior to construction, an initial energy report, by an IFA approved energy consultant, that demonstrates the proposed design will meet the lower HERS index. An Energy Star certification and a final energy report that verifies the lower HERS index shall be submitted prior to the issuance of an IRS Form 8609.

For existing structures (Acq/rehab and adaptive reuse), an energy audit conducted by a certified home energy rater shall be provided on each building prior to the preparation of the final work rehabilitation order. At the completion of the rehabilitation and prior to the issuance of an IRS Form 8609, an energy audit by a certified energy rater is required to verify that the rehabilitation work on each building exceeds the standards of IECC as noted for the above score.

IFA requires an energy consultant as part of the Qualified Development Team. The Applicant is required to engage the energy consultant prior to submitting the Application. The ASHRAE energy report shall be performed by an individual(s) or company that is not involved in the Project design, manufacture, or installation, and is acceptable to IFA.

Refer to Part C – G-3.2 – Energy Efficiency.

6.4 Other Scoring Criteria.

6.4.1 Iowa Title Guaranty.

5 points

The Applicant shall obtain a Final Title Guaranty Owner Certificate on the real estate of the Project from the Iowa Finance Authority’s Iowa Title Guaranty Division prior to submittal of the IRS Form 8609 package. The Ownership Entity shall obtain, at a minimum, a Final Title Guaranty Certificate with an amount of coverage that is not less than the value of the land and pre-existing improvements, if any, combined with the total Hard Construction Costs of the Project.

6.4.2 Developer or General Partner/Managing Member Experience and Performance.

6.4.2.1 LIHTC Experience.

0 to 5 points

Prior to Application submission, the Developer or General Partner/managing member of this Project shall have completed two LIHTC Projects which have received an IRS Form 8609 in such role between the dates of February 28, 2014 and February 28, 2020 (2020 Round) and February 28, 2015 and February 28, 2021 (2021 Round). The Developer or General Partner/managing member has not been deemed ineligible in Iowa or any other state to participate in the LIHTC Program between the dates of February 28, 2014 and February 28, 2020 (2020 Round) and February 28, 2015 and February 28, 2021 (2021 Round).	3 points
Prior to Application submission, the Developer or General Partner/managing member of this Project shall have closed one LIHTC Project since January 1, 2016 (2020 Round) and January 1, 2017 (2021 Round) with their syndicator in such role within eight months of award issuance.	2 points

* The Developer(s) shall receive a combined total of at least fifty percent (50%) of the total Developer and Consultant Fee for the Project to obtain points in this category.

* General Partner/managing member shall have at least fifty percent (50%) ownership of the General Partner/managing member entity.

6.4.2.2 Multi-Family Rental Experience.

1 point

The Developer of this Project shall have received a Certificate of Occupancy on a minimum of 48 multi-family rental units since January 1, 2016.	1 point
--	---------

*This category is available for new Developers only and is not available to those who selected points in 6.4.2.1 – LIHTC Experience.

6.4.2.3 Performance.

-2 points maximum

The Developer or General Partner/managing member of the Project who requested an extension of the 2018 (2020 Round) or 2019 (2021 Round) Carryover-Ten Percent (10%) Test due date of any awarded 2018 (2020 Round) or 2019 (2021 Round) IFA LIHTC unless a natural disaster affected the Project.	-1 point
The Developer or General Partner/managing member of the Project who requested an extension of the IRS Form 8609 Application due date on any 2015 or 2016 (2020 Round) or 2017 (2021 Round) awarded LIHTC IFA Projects unless a natural disaster affected the Project. This only applies to Projects that are applying for an extension the year after the Project is Placed-in-Service.	-1 point

6.4.3 Waives Right to Qualified Contract.

25 points

Ownership waives the right to ask IFA to find a buyer after year 14.

This category is not available to an Applicant that elects points in Section 6.1.4 – Provides an Opportunity for Homeownership.

6.4.4 Construction Costs.

0 to 3 points

Points based on Construction, On Site Work and Landscaping as a percentage of Total Development Costs (minus land cost).

New Construction/Adaptive Reuse – up to 36 Units:	
Greater than 75.00%	3 points
72.50% to 74.99%	2 points
70.00% to 72.49%	1 point

New Construction/Adaptive Reuse – 36+ Units:	
Greater than 77.50%	3 points
75.00% to 77.49%	2 points
72.50% to 74.99%	1 point

Existing Structures (Acq/rehab):	
Greater than 57.50%	3 points
55.00% to 57.49%	2 points
52.50% to 54.99%	1 point

The Subtotal Construction Cost, On Site Work, Landscaping and Total Development Costs (minus land cost) amounts are line items in the online Application.

The percentage of the Subtotal Construction Cost, On Site Work and Landscaping to Total Development Costs (minus land cost) shall be maintained or exceeded throughout the issuance of the IRS Form 8609.

SECTION 7. SELECTION CRITERIA AND NOTICE OF THE TAX CREDIT AWARD

7.1 Tax Credit Calculation and Reservation. IFA will reserve the calculated Tax Credit amount after the Project has received market approval, received financial feasibility and site approval, achieved a sufficient score, has successfully submitted all requested additional documentation, and paid all fees. IFA determines the amount of Tax Credits reserved through information received and the amount requested in the Application. The actual reservation amount may not equal the dollar amount requested in the Application. The Code requires that IFA determine that “the housing credit dollar amount allocated to the development does not exceed the amount the Housing Credit Agency determines is necessary for the financial feasibility of the development and its viability as a qualified low-income housing Project through the Tax Credit period.” In making this determination, IFA will consider, but is not limited to, the following:

1. The sources and uses of funds and the total financing planned for the development;
2. Any proceeds or receipts expected to be generated by tax benefits;
3. Percentage of the housing Tax Credit dollar amount used for development;
4. The reasonableness of operating expenses, rent and vacancy assumptions, and proposed debt service coverage, the development and operational costs of the proposed development;
5. An analysis of the appropriate Tax Credit amount based on an “equity gap” model;
6. An analysis of the appropriate Tax Credit amount based on an Eligible Basis calculation;
7. An analysis of the appropriate Tax Credit amount based on the Tax Credit cap per LIHTC Unit calculation;
8. The score derived from the criteria set forth in Section 6 – Scoring Criteria;
9. The selection of Projects that meet the requirements of Section 2.2 – Set-Asides; and/or
10. Adequate Tax Credits are available in the current funding round.

7.2 Selection Criteria. Applications shall be evaluated using the preference and selection criteria required in IRC Section 42, and as specifically cited in Section 42(m)(1)(B) and Section 42(m)(1)(C). Aggregate rankings or scoring will in no way guarantee an award of Tax Credits to a particular Applicant. During the Application review process and throughout the allocation process, IFA will utilize its sound and reasonable judgment and will exercise its discretion consistent with sensible and fair business practices. IFA reserves the right not to reserve Tax Credits to any Applicant of a Project, regardless of the proposal’s score. Certain selection criteria are subject to compliance monitoring and will be incorporated into the LURA and will be binding for the length of the LURA or any renewal thereof. In the event that the final scores of more than one Application are identical, the tiebreaker first favors the Application requesting the least amount of Tax Credits per LIHTC Unit based on IFA’s equity needs analysis. If a

second tiebreaker is needed preference shall be given to Projects located within a community that is in a QCT for which a Concerted Community Revitalization Plan exists.

IFA reserves the right to limit the Tax Credit Reservation to any county in an amount that would allocate no more than forty percent (40%) of the total Units allocated in the current funding round.

7.3 Discretion by the Board. The Board may determine that:

7.3.1 The Board may award the amount of the remaining State Ceiling to a Project if the amount available is ninety percent (90%) of the underwritten Tax Credit amount. If the Applicant decides to accept the partial tender of Tax Credits, the Applicant shall agree to accept the amount in full and will not request to be placed on the waiting list for additional Tax Credits, unless Section 7.3.3 applies. The Applicant can request reasonable revisions to an approved Application in order to address the shortfall of ten percent (10%) of the Tax Credits. IFA, at its sole discretion, can approve or deny the revision request, or may propose alternative revision(s).

7.3.2 If the amount of remaining Tax Credits is less than ninety percent (90%) of the underwritten Tax Credit amount, or if the Applicant declines to accept the offer of partial tender, then to maximize the use of the available Tax Credits, IFA at its sole discretion may skip such Applicants Project and make an offer to the next highest scoring Project whose underwritten Tax Credit amount is eligible for a full award or partial tender of Tax Credits, pursuant to this Section.

7.3.3 Acquisition/Rehab, Preservation, Adaptive Reuse or Historic Preservation Projects may apply for additional Tax Credits if the Project's costs exceed the original cost estimates, including the Construction Contingency fund. A Construction Contingency fund of at least seven percent (7%) shall be included in all Acquisition/Rehab, preservation or historic preservation Projects. Additional Tax Credits may be granted by the Board, if excess Tax Credits are available after the Carryover Allocation Agreement is complete. IFA does not make a forward allocation of Tax Credits. The amount of contingency funds in the original Application may be taken into consideration when awarding additional Tax Credits. Additional Developer's or Consultant Fees will be not be allowed under this section. The additional Tax Credit request may not exceed ten percent (10%) of the original Tax Credit award for the Project. IFA will not allow additional Tax Credits to Projects to exceed the Tax Credit cap per LIHTC Unit. Additional Tax Credits shall be awarded based on the requirements in the QAP under which the Project originally received Tax Credits. IFA will not accept Applications for Tax Credits under this section before September 1, 2020 (2020 Round) or September 1, 2021 (2021 Round). Tax Credit Reservations awarded by IFA under this section are subject to the provisions under Section 7.5 – Waiting List.

7.3.4 A Project satisfies the preferences described in Iowa Code Section 16.4.

7.4 Notice of Tax Credit Reservation. Once IFA has reserved Tax Credits, an electronic notice of Tax Credit Reservation shall be emailed to all approved Applicants. The effective date of the award will coincide with the date of the notice. The unsuccessful Applicant(s) shall be notified by email that IFA did not select their Project, including an explanation as to why IFA did not select the Project.

7.5 Waiting List. The Board, in its discretion, may establish a waiting list and adjust the order on the waiting list for any reason, including but not limited to the result of an appeal.

7.5.1 An Applicant placed on the waiting list shall be required to reapply for Tax Credits if the Applicant seeks funding from the next round of Tax Credit awards.

7.5.2 An Applicant who files a new Application for substantially the same Project as one already on IFA's waiting list shall be removed from the waiting list on the date that the new Application is received by the IFA unless the Project is subject to the requirements of Section 7.7.3 – Remedies on Appeal.

7.5.3 Placement on the waiting list does not imply, either directly or indirectly, that the Board will forward fund the Applicant's Project. The waiting list may be established based on financial feasibility, relative scoring, Developer concentration, geographic distribution or any of the other criteria described in the QAP.

7.5.4 If Unreserved Tax Credits become available before November 15, 2020 (2020 Round or November 15, 2021 (2021 Round), IFA shall review all Applications placed on the waiting list to determine if there are sufficient Tax Credits to fund one or more new Projects on the waiting list, pursuant to Sections 7.5.4.1 and

7.5.4.2 – Waiting List, below. If there are sufficient Tax Credits to fund one or more Projects, IFA will review the Applications to ensure that the Applicant continues to satisfy all of the requirements of the QAP and that if scored and ranked, the Project would have been funded according to the priority established in Section 7.5.6 – Prioritization of Waiting List. If the Applicant is in compliance with the QAP, the Board may make a Tax Credit Reservation award. If there are no pending appeals, IFA may make Tax Credit Reservation awards for Projects that fall under Sections 7.5.6 (2), (3) or (4) – Prioritization of Waiting List at any time after September 1, 2020 (2020 Round) or September 1, 2021 (2021 Round). If there are pending Tax Credit appeals, IFA may make Tax Credit Reservation awards for Projects that fall under Sections 7.5.6 (2), (3) or (4) – Prioritization of Waiting List only after November 15, 2020 (2020 Round) or November 15, 2021 (2021 Round).

7.5.4.1 The Board may award the amount of the remaining State Ceiling to the next Project on the waiting list if the amount of remaining credits is ninety percent (90%) of the underwritten Tax Credit amount of such Project. If the amount of remaining credits is less than ninety percent (90%) of the underwritten Tax Credit amount of such Project, The Board shall proceed to and consider the next Project on the waiting list, if any. If the Applicant for a project that is awarded such credits decides to accept the partial tender of Tax Credits, the Applicant shall agree to accept the amount in full and will not request to be placed on the waiting list for additional Tax Credits. The Applicant can request reasonable revisions to an approved Application in order to address the shortfall of ten percent (10%) of the Tax Credits. IFA, at its sole discretion, can approve or deny the revision request, or may propose alternative revision(s).

7.5.4.2 If the Applicant declines to accept the offer of partial tender, or the amount of remaining Tax Credits is less than ninety percent (90%) of the underwritten Tax Credit amount, then to maximize the use of the available Tax Credits, IFA at its sole discretion, may make an offer to the next highest Project on the waiting list whose underwritten Tax Credit amount is eligible for a full award or partial tender of Tax Credits, pursuant to this Section.

7.5.5 If Unreserved Tax Credits become available on or after November 15, 2020 (2020 Round) or November 15, 2021 (2021 Round), IFA shall review all Applications on the waiting list, if any, to determine if there are sufficient Tax Credits to fund one or more Projects on the waiting list, pursuant to Sections 7.5.4.1 and 7.5.4.2 – Waiting List. If IFA, at its sole discretion, determines that there is adequate time to review the Applications to ensure that the Applicant continues to satisfy all of the requirements of the QAP, IFA may make a Tax Credit Reservation award. On December 31, 2020 (2020 Round) or December 31, 2021 (2021 Round), if Unreserved Tax Credits remain available and no Project listed on the waiting list can be funded in total, as stated in Section 7.3 – Discretion by the Board, then the remaining 2020 (2020 Round), 2021 (2021 Round) Tax Credits will be combined with the available Tax Credits for the next funding round, and the waiting list shall expire.

7.5.6 Prioritization of Waiting List.

The Board generally shall prioritize Projects on the waiting list as follows:

1. Projects placed on the waiting list following a successful appeal of a denial of Tax Credits by the Board pursuant to Section 7.7 – Remedies on Appeal (including settlements favorable to appellants).
2. Projects seeking additional Tax Credits pursuant to Section 7.3.3 – Discretion by the Board.
3. Projects that meet threshold requirements for the current funding round, but do not receive a Tax Credit Reservation because of an inadequate amount of available Tax Credits to fund the Project under Section 7.3.1 – Discretion by the Board, provided that the Applicant does not have an outstanding appeal under Section 7.6 – Appeals or petition for a waiver of one or more administrative rules by the Board.
4. Projects that meet threshold requirements for the current funding round, but do not receive a Reservation of Credits because the Project was passed over due to a single Developer exceeding the Tax Credit cap of \$1,260,000; provided that the Applicant does not have an outstanding appeal under Section 7.6 – Appeals, or petition for a waiver of one or more administrative rules by the Board.

Projects placed on the waiting list for any other reason may be prioritized at the Board's sole discretion. The Board, at its sole discretion, may deviate from the foregoing guidelines if it determines cause to do so exists.

7.6 Informal Appeals.

7.6.1 Notice of Appeal. Any Applicant requesting an appeal shall submit written notice of appeal within 7 days of the Tax Credit Reservation Date. The notice of appeal shall state the grounds upon which the Applicant challenges IFA's LIHTC awards. The notice of appeal shall be submitted to housingtaxcredits@iowafinance.com.

7.6.2 Procedures for Appeal. Within 21 days of the Tax Credit Reservation Date, the Applicant shall file its appeal by submitting a written document bringing forth all the relevant facts supporting its position. Written documentation shall be submitted to housingtaxcredits@iowafinance.com. IFA staff may submit to the Executive Director a written document in response ("IFA response") to the Applicant's appeal. IFA staff will provide a copy of the IFA response to the Applicant.

7.6.3 Decision. Within 30 days of the filing of the appeal as set forth in Section 7.6.2, the Executive Director shall consider and rule on the appeal and will notify the Applicant in writing of the decision.

7.6.4. Final Agency Action. The decision of the Executive Director is final except as provided for in Iowa Code sections 17A.19 to 17A.20.

7.7 Remedies on Appeal.

7.7.1 If an Applicant passed the threshold requirements and is successful in demonstrating that the Applicant should have been awarded Tax Credits based on the score the Project should have received and taking into account Section 7.3.1 – Discretion by the Board, the Executive Director may place the Project on a waiting list for Unreserved or returned Tax Credits.

7.7.2 If an Applicant is successful in demonstrating that a Project was improperly determined by IFA to have not met the threshold requirements, the Executive Director shall cause the Project to be scored. If the Project receives a score equal to or greater than the lowest score of any Project receiving credits from the General Pool in the same round for one hundred percent (100%) of such Project's underwritten Tax Credit amount (as opposed to Projects awarded under Section 7.3.2 – Discretion by the Board), prior to any skipping of Projects pursuant to Section 7.3.2 – Discretion by the Board, the Executive Director may place the Project on a waiting list for Unreserved or returned Tax Credits.

7.7.3 Once the waiting list has expired, a Project that has been placed on the waiting list per 7.7.1 or 7.7.2 due to a successful appeal shall be awarded five points in the next nine percent (9%) Tax Credit Round. To receive the additional points during the next nine percent (9%) Tax Credit Round, the Project shall be the same Project that was the subject of the successful appeal.

SECTION 8. POST RESERVATION REQUIREMENTS

Once a Tax Credit Reservation has been awarded, the following additional requirements shall apply. Failure to comply with any provision of this section may result in the revocation of the Tax Credit Reservation, denial of the Carryover Allocation, withholding of the IRS Form 8609 or the issuance of an IRS Form 8823.

8.1 Construction.

8.1.1 Construction shall begin on a Project within 18 months from the Tax Credit Reservation Date.

8.1.2 IFA may periodically request a status report on the Project.

8.1.3 Final plans and specifications shall be submitted to and approved by IFA before commencing site work and construction. Plans shall meet and have incorporated all applicable building standards and codes, IFA's minimum development characteristics, and all construction related scoring criteria for which points were awarded. Final plans shall incorporate any and all remediation plans to address detrimental site characteristics.

8.1.4 The Ownership Entity shall promptly inform the IFA LIHTC Manager of any changes or alterations which deviate from the approved final plans and specifications.

8.1.5 For existing structures, the Ownership Entity shall provide with the submittal of the final construction documents and prior to the start of rehabilitation, a copy of the energy audit conducted by a certified home energy rater. Appropriate specifications to meet IECC standards or alternate cost-effective energy improvements shall be included in the final work rehabilitation order and shall be submitted with the plans and specifications for approval before starting construction.

8.1.6 A pre-construction meeting shall be held shortly before the start of construction. An IFA representative shall attend this meeting and be given 10 days advance notice. The agenda for the meeting and a project schedule shall be provided to IFA at that time. Construction meeting minutes will be provided to IFA within 30 days of such meeting. A copy of the contractor's initial pay application with a schedule of values shall be provided when executed.

8.2 Changes to the Application After Award. After a Tax Credit Reservation is made, the Ownership Entity may request a change to the Application, subject to the written consent of the IFA LIHTC Manager. This request shall be made solely for the purpose of showing changes as described by the following:

8.2.1 Sources and uses of funds that are approved by IFA, based on Section 8.6 – Carryover-Ten Percent (10%) Test Application and IRS Form 8609 Application. At IFA's discretion, if any of the funding sources listed in the Threshold accepted Application will not be available in the stated amount, a reduction of Tax Credits may occur. Changes shall not increase the amount of Tax Credits awarded except for requests made under Section 7.3.2 – Discretion by the Board.

8.2.2 A minor change in the nature of the Project or changes in partnership members, shareholders, or limited liability members. IFA will only approve an amendment to an executed Carryover Agreement due to an IFA approved Project change prior to December 31 of the calendar year in which the allocation is made. The only exceptions will be for IFA administrative errors or omissions as allowed by Section 42 of the Code.

8.3 Material Changes. If, upon the submission of the Carryover Application or the IRS Form 8609 Application it is determined that the Project is not substantially the same as the Project described in the Application, the Project will not receive an allocation of Tax Credits, or the amount of the Tax Credits will be adjusted. It is expected that the Project will be the same as originally scored under this QAP.

8.3.1 Generally, changes in the total number of Low-Income Units, number of bedrooms per Unit mix, tenant mix (low-income/market rate) and amenities are deemed to be material and not permitted.

8.3.2 Changes in the number of buildings and Units contained in each building will be allowed if changes are required by local regulatory codes and the Applicant has obtained written approval from IFA prior to making the changes.

8.3.3 Failure to notify IFA of a material change may result in the revocation or reduction of the Tax Credit Reservation, denial of the Carryover Allocation, withholding of the IRS Form 8609, the issuance of an IRS Form 8823 or a State Issued Notice of Noncompliance.

8.3.4 Any Owner election made in regards to the minimum set-aside for a qualified low-income housing project under IRC Section 42(g) is irrevocable once made in the Threshold Application. No change in the minimum set-aside requirement is permitted.

8.4 Changes to the Ownership Entity.

8.4.1 Transfers. The Tax Credit Reservation and Carryover Allocations are not transferable. IRS Form 8609 allocations will be issued only in the name of the Ownership Entity named in the Application. Transfers subsequent to the issuance of the IRS Form 8609 allocation are subject to the LURA and to the provisions of Sections 42(d) (7) and 42(j) of the Code.

8.4.2 Changes to the Ownership Entity Structure. The Ownership Entity shall notify IFA prior to any change to the structure of the Ownership Entity (such as a change in a General Partner, change in the ownership of a corporation or change in the membership of a limited liability company). Any change in the Ownership Entity shall meet the requirements described in the QAP before IFA shall consent to the change. If the requirements outlined in the QAP are not met, the request may not be approved. It is at IFA's sole discretion to approve or disapprove the request.

8.5 Return of Tax Credits. Allocations of Tax Credits may only be returned in accordance with applicable U.S. Treasury Regulations or in accordance with the provisions of Section 8.8 – Destruction of a Project Prior to Placement-in-Service

8.6 Carryover-Ten Percent (10%) Test Application and IRS Form 8609 Application. Federal law requires that IFA evaluate the Application three times: (1) at threshold Application; (2) at submission of the Carryover-Ten Percent (10%) Test Application; and (3) at the time the building(s) is (are) Placed-in-Service. On each occasion, the Applicant shall submit a complete Application Package, through the online Application, including a financial feasibility threshold test and certify to all federal, state and local subsidies expected to be available to the development. IFA may choose to award the Carryover Allocation at the time of threshold Application. If IFA selects this procedure, the second Application shall be due at the time that the Applicant documents that the Ownership Entity has incurred costs that meet ten percent (10%) of the Ownership Entities reasonably expected basis. The process requires Applicants to provide detailed and accurate information concerning all development costs at each evaluation. Applicants with Tax Credit Reservations will be subject to cancellation of the Reservation if they are unable to provide IFA with satisfactory evidence of progress toward timely completion of the proposed development, or if there are significant changes to the proposed development from the approved Application. Requirements for Sections 3.3.2.2 – Site Visits, 3.3.2.3 – Authorization Forms, 3.3.2.4 – Document Timeliness and 3.3.2.5 – Opinions and Certifications shall be met in the second and third Application evaluations.

A Project may be ineligible for allocation if any of the listed funding sources will not be available in the stated amount and under the terms described in the approved threshold Application. IFA may waive this limitation if the proposed changes are deemed to be in the best interests of IFA and affordable housing.

8.6.1 Pre-Closing Review. Awarded Projects shall submit a request for approval of the final proposed sources and uses for funding approximately two weeks prior to closing. IFA shall permit only one pre-closing review Application submission per Project. Any Application changes shall be submitted and approved through the online Application prior to submission of the pre-closing review Application. The Applicant shall receive approval from the LIHTC Manager prior to closing.

8.6.2 Second Application for Carryover-Ten Percent (10%) Test. All Applicants requesting a Carryover Allocation shall submit all items described in IFA's current Carryover Application Package by IFA's required deadline as posted on IFA's website. A valid Carryover Allocation Agreement requires that the Ownership Entity incur costs that meet ten percent (10%) of the Ownership Entities "reasonably expected basis" or total development cost by the date specified in the Carryover Agreement; however, under no circumstances later than allowed by IRC Section 42(h)(1)(ii).

8.6.2.1 Local Lead Agency. All approved Projects shall be required to partner with a Local Lead Agency that shall act as a referral agent for all vacant Units. The Project shall request IFA's approval of the Local Lead Agency through the submission the Carryover-Ten Percent (10%) Test Package. The Local Lead Agency shall agree to assist in affirmatively marketing the Project to persons with a Disability and to refer persons with a Disability as potential tenants to the Project. A primary goal of the partnership with the Local Lead Agency shall be to help ensure the Project's Fully Accessible Units and Units with Accessible Communication Features Units are leased to persons with a Disability who require the Accessible features of that Unit. Projects are not required to provide on-site supportive services or a service coordinator.

8.6.3 Initiation of Construction. Projects receiving Carryover Allocations shall begin construction within 18 months from the Tax Credit Reservation Date. The Carryover Agreement will be void unless an extension has been approved by IFA. If the Ownership Entity does not comply with this requirement, IFA reserves the right to revoke the Tax Credit Allocation.

8.6.4 Third Application for IRS Form 8609. The third and final review is conducted after the development has been Placed-in-Service. IFA will again review financial feasibility, revised costs and the equity requirement based on information provided by the Applicant in a third updated Application to determine the appropriate amount of Tax Credits to be allocated. All Ownership Entities requesting an IRS Form 8609 allocation shall submit all items described in IFA's current IRS Form 8609 Application Package. Payment of any fees referenced in Section 3.8 – Fees is due prior to issuance of an IRS Form 8609.

8.6.4.1 Marketable Title Requirement. As part of the IRS Form 8609 Application Package, the Ownership Entity shall provide adequate evidence that the Ownership Entity's title in the real estate

on which the Project is to be located is a marketable title pursuant to Iowa Land Title Examination Standards, or other applicable law. Adequate evidence of marketable title is demonstrated by either: (1) a title opinion of an attorney authorized to practice law in Iowa showing marketable title in the Ownership Entity; or (2) a title guaranty certificate issued by the Iowa Title Guaranty Division of IFA showing the Ownership Entity as the guaranteed. In the case of leased land, a copy of the recorded lease shall be provided.

8.6.5 IFA Discretion. If IFA, at any time, has reason to believe that the Project: (1) will not be Placed-in-Service in a timely fashion; (2) fails to comply with the requirements for a Carryover Allocation; (3) is not in compliance with Section 42 of the Code; or (4) that the Application contains misrepresentations, IFA may revoke the Tax Credit Allocation.

8.7 Prior to Placed-in-Service Documents. The Prior to Placed-in-Service documents shall be submitted and accepted prior to the IRS Form 8609 Application submission. At least 120 days prior to the first Unit Placed-in-Service, a copy of the following shall be submitted to IFA by the Owner:

1. Affirmative Fair Housing Marketing Plan Package.
2. Documentation that the Project is listed on Iowa's free rental housing locator at the [Iowa Housing Search website](#).
3. A commitment to notify the PHA of all vacancies.
4. A commitment to notify the Local Lead Agency of all vacancies.

8.8 IRS Form 8609. All Applicants requesting an IRS Form 8609 allocation shall submit all items described in IFA's current IRS Form 8609 Application Package. The Ownership Entity shall complete Part B and return a copy of the fully executed IRS Form 8609 to IFA within 60 days of IFA sending the IFA executed IRS Form 8609. The Owner's completed IRS Form 8609 shall match the terms agreed upon in the LURA. Failure to submit the fully executed IRS Form 8609 within 60 days of IFA sending the IFA executed IRS Form 8609 may result in a State Issued Notice of Noncompliance.

Owners and management companies of Projects shall attend a minimum of eight hours compliance training that is provided by an approved third party trainer, or by attending all sessions designated as fulfilling this requirement offered at the annual HousingIowa Conference prior to receiving the IRS Form 8609 from IFA. At the time the IRS Form 8609 Application Package is submitted, a Certificate of Compliance Training for the General Partner and property manager shall be provided. The date for the Certificate of Training shall be issued no earlier than 12 months from the time that the IRS Form 8609 Application is submitted.

All on-site property management staff will complete Mental Health First Aid training approved by the Iowa Department of Human Services and/or an Olmstead Consumer Taskforce approved Disability awareness training program, such as may be offered by a Center for Independent Living. The date for the Certificate of Training shall be issued no earlier than 12 months from the time that the IRS Form 8609 Application is submitted.

The following certifications are to be submitted with the IRS Form 8609 Application:

1. If the Project meets the criteria set forth in Section 5.8 – Displacement of Residential Tenants, a copy of the final relocation plan, expenditures and a copy of the notice to existing tenants.
2. For new construction Projects with three stories or less, a home energy rating report as performed by a certified HERS rater. The Project shall receive a final HERS index of 70 or less.
3. For new construction Projects with four or more stories, documentation by an independent licensed engineer that the Project exceeds ANSI/ASHRAE/IES Standard 90.1-2010.
4. For existing structures, an energy audit by a certified energy rater that verifies that the recommended energy performance measures established in the final rehabilitation work order were installed correctly.
5. Certificate of Occupancy for new construction and adaptive reuse for each building. Architect's certification of completion for rehab Projects for each building.
6. Completed Energy Star Certificate, energy reports, radon test reports (if applicable) and the energy raters' insulation inspection reports and executed final pay application from contractor.

8.9 Destruction of a Project Prior to Placement-in-Service. In the event that a Project suffers a casualty loss (such as a fire or a tornado) of a significant character prior to the Project being Placed-in-Service, such that the Project cannot be Placed-in-Service within the applicable time limitations required by Section 42 of the Code and the accompanying regulations, IFA may allow the Applicant to return the reserved or allocated Tax Credits via mutual consent in return for a binding commitment by IFA to allocate a future year's Tax Credits, in an amount not to exceed

the original allocation to the Project. This section is only intended to cover those casualty losses that are not otherwise provided under Section 42 of the Code and the applicable regulations and IRS rulings (such as losses in federally declared disaster areas, for which Rev. Proc. 95-28 applies).

8.10 Annual Audited Financials. Tax Credit recipients shall submit annual audited financial statements for the Project within 90 days of the close of the Project's fiscal year, beginning the year after they have received the IRS Form 8609. IFA may require more frequent financial statements, such as an income and expense statements and balance sheets not more than 30 days old. The more frequent financial statements need not be audited. Year-end statements shall be certified by a Certified Public Accountant (CPA). IFA requires annual audited financials submitted through the online asset management portal.

8.11 Operating and Replacement Reserves. Within six months after the date IFA sends the IFA executed IRS Form 8609, the Ownership Entity shall provide IFA with verification that the Operating and Replacement Reserve accounts have been funded, and the terms and conditions have been met.

8.12 Compliance. IFA shall establish procedures for monitoring compliance during: (1) the Compliance Period with the provisions of IRC Section 42 and for notifying the Internal Revenue Service of any noncompliance; and (2) the Compliance Period and the Extended Use Period with the provisions of LURA and the QAP under which they were awarded. Each Ownership Entity is required to comply with the requirements described in this Section, the Treasury Regulations governing Section 42, Revenue Procedure 97-11, and the compliance manual adopted by IFA.

8.12.1 Record Keeping. For each year in the Compliance Period and Extended Use Period, the Ownership Entity or its successor in interest shall keep records for each qualified low-income building in the Project, consistent with the Treasury Regulations governing Section 42. The Ownership Entity or its successor in interest shall retain these records for each building in the Project for at least six years after the due date (with extensions) for filing the federal income tax return for that year. The records for the initial taxable year shall be retained for at least six years after the due date for filing the federal income tax return for the last year of the Compliance Period and Extended Use Period of the building.

8.12.2 Annual Certifications. The Ownership Entity shall make all necessary annual certifications required by IFA for the preceding 12-month period, as described in the Treasury Regulations governing Section 42.

8.12.3 Review and Inspections. IFA shall review the certifications submitted in conformance with the Treasury Regulations governing Section 42 effective on the effective date of this QAP. IFA shall have the right to inspect the Projects in conformance with the standards set forth in the Treasury Regulations governing Section 42. IFA shall provide 48-hour advance notice to the Ownership Entity to inspect any individual Units in a Project. The Ownership Entity shall provide 24-hour advance notice of the inspection to the tenants in the Low-Income Units. Otherwise, advance notice to the Ownership Entity is not necessary for purposes of the inspection provisions set forth in the Treasury Regulations governing Section 42. The owner certifications and reviews of compliance reports shall be made annually. The physical inspection and tenant file reviews shall be made once every three years covering the Compliance Period under IRC Section 42(i)(1). IFA may require that certifications, reviews and inspections be made more frequently, provided that all months within each 12-month period are subject to certification. The reviews, audits and inspections shall continue through the length of the Extended Use Period.

8.12.4 Notice of Noncompliance. IFA will provide prompt written notice to the Ownership Entity of a Project if found to be out of compliance. The notice will describe the events of noncompliance and advise the Ownership Entity of the Tax Credit Project of the time period to correct the events of noncompliance.

8.12.5 Correction Period. The correction period shall not exceed 90 days from the date the notice of noncompliance is sent to the Ownership Entity. IFA may extend the correction period for up to six months, but only if IFA determines there is good cause for granting the extension. During the 90-day time period, or an extension thereof, the Ownership Entity shall supply any missing certifications and bring the Project into compliance with the provisions of IRC Section 42.

8.12.6 Notice to Internal Revenue Service. IFA will send a written notice to the Internal Revenue Service along with an IRS Form 8823 in the event of a finding of noncompliance by an Ownership Entity. Copies of the IRS Form 8823 and the Internal Revenue Service notice will be forwarded to the Ownership Entity.

8.12.7 Delegation of Monitoring. IFA may retain an agent or other private contractor (the "authorized delegate") to perform compliance monitoring. The authorized delegate shall be unrelated to the Ownership Entity of any building that the authorized delegate monitors.

8.12.8 Liability. Compliance with the requirements of IRC Section 42 is the responsibility of the Ownership Entity of the Project for which the Tax Credits are allowable. IFA's obligation to monitor for compliance with the requirements of IRC Section 42 shall not make IFA liable for an Ownership Entity's noncompliance.

8.12.9 Violence Against Women Act (VAWA). Title VI of the 2013 VAWA Act, Safe Homes for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking, expanded the applicability of the ACT to the LIHTC program. VAWA protects both child and adult victims of domestic violence, dating violence, sexual assault and stalking. All LIHTC Owners and managers shall comply with the requirements of this Act and shall use the proscribed HUD forms as follows: HUD-5380, Notice of Occupancy Rights under VAWA, HUD-5382, Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation and HUD 91067, Lease Addendum.

In addition, all LIHTC Owners and managers are required to have in place an Emergency Transfer Plan and should use the HUD-5381, Model Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking as a guide. The HUD-5383, Emergency Transfer request may be used in conjunction with the Emergency Transfer plan if the LIHTC Owners and managers require, as part of their Emergency Transfer Plan, a written notification to request a transfer. All four of the HUD VAWA forms are available on HUDClips or on the IFA LIHTC/HOME Compliance page of the IFA website.

PART B – TERMS AND CONDITIONS

The following terms and conditions apply to all Applicants and Projects that receive a reservation of nine percent (9%) Tax Credits, Carryover Allocation and IRS Form 8609 allocation.

SECTION 9: TERMS AND CONDITIONS

9.1 Documents Incorporated by Reference. The items described in this Section are incorporated by reference in the QAP. The QAP will be deposited in the Iowa State Law Library. Statutory references are available in the Iowa State Law Library.

9.1.1 26 USC Section 42 as amended and the related Treasury regulations in effect as of January 1, 2014.

9.1.2 Iowa Code Section 16.35 and the rules promulgated by IFA to govern the LIHTC Program in effect as of the effective date hereof.

9.1.3 In the case of any inconsistency or conflict between the items listed in this Section, conflicts shall be resolved as follows:

1. First, by giving preference to IRC Section 42 and the related Treasury regulations.
2. Second, by giving preference to Iowa Code Sections 16.4, 16.35 and the rules governing the QAP; and
3. Third, by giving preference to the QAP.

9.2 Binding Obligations. The representations made in the Application shall bind the Applicant and shall become a contractual obligation of the Developer and the Ownership Entity and any Entity the Developer or the Ownership Entity is representing in the presentation of the Application or a successor in interest in the event Tax Credits are awarded to a proposed Project. The contractual obligation shall constitute the agreement between the parties, as represented by the Developer or Ownership Entity, within the following documents: the QAP, Application (with any permitted amendments either prior to the Tax Credit Reservation, after the Carryover Allocation, after issuance of the IRS Form 8609, or during the Compliance Period and Extended Use Period) and any other agreements executed between IFA and the Ownership Entity.

9.3 Land Use Restrictive Covenants (Land Use Restrictive Agreement (LURA)). The Project shall be subject to the LURA which requires among other things, that the Project will be used for affordable housing for the required Compliance Period and the required Extended Use Period, as set forth in Section 42(h)(6)(B). If the Applicant has agreed to extend the time period of affordability and has waived rights to early termination of the Extended Use Period in its Application, the LURA will reflect the additional Extended Use Period for which the Ownership Entity has waived its rights to early termination. The LURA shall contain covenants that run with the land requiring that the Property be used as an affordable housing Project until the end of the Extended Use Period. The original document shall be recorded before an IRS Form 8609 is issued. The LURA shall be binding on all successors of the Ownership Entity and run with the land as provided by Section 42(h) (6). Although the LURA will terminate in the event of foreclosure, Section 42(h) (6) (E) (ii) requires that certain limitations as to termination of tenancies and rent increases survive such foreclosure for a period of three years. As a result, all other lenders or prior lien holders shall consent to the recording of the LURA as a restrictive covenant encumbering and running with the land and acknowledge and agree that those provisions of the LURA that set forth the requirements of Section 42(h)(6)(E)(ii) of the Code are superior to the lender or lien holder's security interest and shall continue in full force and effect for a period of three years following the date of acquisition of the Project by foreclosure (or instrument in lieu of foreclosure). The Ownership Entity shall provide adequate evidence that the LURA is binding on all successors of the Ownership Entity and runs with the land. Adequate evidence includes but is not limited to a copy of a final title opinion showing all the current liens against the Property or a title guaranty certificate showing exclusions. The LURA will also comply with other requirements under the Code, QAP, other relevant statutes and regulations and all representations made in the Project Application. If the Property in the Application has an existing LIHTC LURA, the original LURA requirements, in addition to the Project LURA requirements, will be enforced by IFA.

9.4 Disclosure of Information Regarding Equity Investors or Syndicators. The Applicant shall reveal the name and address of all of the equity partners, investors or syndicators involved in a Project regardless of the nature of the placement of the Tax Credits. If the name of the equity partner or syndicator changes following the time of

Application, the Application can be amended after the Tax Credit Reservation is issued. An IRS Form 8609 will not be issued unless the name of a syndicator or equity partner is revealed to IFA. Applicants that have been awarded Tax Credits shall also disclose the name and address of equity partners, investors or syndicators involved with Projects being monitored by IFA. If an IRS Form 8609 has been issued, failure to supply the syndicator or equity partner or investor information may result in the filing of an IRS Form 8823 with the Internal Revenue Service. See Treasury Regulation 1.42-5(a) (2) (ii); IRS Tax Memorandum No. 199944019, August 8, 1999.

9.5 No Representation or Warranty Regarding the QAP. IFA makes no representation or warranty to any Person or Entity as to compliance issues or the feasibility or viability of any Project.

9.6 IFA Policy on Civil Rights Compliance. The Applicant and any of its employees, agents or sub-contractors doing business with IFA understands and agrees that it is the responsibility of the Developer and Ownership Entity to adhere to and comply with all federal civil rights legislation including the Fair Housing Laws, Section 504 of the Rehabilitation Act of 1973, the Americans With Disabilities Act as well as any state and local civil rights legislation. It is the legal responsibility of the Developer and Ownership Entity to be aware of and comply with all non-discrimination provisions of federal, state or local law.

PART C – THRESHOLD REQUIREMENTS FOR BUILDING, CONSTRUCTION, SITE AND REHABILITATION

The terms of this Part C are the minimum requirements for all Projects. Required documents for Sections F, G, H, and I shall be prepared by a duly licensed engineer or architect authorized to do business in Iowa. HERS ratings shall be submitted by a RESNET certified rating agent.

Once final plans, specifications, the energy audit or analysis and, if applicable, the CNA's have been completed; the Applicant shall submit them to IFA and receive written approval before commencing site work or construction. Final drawings shall also be submitted for review and approved by IFA as a requirement of the Carryover-Ten Percent test.

At all times after award, the Applicant shall promptly inform IFA's LIHTC Manager and construction analyst in writing of any changes or alterations which deviate from the plans and/or programmatic elements submitted in the original Application or in the final plans and specifications approved by IFA's construction analyst to proceed with construction. In particular, the Applicant shall not take action on any material change in the site layout, floor plan, elevations or amenities without written authorization from IFA. This includes changes required by local governments to receive building permits.

Requirements for Accessible Units shall be met regardless of the building type and include single family or duplex designs. All rooms and floors within a multi-level Accessible Unit shall be accessible. Accessible Units shall be dispersed throughout the Property and in different bedroom sizes rather than segregated. The use of wheelchair lifts within a Unit to achieve accessibility is strongly discouraged and should only be used where constraints rule out other options.

All of the Low-Income Units shall be generally distributed in terms of location and number of bedrooms throughout the Project. The Low-Income Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those Units which are available to other tenants.

A. Site Control. At the time of Application submission, the Applicant shall have site control by providing executed documents.

The following shall be proper evidence of site control:

1. Evidence of Site Control

- a. The Applicant holds sole fee simple title to the Property on which the Project will be located by: (a) a properly executed and recorded warranty deed; (b) an Iowa attorney real estate title opinion; or (c) a Title Guaranty Owner Certificate; or
- b. The Applicant has an executed and exclusive purchase option or contract, that is valid for nine months following the date of the Application due date; or
- c. The Applicant has an executed lease or an option on a lease, which has a term not less than the longer of: (a) the entire period during which the proposed Project will be subject to the LURA; or (b) 35 years.
- d. The evidence shown in a, b, and c above must be binding on the contractor/lessor/optionor of the Property (i.e. there must be no conditions for the termination within the sole discretion of the contractor/lessor/optionor and the evidence must provide that the contractor/lessor/optionor cannot unilaterally withdraw, revoke or rescind the obligation to the sale or lease of the Property to the Applicant unless the Applicant is in default under the evidence).

2. Requirements for Site Control:

- a. There shall be a common ownership between all Units and buildings within a single Project for the duration of the Compliance Period and the Extended Use Period.
- b. The Applicant shall provide the location of existing and proposed easements on the site.
- c. The Applicant shall provide the most current real estate tax assessment.
- d. The Applicant shall provide documentation that the Project meets or exceeds the City requirements for parking unless an exemption is provided by the city.
- e. The Ownership Entity shall provide evidence of site ownership as part of the Ten Percent (10%) – Carryover Application Package and this ownership shall be continuous and uninterrupted through the issuance of an IRS Form 8609.

B. Reserved.

C. Zoning. The Applicant shall provide confirmation that the zoning, including special or conditional use permits and any other discretionary land use approval required (including all legislation or quasi-judicial decisions), for each site on which the Project will be located allows for the use(s) proposed by the Applicant. Verification from the city regarding zoning shall be submitted with the Application. The city zoning department shall verify that the official plat is properly zoned. Site plans submitted shall show that; (1) the Project will have the proper number of parking stalls; (2) the Project will be located on a paved road; (3) the Property is not landlocked and has a legal easement(s); and (4) right of ways have been granted, if applicable.

If the site is not zoned appropriately at Threshold Application, the Applicant shall certify the site will be zoned appropriately by the Carryover-Ten Percent (10%) Test Application due date.

D. Access to Paved Roads. All sites proposed shall have direct contiguous access from the Project site to existing paved publicly dedicated right of ways. If the path from the proposed Property entrance to a paved road is de minimis, as determined solely at IFA's discretion, then the Applicant will be allowed to provide a binding commitment for both the construction and financing of the paved road, using funds outside of the Tax Credit development budget. The cost of construction of the paved road shall not be included in the Project costs, and the construction of the paved road shall be completed prior to the issuance of an IRS Form 8609.

E. Access to Utilities. The Applicant shall certify that all Utilities are or will be physically available to and have adequate capacity for the proposed Project. If Utilities are not available to the site on the date the Application is submitted, the Applicant shall supply adequate evidence that demonstrates that the Utilities will be available by start of construction. This evidence shall include the appropriate funding source the Applicant will utilize for the Utility extension. Any charges for the extension of services that are not normal extensions may not be included in Eligible Basis. Utilities shall be available at the site prior to the issuance of an IRS Form 8609. The site plans shall clearly show the locations of existing Utilities to the site. The Application shall verify the Utilities are adequate to serve the Project or shall provide costs to upgrade in the Scope of Work.

F. Building Standards. Preliminary site plan and floor plans are to be submitted with the Application to IFA. The Applicant shall meet local, state and federal standards that apply to the Project. For the current standards refer to Appendix J – Building Standards.

G. Minimum Development Characteristics. In order to enable long-term housing affordability, low maintenance building exteriors and high energy efficiency components and appliances are encouraged. Luxury items will not be allowed in LIHTC Projects. The intent of the program is to provide affordable housing. The following minimum development characteristics shall be utilized in all construction:

1. General

1.1 Construction Warranty. Provide a minimum one-year blanket construction warranty that is enforceable. The warranty shall stipulate that the general contractor is responsible to do or have done any and all required warranty repair work, including consequential damages at its own expense.

1.2 Site Lighting. It is important that Projects include site lighting adequate to ensure safe and secure travel from parking areas to Unit or building entries. Care shall be taken to provide energy efficient lighting that is not excessive or intrusive to the neighborhood. Areas covered by security cameras shall be illuminated. Cutoff fixtures that direct light downward are encouraged. Minimum requirements of the Iowa State Code will apply in any case. Adequate security lighting is a requirement for final inspection sign-off by IFA.

1.3 Sidewalks. A concrete sidewalk shall be provided from each entrance door to a public way and where possible, combine the sidewalks. In the event the city requires additional sidewalks, that requirement shall be followed. ADA/UFAS/ANSI A117.1 slope and curb cut ramp requirements shall apply.

1.4 Laundry. A common laundry room facility located on site with a minimum of one washer/dryer to serve each 12 Units. A minimum of one front loading accessible washer and dryer is required. Central laundry facilities in buildings with an elevator will comply. An Applicant can provide a washer and dryer in each Unit in lieu of a common laundry room facility. In Unit laundry facilities shall be enclosed and the dryer shall be vented to the exterior of the building.

1.5 Unit Bathrooms. New construction and adaptive reuse Projects with three bedroom Units shall have at least one full bathroom and one three-quarter bathroom. New construction and adaptive reuse Projects with four or more bedroom Units shall have at least two full bathrooms. For Units with two full bathrooms, a 5' wide ADA compliant roll in shower may be substituted for one tub.

1.6 Closets. A closet (2 foot x 5 foot minimum) with a door shall be provided in each bedroom. The minimum complement of closets per Unit include: 1 linen closet and 1 coat closet, each 2 foot x 3 foot minimum. For Acq/Rehab Projects, exemptions to closet sizes may be provided by IFA on a case by case basis.

1.7 Minimum Unit Net Square Footage.

New Construction and Adaptive Reuse	
Unit Type	Minimum Unit Net Square Footage
Efficiency	450
1 Bedroom	625
2 Bedroom	800
3 Bedroom	1,000
4 Bedroom	1,175

Unit net square footage for each room is measured face of wall to face of wall. The sum total of all spaces in the Unit measured this way must exceed the Minimum Unit Net Square Footage.

2. Accessibility

2.1 Accessible Units. In new, as well as rehab construction, a minimum of ten percent (10%) of all Units supplied shall be Fully Accessible, (as defined in ANSI 117.1) on the building accessible routes which includes all floors if an elevator is provided. All Units on the accessible routes shall be adaptable, (Type B Units per the International Building Code, (IBC)), upon reasonable tenant request for special needs. When an Applicant elects to exceed the ten (10%) requirement for Fully Accessible Units, those Units over and above that requirement shall be Accessible Type A Units per the IBC. All rooms and floors within a multi-level Accessible Unit shall be accessible. Accessible Units shall be dispersed throughout the Property and in different bedroom sizes rather than segregated.

2.2 Accessible Communication Features Units. A minimum of two percent (2%) of all Units supplied shall be adapted for hearing and/or vision impairments as Units with Accessible Communications Features. The two percent (2%) cannot be included in the ten percent (10%) of the Accessible Units.

3. Energy Requirements

3.1 Heating and Air Conditioning. All Units shall be heated and air conditioned. Air conditioning equipment shall be at least 13 SEER (14.5 SEER and 9.25 HSPF for electric heat pumps) and use R-410a refrigerant that is charged according to manufacturer specifications. Thru-wall A/C units shall be at least 10.7 EER or 10.6 CEER. Heating equipment shall be at least 95 AFUE for furnaces and 90 AFUE for boilers. Window units are not allowed. Electric resistance heating is not allowed as the primary heating source.

3.2 Energy Efficiency:

3.2.1 New construction. In addition to meeting Iowa State Code and the IECC, the Project shall meet or exceed Multi Family New Construction (MFNC) or Energy Star Certified Homes prescriptive standards, receive Energy Star certification and receive a Home Energy Rating Systems (HERS) Index of 70 or less from a certified rater in Iowa. A home energy rating performed by a certified HERS rater is required on each building after it is completed to verify that actual construction meets the above listed requirements. Five Units with different floor plans and orientations for complexes of less than 50 Units and ten percent (10%) of Units, up to a maximum of 10 Units in complexes of 50 or more Units shall be rated. The contract for the determination of the HERS index shall be between the certified rater and the Ownership Entity. If upon completion, a Project does not meet the HERS index of 70 or less, additional steps shall be taken by the Ownership Entity to obtain the HERS index of 70 prior to issuance of the IRS Form 8609.

3.2.3 For existing structures (Acq/Rehab and Adaptive Reuse). An energy audit conducted by a certified home energy rater or firm specializing in energy efficiency that is acceptable to IFA, shall be provided on each building prior to the preparation of the final work rehabilitation order. Prior to the start of construction, IFA requires an engineer or architect to certify that the architect has met and coordinated the design with the energy consultant and owner and that the design meets the applicable IECC as shown in Appendix J – Building Standards, and any additional scoring elections made. The contract for the determination of the energy audit shall be between the certified rater and the Ownership Entity. If upon completion, a Project does not verify that the Project has met the specified energy improvements, additional steps shall be taken by the Ownership Entity prior to the issuance of the IRS Form 8609.

4. Exterior Construction

4.1 Exterior Construction. An air infiltration barrier is required on all new siding installations. Siding within six feet of the ground shall be durable and impact resistant.

4.2 Roofs. If shingles will be installed, then the use of a minimum of 30-year shingles with 30 pound roofing felt or a synthetic felt with characteristics superior to 30 pound felt shall be required. For flat roofs, a system with a 10-year full warranty is required. Full warranty includes: all labor and materials for the entire roofing system and insurance rider for consequential damage. All reroofing applications shall include the removal of the existing roofing system down to the roof deck. A minimum 60 mil TPO or EPDM thickness shall be required.

4.3 Exterior Entry Doors to Common Areas. Insulated metal or fiberglass type with optional thermo-pane glass insert or thermo-pane glass full lite doors with metal thermal break type frame.

4.4 Unit Doors. Direct Unit access to exteriors, insulated metal or fiberglass panel type with optional thermo-pane glass insert, 180-degree peephole, lockset and deadbolt lock with one inch throw.

4.5 Overhead Doors. Embossed steel panel doors with or without insulation to non-heated areas.

5. Interior Construction

5.1 Unit Doors. Interior common hall Unit entry of steel or solid core wood with 180-degree peephole, with passage set and deadbolt lock with one inch throw.

5.2 Durable Window Sills. All window sills/ledges shall be composed of moisture resistant materials such as plastic laminate, molded plastic, cultured marble, etc. Projects with Historic tax credits may provide wood sills if they are specifically required by SHPO.

5.3 Window Covering. Window coverings are required. A spring loaded type window shade is not an approved covering.

5.4 Appliances. The kitchen shall have a cook top, an oven, a microwave, a cooling/freezing unit and a sink. A Family Unit shall have a two bowl kitchen sink. See the Single Room Occupancy definition in Part D – Glossary of Terms for exceptions.

5.5 Cabinetry. All cabinets, shelves, and countertops made with formaldehyde free materials: solid wood, formaldehyde free particleboard or MDF (medium density fiberboard), metal with natural or baked enamel factory finish. Cabinets complying with CARB 2 shall be accepted. Laminate countertops are required, at a minimum.

5.6 High-Speed Internet Access. Provide high speed internet access to each Unit by wiring for broadband, wireless or digital subscriber line (DSL). The service provider is the responsibility of the tenant. Data wiring provided shall be capable of supporting broadband of a minimum 25 MBps download speed.

5.7 Paints and Primers.

All interior paints and primers comply with Green Seal standards for low VOC limits.

5.8 Adhesives.

All adhesives comply with Rule 1168 of the South Coast Air Quality Management District.

5.9 Caulks and Sealants.

All caulks and sealants comply with Regulation 8, Rule 51 of the Bay Area Air Quality Management District.

6. Flooring

6.1 Carpeting. Carpets, carpet cushion (i.e. padding), and carpet adhesives shall be labeled with the Carpet & Rug Institute (CRI) Green Label or documented to meet the CRI Green Label testing program criteria. Carpet shall meet the face weight criteria in the table below.

Minimum Weight and Density Requirements for Carpet			
Location:		Nylon - Face Weight	Nylon /Olefin Blend – Face Weight
In Units	Level/textured Loop	22 oz.	26 oz.
	Cut-Pile Heat Set Plied	24 oz.	30 oz.
Common Areas	Level/textured Loop	26 oz.	28 oz.
	Cut-Pile Heat Set Plied	28 oz.	32 oz.

*Polyester carpet is not allowed.

6.2 Resilient Flooring – Kitchens. Either 1/8 inch vinyl composition tile, color and pattern full thickness, LVT with a 12 mil wear layer or sheet vinyl complying with bathroom specification below, made from products that do not use vinyl chloride in the manufacturing process and do not produce dioxin. An alternative to vinyl composite tile or sheet vinyl is natural linoleum flooring, tile flooring, or bamboo.

6.3 Resilient Flooring – Bathrooms. Sheet vinyl with wear surface of 20 mils or greater, with underlayment product on second or higher floors. Resilient flooring shall be made from products that do not use vinyl chloride in the manufacturing process and do not produce dioxin. An alternative is natural linoleum flooring, tile flooring, or bamboo. VCT or LVT is not allowed in restrooms, shall be a sheet product.

6.4 Shower Flooring. Bathrooms that have Accessible roll in showers shall use molded fiberglass pan or manufactured fiberglass surround unit, non-slip type ceramic floor tiles or terrazzo flooring.

H. Submission of Site Characteristics. The site shall be suitable for the proposed Project and shall be sized to accommodate the number and type of Units and the amenities proposed. The land costs allocated to the Project cannot include excess acreage unnecessary for the construction and use of the Project.

The Applicant shall provide a narrative of the current use of the Property, all adjacent Property land uses, and the surrounding neighborhood. Labeled colored photographs (or color copies) of the proposed Property and all adjacent properties shall be provided, as well as a clear map identifying the exact location of the Project site. In addition, a plat map of the site or proposed replat of the site shall be submitted.

The Applicant shall not change the site location of the Project. If the site(s) includes any detrimental characteristics, the Applicant shall provide a remediation plan and budget, subject to IFA’s approval at its sole discretion, to make the site suitable for the Project. If any detrimental site characteristics exist on, or adjacent to the site, IFA may reject the Application. The following represent some, but not all, detrimental site characteristics:

1. Sites located within one half mile of storage areas for hazardous or noxious materials, sewage treatment plant or other solid waste facility, businesses or equipment producing foul odors or excessive noise or the site is a prior storage area for hazardous or noxious materials, sewage or other solid or liquid waste;
2. Sites where the slope/terrain is not suitable for a Project based on extensive earth removal/replacement required for development;
3. Sites where there are obvious physical barriers to the Project;
4. Sites that are located within one half mile of a sanitary landfill or sites that were previously used as a sanitary landfill;
5. Sites that are located within a flood hazard area, or a 500-year flood zone as determined by the Iowa Department of Natural Resources, FEMA map, or a FIRM map. Sites or any part thereof, that are located within a 100-year flood zone are not permitted, except for sites that are:

- a. Projects included in flood control projects approved and funded by the Iowa Flood Mitigation Board with the following additional requirements:
 - i. Applicant shall ensure elevating the lowest finished floor elevation to two 2 feet above the base flood elevation (i.e., two feet above the “100-year” floodplain), or at the elevation of the “500-year” floodplain, whichever is higher. Floodplain elevation is as determined by the Iowa Department of Natural Resources, FEMA map, or FIRM map;
 - ii. Applicant shall acquire flood insurance on the property;
 - iii. Applicant shall obtain and provide personal property insurance for each residential tenant with the premium cost to be paid by the Applicant, if paid by the tenant, the insurance premium shall be part of gross rent; or a tenant reimbursement plan acceptable to IFA;
 - iv. Prior to placing the Units in service the owner shall have a plan in place that is acceptable to IFA, that shall provide assistance to tenants in the event that Units become uninhabitable due to a flooding event. The plan shall address, at a minimum, moving costs and similar expenses.
 - b. Acquisition/Rehab Applications for existing LIHTC Properties that have exceeded the 15-year Compliance Period and have submitted a flood mitigation plan acceptable to IFA.
6. Sites that are located within 500 feet of an airport runway clear zone or accident potential zone;
 7. Sites that are landlocked.
 8. Sites that are native prairie land or designated wetlands
 9. Sites that are within 300 feet of an electrical power substation, natural gas or similar substation shall mitigate the visual effect, if necessary, by erecting a privacy wall/fence and/or building a berm with tree and shrub plantings, subject to IFA’s approval.

I. Rehabilitation Standards. The Applicant shall provide information regarding Rehabilitation Expenditures for each building. The information shall address how the Applicant will meet all of the Building Standards and Minimum Construction Characteristics. The Applicant shall identify, with respect to each building as required by the Application, the Rehabilitation Expenditures as defined in IRC Section 42(e)(2) which shall be allocable to or substantially benefit the Low-Income Units in such building. The Applicant shall provide the calculations for whether the amount of Rehabilitation Expenditures is at least equal to the greater of twenty percent (20%) of the expected adjusted basis of the building or a \$35,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit.

The Scope of Work shall, at a minimum, include the following:

1. Making common areas Accessible, creating or improving sidewalks, installing new roof shingles, adding gutters, sealing brick veneers, applying exterior paint or siding, and re-surfacing or re-paving parking areas;
2. Improving site and exterior dwelling lighting with Energy Star qualified lighting fixtures, landscaping/fencing, and installing high quality vinyl, hardiplank siding or brick;
3. Using energy efficient related Energy Star labeled products to replace inferior ones, including insulated windows;
4. Improving heating and cooling Units, plumbing fixtures and water heaters, toilets, sinks, faucets, and tub/shower Units to meet minimum efficiency standards for new construction; and/or
5. Improving quality of interior conditions and fixtures, including carpet, vinyl, interior doors, painting, drywall repairs, cabinets, Energy Star appliances, Energy Star light fixtures and window coverings to meet minimum efficiency standards for new construction;
6. Upgrading electrical circuits to have GFCI outlets at kitchens, baths, laundries and other applicable locations; and
7. Upgrading all interior lighting to Compact fluorescent and/or LED.

Drawings submitted with the Application shall show the location of the work indicated in the Scope of Work.

J. Capital Needs Assessment (CNA). Acquisition/Rehab or Rehab Projects shall submit a complete Capital Needs Assessment with the threshold Application. The CNA shall be prepared by a third party that regularly provides CNA’s as a basic or core service. The third party may be a member of the Qualified Development Team with prior approval by IFA, but may not be the Ownership Entity or Developer.

PART D – GLOSSARY OF TERMS

The following capitalized terms shall have the meanings set forth herein unless context clearly requires a different meaning.

Accessible Units: All rooms and floors within a multi-level Accessible Unit shall be accessible. Accessible Units shall be dispersed throughout the Property and in different bedroom sizes rather than segregated. The levels of accessibility within Units are determined as follows:

Fully Accessible Unit: A dwelling Unit designed and constructed for full accessibility in accordance with Section 1002 of ICC A117.1-2009.

Type A Unit: A dwelling Unit designed and constructed for accessibility in accordance with the provisions for Type A Units in ICC A117.1-2009.

Type B Unit: A dwelling Unit designed and constructed for accessibility in accordance with the provisions for Type B Units in ICC A117.1-2009.

Visitable (Type C) Unit: A dwelling Unit designed and constructed for accessibility in accordance with the provisions for Type C Units in ICC A117.1-2009.

Units with Accessible Communication Features: A dwelling Unit designed and constructed to include accessible communication features in accordance with the provisions for such Units in ICC A117-2009.

Affiliates: Any Person or Entity who (i) directly or indirectly through one or more intermediaries Controls, is controlled by, or is under common Control with the Applicant; or (ii) owns or Controls any outstanding voting securities, partnership interests, membership interests, or other ownership interests of the Applicant; or (iii) is an officer, director, guarantor, employee, agent, partner, member, manager or shareholder of the Applicant; or (iv) has an officer, director, member, manager, guarantor, employee, agent, partner, or shareholder who is also an officer, director, member, manager, employee, agent, partner, or shareholder of the Applicant.

Affirmative Fair Housing Marketing Plan (AFHMP): to carry out an affirmative program to attract prospective tenants of all minority and non-minority groups in the housing market area regardless of their race, color, religion, sex, national origin, Disability, familial status, religious affiliation, creed, sexual orientation, and gender identity. Racial groups include White, Black or African American, American Indian or Alaska Native, Asian, Native Hawaiian or Other Pacific Islander. Other groups in the housing market area who may be subject to housing discrimination include, but are not limited to, Hispanic or Latino, Persons with disabilities, families with children, or Persons with different religious affiliations. The Applicant shall describe in the AFHMP, the proposed activities to be carried out during advance marketing, where applicable, and during all rent ups. The AFHMP also shall ensure that any groups of Persons ordinarily not likely to apply for this housing without special outreach know about the housing, feel welcome to apply and have the opportunity to rent.

Applicable Fraction: the fraction used to determine the Qualified Basis of the qualified low-income building, which is the smaller of the Unit fraction or the floor space fraction, as defined more fully in IRC Section 42(c)(1).

Applicable Percentage: the percentage multiplied by the Ownership Entity's Qualified Basis to determine the amount of annual Tax Credits available to the Ownership Entity for each year of the Tax Credit Period and as more fully described in IRC Section 42(b).

Applicant: the Ownership Entity, Developer, General Partner or Affiliate as shown in the threshold Application Package.

Application or Application Package: those forms and instructions prepared by IFA to make a determination to allocate Tax Credits. Applicants are required by IFA to use the forms contained in the Application Package. The Application shall include all information required by the QAP and as may be subsequently required by IFA. Applicants shall submit the Application and exhibits through an online Application system.

Area Median Gross Income (AMI): the most current tenant income requirements published by HUD pursuant to the qualified Low-Income Housing Project requirements of IRC Section 42(g).

Bike Racks: the Project will provide and maintain Bike Racks that are adjacent to the primary entrance of each building. The area shall be lighted and in close proximity to a paved path that leads to a recreation trail or safe entrance to a public street.

Board: the Board of Directors of IFA.

Builder Overhead: the cost of continuing operations of a building construction firm.

Builder Profit: the return anticipated for providing building construction services under competitive conditions taking into consideration on-site construction time, work performed by the builder, number of subcontractors and extent of subcontract work and risk and responsibility.

Built-In Dishwasher: the Project will provide and maintain a Built-In Dishwasher throughout the Compliance Period and the Extended Use Period.

Capital Needs Assessment (CNA): an assessment of the rehabilitation needs of an existing structure. The assessment shall include a site visit and physical inspection of the interior and exterior of Units and structures, as well as an interview with on-site Property management and maintenance personnel to inquire about past repairs/improvements, pending repairs, and existing or chronic physical deficiencies. The assessment shall also consider the presence of hazardous materials on the site. The assessment shall include a detailed opinion as to the proposed budget for recommended improvements and shall identify critical building systems or components that have reached or exceeded their expected useful lives. The assessment shall include a projection of recurring probably 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 annual basis. The following components shall be examined and analyzed for a CNA:

Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas and electric utilities and lines;

Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, stairs and drainage;

Interiors, including Unit and common area finishes (carpeting, vinyl tile, plaster walls, paint conditions, etc.), Unit kitchen finishes, cabinets and appliances, Unit bathroom finishes and fixtures, and common area lobbies and corridors;

Mechanical and electrical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, security, low voltage systems and elevators; and

The CNA shall conform to standards outlined in ASTM E 2018-08, Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process. An assessment done for and accepted by USDA Rural Development in their format is acceptable.

Carryover Allocation Agreement or Carryover Agreement or Carryover Allocation: the document which contains the Ownership Entity's election statements for an allocation of Tax Credit Reservations by IFA pursuant to IRC Section 42(h)(1)(E) and Treasury Regulations, § 1.42-6 and the contents are derived from the Carryover Allocation Package.

Ceiling Fans: the Project will provide and maintain ceiling fan/light combination units with a wall switch; minimum two per one or more bedroom Units and one per studio throughout the Compliance Period and the Extended Use Period.

Code or IRC: the Internal Revenue Code of 1986, as amended, together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official pronouncements issued there under by the United States Department of the Treasury or the Internal Revenue Service relating to the LIHTC Program authorized by IRC Section 42 to and including October 31, 2008. These documents are incorporated in the QAP by reference and pursuant to 265 IAC §§ 17.4(2) and 17.12(2). A copy of the Internal Revenue Code and Treasury regulations and related information relating to this program are found in the state law library and are available for review by the public.

Community College: accredited two-year schools that provide affordable postsecondary education. In addition, they may offer skilled technical training for students to have adequate preparation for jobs that require higher education or workforce training which they will receive a diploma for successful completion. Includes satellite campuses.

Community Room: a defined space with a minimum 400 sq. ft. made available exclusively to all tenants and guests of the Project, either in a stand-alone building or incorporated within a residential structure, located in whole upon the Property.

Community Service Facility: any facility designed to serve primarily individuals whose income is sixty percent (60%) or less of Area Median Gross Income within the meaning of Section 42(g)(1)(B). It shall meet the following criteria: (1) The facility shall be used to provide services that will improve the quality of life for community residents; (2) The Ownership Entity shall demonstrate that the services provided at the facility will be appropriate and helpful to individuals in the area of the Project whose income is sixty percent (60%) or less of AMI; (3) The facility shall be located on the same tract of land as one of the buildings that comprises the qualified low-income housing Project; (4) If fees are charged for the services provided, they shall be affordable to individuals whose income is sixty percent (60%) or less of AMI; and (5) The Community Service Facility shall be located in a QCT.

Compliance Period (Initial 15-year Compliance Period): the 10-year credit period and additional 5-year period for a total of 15 taxable years, beginning with the first taxable year of the credit period.

Construction Contingency: a set percentage of Hard Construction Costs that is budgeted for unknown conditions or shortfalls identified after construction commencement.

Consultant Fee: a fee paid to a housing consultant. No Entity having an Identity of Interest with the Developer may earn a fee for providing services that would otherwise be provided on a fee basis by a housing consultant. Consultant efforts shall be directed exclusively towards serving the specific Project being proposed.

Control (including the terms Controlling, Controls, Controlled by, under common Control with, or some variation or combination of all three): means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person or Affiliate thereof, whether through the ownership of voting securities, by contract or otherwise, including specifically ownership of more than fifty percent (50%) of the General Partner interest in a limited partnership, or designation as General Partner/managing member of a limited liability company.

Convenience Store: a small-sized store that offers a limited range of grocery and other items that people are likely to need or want as a matter of convenience. Convenience stores usually have longer shopping hours.

Debt Service Coverage Ratio (DSCR) or Debt Coverage Ratio (DCR): the ratio of a Property's net operating income (rental income less operating expenses and reserve payments) to foreclosable, currently amortizing, debt service obligations.

Developer (Co-Developer): means any individual or Entity responsible for initiating and Controlling the development process and ensuring that all phases of the development process, or any material portion thereof, are accomplished.

Difficult Development Areas (DDA): any areas that are so designated by the Secretary of HUD as areas which have high construction, land, and utility costs relative to area median family income.

Disability: at least one of the following criteria: (1) has a physical, mental or emotional impairment which is expected to be of long-continued and indefinite duration, substantially impedes the person's ability to live independently, and is of a nature that such ability could be improved by more suitable housing conditions; or (2) has a developmental Disability, defined as a severe chronic Disability which is attributable to a mental or physical impairment or combination of mental and physical impairments, is manifested before the Person attains age 22, is likely to continue indefinitely, results in substantial functional limitation in three or more of the following areas of major life activity: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency; and which reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services which are of lifelong, or extended duration and are individually planned and coordinated.

Eligible Basis: with respect to a building within a Project, the building's Eligible Basis at the close of the first taxable year of the Tax Credit Period and as further defined in IRC Section 42(d). Eligible Basis shall not include garages or Storage Units or other amenities where the Ownership Entity is charging tenants for the use of the garage or Storage Unit or other amenities, except when the garage or Storage Units or other amenities are part of normal rent for all of the Units in the Project. If a grant is made with respect to any building or its operation during any taxable year of the

Compliance Period and Extended Use Period and any portions of such grant is funded with federal funds, the Eligible Basis of the building for that taxable year and all succeeding taxable years shall be reduced by the portion of the grant.

Eligible Basis for Rehabilitation Project: includes the definition of Eligible Basis with the following adjustments. No Tax Credits shall be available for acquisition of an existing building unless all of the following criteria are met: (1) the building is acquired by purchase; (2) subject to limited exceptions, at least 10 years has elapsed since the building was last Placed-in-Service or if more recent, the date of certain improvements costing at least twenty-five percent (25%) of the Applicant's adjusted basis in the building; and (3) the building was not previously Placed-in-Service by a related Person to the current Applicant. For the purposes of this paragraph, "Related Person" shall have the same meaning as IRC Section 42(d)(2)(D)(ii); and the building is rehabilitated in a manner which is eligible for Tax Credits.

Entity: any General Partnership, limited partnership, corporation, joint venture, trust, limited liability company, limited liability partnership, business trust, cooperative or other business association.

Extended Use Period (Long Term Compliance Period): the time frame which begins the first day of the Initial 15-year Compliance Period, in which the building is a part of a qualified low-income housing Project and ends 15 years after the close of the Initial 15-year Compliance Period, or the date specified by IFA in the LURA.

Family: one or more individuals that may be domiciled with one or more Persons under age 18. A Family Project is not an Older Persons Project.

Families Experiencing Homelessness: an individual or family who lacks fixed, regular, and adequate nighttime residence, meaning: (1) Has a primary nighttime residence that is a public or private place not meant for human habitation; (2) Is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state and local government programs); or (3) Is exiting an institution where (s)he has resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

Fitness Center: a single exercise room available 24 hours a day, with commercial grade equipment, with equipment choices that can improve each of the following areas, at a minimum: cardiovascular health, strength training, and flexibility.

Fractional Rounding: For the purposes of determining the number of Units in an Applicant's election(s), fractional Units will be increased to the next whole Unit.

Free Community Laundry: a laundry facility located on-site which meets Part C – G-1.4 Laundry requirements. Tenants have unlimited access and the laundry equipment is available at no charge.

Full Service Grocery Store: a grocery store that has available for purchase the following categories: Fresh meat (beef, pork, chicken, etc.); dairy products (milk, cheese, butter, etc.); frozen foods (vegetables, pizza, ice cream, frozen meals, etc.); canned goods (beans, tomato products, juices, soups, etc.); paper products (toilet paper, paper towels, diapers, feminine products, etc.); health & beauty products (OTC medicines, hair care products, deodorant, etc.); spices (salt, pepper, cinnamon, oregano, etc.); and bread & bakery products (loaves, buns, donuts, lunch/snack items, etc.).

General Partner: the General Partner of a limited partnership or a limited liability limited partnership as set forth in the limited partnership agreement or as otherwise established by the Uniform Limited Partnership Act, Iowa Code chapter 488.

General Pool: all low-income housing Per Capita Tax Credits available under the QAP, other than those committed to Set-Asides under the QAP.

Governmental Entity or Political Subdivision: federal or state agencies, departments, boards, bureaus, commissions, authorities, political subdivisions and special districts.

Hard Construction Costs: the following items: site improvements or work, new construction, rehabilitation, accessory buildings, garages, general requirements, Construction Contingency, asbestos abatement, lead based

paint measures, builder's overhead, builder's profit, builder bond fee, architect's fees, engineering fees and other fees.

Housing Credit Agency: IFA. Pursuant to Iowa Code Section 16.35, IFA is charged with the responsibility of allocating Tax Credits pursuant to IRC Section 42(h)(8)(A) and pursuant to Iowa Code Section 16.35.

HUD: the United States Department of Housing and Urban Development, or its successor.

Identity of Interest: a financial, familial or business relationship that permits less than an arm's length transaction. No matter how many transactions are made subsequently between Persons, corporations, or trusts Controlled by the Ownership Entity/Developer, these subsequent transactions shall not be considered "arm's-length". Identity of Interest includes but is not limited to the following: the existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors or stockholders; family relationships among the officers, directors or stockholders; the Entity is Controlled by the same group of corporations; a partnership and each of its partners; a limited liability company and each of its members; or an S Corporation and each of its shareholders. Failure to disclose an Identity of Interest is an unsatisfactory performance issue with IFA and may deem the party ineligible for future rounds.

IFA: the Iowa Finance Authority or its successor.

IFA LIHTC Manager: the individual who is charged with administering the LIHTC division of the IFA.

In-Unit Laundry Space with Washer and Dryer: a dedicated enclosed laundry space within the Unit with at least one washer and dryer provided and maintained by the Owner. If a Unit is Accessible, the accessibility requirements shall be met for the laundry space and the laundry equipment (washer and dryer). The dryer shall be vented to the exterior of the building.

IRS: the Internal Revenue Service, or its successor.

Kitchen Exhausts Hoods: the Project will provide and maintain kitchen exhaust hoods that exhaust to the exterior throughout the Compliance Period and the Extended Use Period. Exhaust fans mounted in the ceiling or on walls do not qualify for points.

Land Use Restrictive Covenants a/k/a Land Use Restrictive Agreement (LURA): an agreement between IFA and the Ownership Entity and all of its successors in interest where the parties agree that the Project will be an affordable housing Project through the length of the Compliance Period and Extended Use Period by the Ownership Entity and upon which the award of Tax Credits was in part, based. The LURA will contain restrictive covenants that shall encumber the land where the Project is located for the life of the agreement. The LURA shall conform to the requirements of IRC Section 42(h), Iowa Code Section 16.35 and the QAP.

Legal Ownership Entity: The Ownership Entity shall be formed and submitted at least 30 days from the date of the Tax Credit Reservation Date. This entity shall be a single asset entity. All members, managers, partners and officers of all entities of the Ownership Entity shall be disclosed in an organizational chart. The proposed structure identified within this chart may not be changed after Application submittal. Failure to submit the required Ownership Entity documents within the allotted 30 days may result in the revocation of Tax Credit award.

Licensed Day Care: Licensed Day Care center means a licensed day care center licensed by the Iowa Department of Human Services and listed on the [DHS-Child Care Client Portal](#) as a licensed center. This does not include any other type of daycare provider.

LIHTC: the Low-Income Housing Tax Credit Program authorized by IRC Section 42.

Local Housing Trust Fund (LHTF): a Local Housing Trust Fund that has been certified by the Iowa Finance Authority in accordance with administrative rules governing the Local Housing Trust Fund Program.

Local Lead Agency: a Nonprofit organization, an Aging and Disability Resource Center or a governmental or quasi-governmental entity such as the mental health and disability services region in which the project is located, that is not affiliated with or controlled by a for-profit organization and includes in its mission the provision of case management, service coordination, or social services to promote community inclusion and to improve the quality of life of Persons with Disabilities. If the Local Lead Agency is an entity other than the mental health and disability services region or

an Aging and Disability Resource Center in which the project is located, the Local Lead Agency or its direct predecessor entity shall have a minimum of two years of experience in serving Persons with Disabilities in the state of Iowa.

Low-Income Unit: any residential rental Unit that is rent-restricted and the occupant's income meets the limitations applicable as required for a qualified low-income housing Project.

Manager's Unit: a residential Property (common space) Unit, occupied by a full-time employee, to benefit the tenants. The Unit is considered necessary and used exclusively for the Property.

Material Participation: "material participation" as defined in IRC §469(h) and Treasury Regulation 1.469-5T.

Medical Services: a primary care or urgent care clinic or a hospital at which a clinical diagnosis can be obtained from a medical doctor (MD), Doctor of Osteopathic Medicine (DO) or a Physician Assistant (PA). A Physician or Physician Assistant is concerned with preventing, maintaining, and treating human illness and injury. The Physician and Physician Assistants may conduct physical exams, diagnose and treat illnesses, order and interpret tests, counsel on preventive health care, assist in surgery and write prescriptions.

Older Persons: persons 55 or older. An Older Persons Project is exempt from the prohibition against familial status discrimination under the Fair Housing Act if: (1) the HUD Secretary has determined that it is specifically designed for and occupied by elderly Persons under a federal, state or local government program; (2) is occupied solely by Persons who are 62 or older; or (3) it houses at least one Person who is 55 or older in at least eighty percent (80%) of the occupied Units, and adheres to a policy that demonstrates intent to house Persons who are 55 or older.

Owner/Ownership Entity: the Single Asset Entity to which Tax Credits will be or have been awarded.

Owner Representative: the General Partner(s)/managing member(s) of the Ownership Entity.

Park (City, State or County): an area of land set-apart, owned, or managed by a city, state or county governmental entity and available to the general public for use of its facilities for recreation. This does not include exclusively sports facilities and fairgrounds.

Per Capita Tax Credits: the credits that IFA is authorized to allocate pursuant to the formula set forth in IRC Section 42(h)(3)(c)(ii)(1).

Person: any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits; and, unless the context otherwise requires, the singular shall include the plural, and the masculine gender shall include the feminine and the neuter and vice versa.

Pharmacy: A location where prescription medications are sold. A pharmacy is constantly supervised by a licensed pharmacist. A pharmacy also sells over the counter medication for a variety of medical purposes.

Placed-in-Service Date: the date the Property is ready for occupancy. The Placed-in-Service Date generally marks the beginning of the credit period.

Playground: An outdoor area provided for children to play in containing play components designed and constructed for children. A play component is an element intended to generate specific opportunities for play, socialization or learning. Play components shall be manufactured and may be stand alone or part of a composite play structure. Swings, spring riders, water tables, playhouses, slides, and climbers are acceptable play components. Ramps, transfer systems, steps, decks, and roofs are not considered play components. Play components may be ground level or elevated. Playground shall be commercial grade.

Provide 5 to 7 play components, 4 may be ground level, at least 2 must be elevated. Playground should be provided per requirements in the Department of Justice 2010 ADA Standards for Accessible Design.

A copy of the U.S. Access Board Accessible Play Areas can be found at <https://www.access-board.gov/attachments/article/1369/play-guide.pdf>

Project: a low-income rental housing Property the Applicant of which represents that it is or will be a qualified low-income housing Project within the meaning of IRC Section 42(g). With regard to this definition, the Project is that Property which is the basis for the Application.

Property: the real estate and all improvements thereon which are the subject of the Application, including all items of personal Property affixed or related thereto, whether currently existing or proposed to be built thereon in connection with the Application.

Public Library: a facility accessible by the general public, generally funded from public sources such as taxes, and operated by a government entity to help educate and promote literacy. A public library is: (1) governed by a local board; (2) open to every community member; and (3) provides basic services without charge (story times, quiet study areas, etc.).

Public Transportation: a passenger (transportation) service which is available for use by the general public that has set routes, stops, and time points. This type of transit is provided where no advance reservations are necessary. Service is available to the general public, including persons with disabilities. This does not include Amtrak and multi-state bus companies.

Qualified Allocation Plan (QAP): an allocation plan used to select and award Tax Credits to qualified recipients.

Qualified Basis: with respect to a building within a Project, the building's Eligible Basis multiplied by the Applicable Fraction, within the meaning of IRC Section 42(c)(1).

Qualified Census Tract (QCT): any census tract which is designated by the Secretary of HUD and, for the most recent year for which census data is available on household income in such tract, either in which fifty percent (50%) or more of the households have an income which is less than sixty percent (60%) of the AMI for such year or which has a poverty rate of at least twenty-five percent (25%).

Qualified Contract: a bona fide contract to acquire a LIHTC Project for the sum of the existing debt, adjusted investor equity and other capital contributions, less Project cash distributions.

Qualified Development Team (QDT): the individuals or companies that develop the Project including but not limited to the following mandatory members: Project Developer, General Partner/managing member, architect, tax attorney, management company, energy consultant, tax accountant, Local Lead Agency (mandatory at 10% Test-Carryover Application submission) and non-mandatory members: development consultant, contractor, engineer and syndicator. Anyone with an Identity of Interest is a mandatory team member. Failure to disclose an Identity of Interest is an unsatisfactory performance issue with IFA and may deem the party ineligible for future rounds.

Qualified Nonprofit Organization or Nonprofit: an organization that is described in IRC Section 501(c)(3) or (4), that is exempt from federal income taxation under IRC Section 501(a), that is not affiliated with or Controlled by a for-profit organization, and includes as one of its exempt purposes the fostering of low-income housing within the meaning of IRC Section 42(h)(5)(C) and is allowed by law or otherwise to hold and develop Property.

Qualified Residential Rental Property: as defined in IRC Section 42(d).

Radon System (Sub-Slab Depressurization System): radon-resistant features below the building slab along with vertical vent pipe(s) with junction box(es) following requirements in ASTM E2121-13 Standard Practice for Installing Radon Mitigation Systems in Existing Low Rise Residential Buildings and ASTM E1465 – 08a Standard Practice for Radon Control Options for the Design and Construction of New Low-Rise Residential Buildings. Find other technical guidance at www.epa.gov/iaq/radon/pubs/index.html.

Rehabilitation Expenditure(s): depreciable expenditures which are for Property or improvements that are chargeable to the capital account and which are incurred in connection with the rehabilitation of a building. Rehabilitation Expenditures are not eligible for Tax Credits unless the expenditures are allocable to or substantially benefit one or more Low-Income Units and the amount of such expenditures during any 24 month period selected by the Applicant is at least the greater of twenty percent (20%) of the Applicant's adjusted basis of the building at the start of the 24 month period, or \$6,800 per Unit. See also, IRC Section 42(e)(2). The Application shall show the calculations for whether the amount of Rehabilitation Expenditures is at least equal to the greater of twenty percent (20%) of the expected adjusted basis of the building or a \$35,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit.

ROSE Program: a Renter to Ownership Savings Equity (ROSE) Program that provides a savings plan, for the benefit of each tenant, to purchase a home. In years 1 through 15 of the ROSE Program the Owner shall contribute a minimum of \$50 of the tenants monthly rent to a ROSE Program Savings account ("Program Savings"). Owners shall

provide a plan to sell the house to an existing LIHTC tenant at the end of the Compliance Period. The Iowa ROSE Program is only for low-income tenants qualified under the LIHTC Program. The Owner shall be required to elect a 40/60 minimum set-aside and all utilities shall be paid by the tenants. Should a tenant vacate the Unit, the accumulated balance in the Program Savings allocated to this tenant shall be returned to such tenant. Interest earned on the account shall go to the tenant. Only single family, detached homes, without an existing LURA, qualify for this program. At the completion of the Compliance Period, the Unit shall be offered to the current tenant in accordance with Internal Revenue Code 42(i)(7), the Owner's Iowa ROSE homeownership plan and the requirements of the updated Iowa ROSE Program, Appendix H – ROSE Requirements – Exhibit A.

Rural: Any city located in this state, except those located wholly within one or more of the eleven most populous counties in the state, as determined by the most recent population estimates issued by the United States Census Bureau. [Iowa Data Center - Population Estimates](#)

Scattered Site: a Project where multiple buildings with similar Units are not located in proximity to one another, but are owned by the same party and financed under the same agreement(s), and are located within a 30-mile radius, as determined by Google Maps (www.Googlemaps.com). A Scattered Site Project may be new construction, acquisition, rehabilitation or a combination of these types. For Scattered Site Projects, all Units shall be qualified LIHTC Units.

Schools: an elementary, junior high or high school accredited by the Iowa Department of Education.

Scope of Work: the division of work to be performed under a contract or subcontract in the completion of a Project, typically broken out into specific tasks with deadlines.

Senior Center: a community-based, federally funded program that provides a variety of services that can include social activities, nutrition, and educational and recreational opportunities for older adults.

Senior Housing: housing specifically designed to meet the needs of senior citizens. Housing that meets the Fair Housing Act definition of housing for older persons is exempt from the law's familial status requirements provided that: (1) HUD has determined that the dwelling is specifically designed for and occupied by elderly persons under a federal or state government program; (2) it is occupied solely by persons who are 62 or older; or (3) it houses at least one person who is 55 years or older in at least eighty percent (80%) of the occupied Units, and adheres to a policy that demonstrates intent to house persons who are 55 years old or older. Therefore, housing that satisfies the legal definition of Senior Housing or housing for older persons described above, can legally exclude families with children. The Housing for Older Persons Act (HOPA) signed into law on December 28, 1995, further modified the definition to require facilities or communities claiming the exemption to establish age verification procedures. A housing community or facility is any dwelling or group of dwelling Units governed by a common set of rules, regulations or restrictions. A portion of a single building may not be considered a housing facility or community. There shall be a sufficient number of dwelling Units to constitute a "community" or "facility". Advertising and manner in which the facility/community is described to prospective residents shall show intent to provide housing for elderly persons.

Significant Parties: include, but are not limited to, the Ownership Entity, the eventual Owner of the Tax Credit Project, the eventual taxpayer of the Tax Credit Project, the Developer, General Partner/managing member, accountant, architect, engineer, financial consultant, any other consultant, management agent and the general contractor, and other Persons determined by IFA to have an Identity of Interest or of personnel with any Significant Party.

Single Room Occupancy (SRO) Housing: housing consisting of single room dwelling Units that is the primary residence of its occupant or occupants. The Unit shall contain either food preparation or sanitary facilities, or both, if the Project consists of new construction, conversion of non-residential space, or reconstruction. For acquisition or rehabilitation of an existing residential structure, neither food preparation nor sanitary facilities are required to be in the Unit. If the Units do not contain sanitary facilities, the building shall contain sanitary facilities that are shared by tenants. SRO does not include facilities for students.

Soft Cost Contingency: Allowable expenses for interim costs, financing fees, and soft costs restricted to the lesser of \$20,000 or six percent (6%) of the subtotals of the Interim Costs, Financing Fees and Expenses, and Soft Costs minus the soft cost contingency.

State Ceiling: the limitation imposed by IRC Section 42(h) on the aggregate amount of Tax Credit Allocations that may be made by IFA during any calendar year, as determined from time to time by IFA in accordance with IRC Section 42(h)(3).

State Issued Notice of Noncompliance: a notice that identifies noncompliance issues (that existed at the property during a physical inspection or file review) with the LURA, the Carryover Agreement, the Application, etc. that are not reported to the IRS via IRS Form 8823, throughout the Compliance Period and the Extended Use Period. This report will be issued to the Owner only after the 90 day correction period has expired and no action has been taken to correct all reported noncompliance issues to IFA's satisfaction.

Storage Unit: a dedicated, lockable, structurally strong and secure, floor to ceiling room that is at least 20 square feet. The Storage Unit shall be in addition to and excess of the required bedroom, linen and coat closets. Storage rooms shall be maintained in compliance with the requirements for fire safety and Uniform Fire Code, which limits flammable and combustible materials. Steel mesh enclosures designed as Storage Units are acceptable. Chain Link is not acceptable for Storage Unit construction.

Tax Credits: the Low-Income Housing Tax Credits issued pursuant to the program, IRC Section 42 and Iowa Code Section 16.35. Tax Credits are determined under IRC Section 42(a) for any taxable year in the Tax Credit Period equal to the amount of the Applicable Percentage of the Qualified Basis for each qualified low-income building.

Tax Credit Allocation or Reservation: with respect to a Project or a building within a Project, the amount of Tax Credits IFA allocates to an Ownership Entity and determines to be necessary for the financial feasibility of the Project and its viability as a qualified low-income housing Project throughout the Compliance Period and Extended Use Period. IFA allocates the Tax Credit amount to the Ownership Entity based on the credit price obtained from the Tax Credit investor(s) and applies this price to one hundred percent (100%) of the Tax Credit amount. IFA does not adjust the Tax Credit Allocation based on the components of the Ownership Entity.

Tax Credit Period: with respect to a building within a Project, the period of 10 taxable years beginning with the taxable year the building is Placed-in-Service or, at the election of the Ownership Entity the succeeding taxable year, as more fully defined in IRC Section 42(f)(1).

Tax Credit Reservation Date: the date that the notice of Tax Credit Reservation was emailed to an approved Applicant.

Total Project Costs: the total costs reflected in the Application.

Unit: a room or a group of related rooms designed for use as a dwelling for which rent is paid. A Unit contains sleeping accommodations, a kitchen and a bathroom, except as allowed in a Single Room Occupancy.

Unreserved Tax Credits: Tax Credits that were not awarded by IFA during its most recent round of allocation or are returned to IFA during the current year. These Tax Credits may be eligible for redistribution in accordance with the rules of IFA or may be carried forward to the next year's allocation cycle.

Utility (ies): gas, electricity, water and sewer service.

Video Security System: a security system that shall record activity at the site such that no part of the site can be accessed without that activity being recorded. Parts of the site to be covered include parking areas, all levels of stairways, elevators, hallways and entrances to all non-tenant spaces. Cameras in corridors shall be placed in such a way that all Unit entrances are covered. The recordings shall be maintained for a minimum of 30 days. To be eligible for points, single family or Scattered Site Projects are required to have the Video Security System to cover all Units.