

2023 QUALIFIED ALLOCATION PLAN (QAP)

4% LIHTC

This Qualified Allocation Plan (QAP) governs the 2023 4% Low-Income Housing Tax Credit (LIHTC) allocation year. The Iowa Finance Authority (IFA) administers this program in Iowa, as specified in Iowa Code Section 16.35.



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INTRODUCTION

This Qualified Allocation Plan (QAP) governs the 2023 4% Low-Income Housing Tax Credit (LIHTC) allocation year. The Iowa Finance Authority (IFA) administers this program in Iowa, as specified in Iowa Code Section 16.35.

The mission of the State of Iowa LIHTC Program is to enhance the lives of Iowans by partnering with developers who share our mission of preserving and expanding affordable housing. The QAP, online application, and policies and procedures were developed to meet this mission, as well as all requirements of Section 42 of the Internal Revenue Code (Code).

The Code requires each Allocating Agency to develop a QAP for use in determining those developments that will receive an allocation of Tax Credits. If the relevant IRS Code or IRS regulations that govern this program are amended, the IFA Board may amend this QAP to ensure it conforms.

In the process of administering the LIHTC program, IFA will make decisions and interpretations regarding this QAP, Applications, and Projects. Unless otherwise stated, IFA is entitled to full discretion in making such decisions.

IFA shall become the owner of the Applications. IFA is not responsible for any costs incurred by Applicants.

In all instances in which federal, state, or local requirements apply to the Project, the most restrictive requirements shall apply.

**PART A –
REQUIREMENTS FOR
FOUR PERCENT (4%)
TAX CREDITS WITH
TAX-EXEMPT BONDS**

SECTION 1. TAX-EXEMPT BOND FINANCED PROJECTS CREDIT ALLOCATION PROCESS

1.1. PRIVATE ACTIVITY CAP (CAP). The bonds to finance the Project shall have received an allocation of CAP pursuant to IRC Section 146 and Iowa Code Chapter 7C. Tax Credits are allowed for the portion of a Project's Eligible Basis that is financed with the tax-exempt bonds. If fifty percent (50%) or more of a Project's aggregate basis (land and building) is so financed, the Project is eligible for Tax Credits for up to the full amount of Eligible Basis. CAP allocation is limited to the greater of fifty five percent (55%) of the aggregate basis or \$15,000,000. The allocation of the CAP shall be after the 42M letter is issued.

1.2 PROJECT CAP. The maximum Tax Credit amount is limited by the availability of CAP and the Project Eligible Basis.

SECTION 2. APPLICATION PROCESS OVERVIEW

2.1 TAX CREDIT RESERVATION SCHEDULE. To the extent possible, the following schedules apply to the Tax Credit Reservation Application process for 4% Tax Credits:

1.	Application and Application Package Available	February 2023
2.	Date of Last Application Package Submission to IFA	October 27, 2023
3.	IRS Form 8609 Application Package due to IFA	No later than November 1 of the first year credit period

Any revisions to the schedule will be published on the IFA website at www.iowafinance.com.

2.2 FEES. Electronic payment of the fees is required. fees are nonrefundable. IFA shall collect the fees described below for the LIHTC Program.

Fee Type	All Applicants
Application Fee	\$2750
Reservation Fee	One percent (1%) of the total 10-year Tax Credit amount due within 30 calendar days of issuance of IRC Section 42(m) Letter.
Material Change in Application Fee	\$7,500 for material change requests.
IRS Form 8609 Application Fee	\$10,000
Amended IRS Form 8609 Fee	\$1,000
Legal Fees	Legal fees of IFA's in-house counsel and related to the Project may be billed at the rate of \$150 per hour. Legal fees of outside counsel and related to this Project will be billed at the rate charged to IFA. Fees and expenses in cases of unsuccessful appeals may be assessed and billed to the Applicant.
Construction Monitoring Fees	A \$2,900 construction monitoring fee will be due with the IRS Form 8609 Application.

Fee Type	All Applicants
Fees for Failed and Missed Inspections	IFA charges an additional \$500 fee when conditions at the site warrant a return visit or any missed inspection or preconstruction meetings when IFA's construction analyst is not given 10 days advance notice.
Compliance Monitoring Fee	<p>\$32 per Unit x number of total Project Units, submitted annually on or before January 31 for each year of the Compliance Period and the Extended Use Period (if applicable). (Example: \$32 per Unit x 24-Unit Project = \$768.00 paid annually for 30 years.)</p> <p>Additional fees may apply if the Ownership Entity does not successfully elect to treat a Project as a multiple-building Project on the IRS Form 8609, if eligible to do so.</p> <p>Annual rate increases may apply. Other fees as provided in the IFA compliance manual.</p> <p>The first annual payment shall be submitted with the IRS Form 8609 Application. The Ownership Entity has the option of paying the compliance monitoring fee in advance for the entire Compliance Period and the Extended Use Period (if applicable); however, additional fees may be assessed to the Property during the Compliance Period and Extended Use Period if annual rate increases are applied during that time.</p>

2.3 APPLICATION PROCESS.

Application Summary. An Application Summary shall be completed and submitted through the online Application. IFA will contact the Applicant to discuss the tax-exempt bond process and determine whether IFA will be the conduit bond issuer which will require submission of the bond inducement application.

Bond Inducement Application. If IFA will be the conduit bond issuer, Applicant shall complete the bond inducement application and payment of the bond inducement application fee through the online Application.

Board Approval of Bond Inducement. After receipt of the Bond Inducement Application, The IFA Board has discretion to approve or deny the bond inducement by resolution for the purpose of using tax-exempt financing for the 4% Tax Credit Project. The approved bond inducement resolution of the IFA Board is required prior to submission of the LIHTC Application.

LIHTC Application Package. Following the resolution of the IFA Board approving the Bond Inducement, Applicant shall submit the LIHTC Application and exhibits through the online Application. Applicant shall use the forms contained in the LIHTC Application Package and include all information required by the QAP or as otherwise required by IFA. LIHTC Applications shall be submitted within 6 months of the IFA Board's approval of the bond inducement otherwise the IFA Board may terminate the bond inducement. If no LIHTC Application is submitted within 18 months of the IFA Board's approval of the bond inducement, the bond inducement automatically terminates. Applicants are advised to check IFA's website periodically for any amendments or modifications to the LIHTC Application Package.

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.

Market Study. All applications shall include a comprehensive market analysis with a full narrative report following IFA's current market study guidelines. The study must be prepared by an independent third-party National Council of Housing Market Analysts member unaffiliated with the developer. The Market Study Provider shall acknowledge the study is being completed for IFA's use and benefit. IFA may contact the Market Study Provider at any time.

Market Study Timing. The Market Study and field survey must have been completed no more than 6 months prior to the application submission.

IFA Market Study Review. The Market Study must reflect the Application submitted, including but not limited to: unit mix, income targeting, rent levels, minimum set-aside, and other property attributes and amenities. IFA may permit or require Applicants to comply with recommendations made by the Market Study Provider in the deficiency report.. IFA may reject an Application if the Market Study submitted does not meet the IFA Market Study guidelines.

Site Plans and Site Visits. Applications shall include a preliminary site plan, floor plans, and elevations of all sides of all buildings. Applicants shall provide IFA building access for inspection upon request.

Authorization Forms. IFA may request an executed IRS Form 8821, Tax Information Authorization Form

Document Timeliness. Required supporting documentation shall not be more than 180 days old, unless otherwise noted, on the date that the Application is submitted. Exceptions include documents not specifically produced for the Application, such as a valid purchase agreement, deed, land title document, Articles of Incorporation.

Opinions and Certifications. All certifications, professional opinions, and related documents must be based on an independent investigation into the facts and circumstances regarding the proposed Project, in the form specified by IFA, and made under penalty of perjury.

Local Jurisdiction Notification. The Applicant shall supply the contact information of the Chief Executive Officer of the Local Jurisdiction.

Application Deficiency. During the Application review, IFA may request additional information on the Application through a deficiency report sent via email. The Applicant will have a period of time determined solely by IFA to remedy the deficiency items. IFA may adjust the underwriting, if applicable. IFA may contact the Applicant in other ways to clarify information contained in the Application.

IRC Section 42(m) Letter. Once an Application is approved, IFA shall issue an IRC Section 42(m) letter confirming that the Project satisfies the requirements of the QAP and stating the preliminary amount of Tax Credits for the Project.

Joint Review. IFA may conduct joint reviews with any other party. IFA may contact other sources to obtain information regarding the materials contained in the Application.

Public Information. At the conclusion of the selection process, the contents of all Applications will be in the public domain and be public records available for review by interested parties, unless, at the time of submitting the application, the Applicant properly requests that specific parts of the Application be treated as confidential AND the information is confidential under Iowa or other applicable law. IFA's release of public records is governed by Iowa Code Chapter 22. Applicants are encouraged to familiarize themselves with Chapter 22 before submitting an Application. IFA will make records available as required to comply with Chapter 22 or other applicable law.

Confidential Request. An applicant who desires confidential treatment of information must complete a confidential treatment request exhibit and upload it with the application. For each confidentiality request, the Applicant must (1) enumerate the specific grounds in Iowa Code Chapter 22 or other applicable law that supports treatment of the material as confidential, (2) provide adequate justification as to why the material should be maintained in confidence, (3) explain why disclosure of the material would not be in the best interest of the public, and (4) set forth the name, address, telephone, and e-mail for the person authorized by applicant to respond to inquiries by IFA concerning the confidential status of such material. Requests to maintain an entire application as confidential will be rejected as non-responsive. An applicant's request for confidentiality that does not comply with this section or an applicant's request for confidentiality on information or material that cannot be held in confidence as set forth herein are grounds for rejecting an application as non-responsive.

Redacting. Any Application submitted which contains information for which Applicant is requesting confidential treatment must be conspicuously marked by the Applicant as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as containing confidential information. If the Contractor designates any portion of its Application as confidential, the Applicant must submit a copy labeled as "Public Copy" from which the confidential information has been excised. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the Application as possible. Failure to properly identify specific information as confidential or to provide a Public Copy shall relieve IFA or State personnel from any responsibility if confidential information is viewed by the public or a competitor, or is in any way released. If the Applicant identifies its entire Application as confidential, IFA will reject the Application.

Release. If IFA receives a request for information that includes information Applicant has marked as confidential and IFA intends to release such information, IFA will give written notice to the Applicant at least seven calendar days prior to the release of the information to allow the Applicant to seek injunctive relief pursuant to Iowa Code Section 22.8. After seven calendar days, IFA will release the information marked confidential unless a court of competent jurisdiction determines the information is confidential under Iowa Code Chapter 22 or other applicable law. If Applicant fails to comply with the request process set forth herein, if Applicant's request for confidentiality is unreasonable, or if Applicant rescinds its request for confidential treatment, IFA may release such information or material with or without providing advance notice to Applicant and with or without affording Applicant the opportunity to obtain an order restraining its release from a court possessing competent jurisdiction.

Waiver. The Applicant's failure to request confidential treatment of material will be deemed a waiver of any right to confidentiality the Applicant may have had.

SECTION 3. ELIGIBILITY

3.1 LEGAL OWNERSHIP ENTITY. This Ownership Entity shall be formed prior to application submission and shall be a single-asset entity to which Tax Credits will be or have been awarded. 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 until closing with the investor, and only the limited partner and special limited partner, if applicable, may be added.

3.2 QUALIFIED DEVELOPMENT TEAM. The Application shall identify all members of the Qualified Development Team (QDT) and Affiliates. The Developer/Co-Developer (Developer), General Partner/Managing Member (GP/MM), and Affiliates thereof may not change between Tax Credit reservation and issuance of the IRS Form 8609.

Qualified Development Team Members. The Application must identify the following QDT Members, if applicable:

- Developer/Co-Developer
- General Partner/Managing Member
- Syndicator or Direct Investor
- Special Limited Partner
- Management Company
- Bond Counsel
- Architect
- Energy Consultant
- Tax Attorney
- Tax Accountant
- Contractor
- Engineer
- Development Consultant

New Developer and General Partner/Managing Member. If the Developer or GP/MM has never received an IRS Form 8609 in Iowa, they shall have no more than 1 LIHTC award under this QAP. If the Developer or GP/MM has never received an IRS Form 8609, they shall have no more than 1 LIHTC award under this QAP, and they shall not be eligible for a second award in any team member role until an IRS Form 8609 has been received.

Direct Investor. A direct investor shall have a LIHTC asset management department with at least 3 years' experience.

Management Company. The management company shall have at least 3 years of LIHTC management experience and is currently managing at least 3 LIHTC Properties.

Architect. The Architect, and not just the architectural firm, must be duly licensed to do business in Iowa.

Energy Consultant. The Energy Consultant shall be a RESNET certified energy rater in Iowa.

Development Consultant. A copy of the executed Development Consultant Agreement shall be submitted in the Application.

3.3 INELIGIBILITY. Any QDT member or Affiliates thereof may be deemed ineligible to participate in the LIHTC Program for the following:

- Evidence of involvement in a financial crime or crime related to dishonesty.
- Making misrepresentation or providing materially false information in an application.
- Allowing an affordable rental housing property to enter into foreclosure.
- Being removed from an LIHTC ownership entity by an equity investor or voluntarily.
- Being suspended, debarred, or otherwise excluded from doing business with any federal housing program.
- Not being in good standing with any affordable rental housing program administrator.
- Having been issued an IRS Form 8823 or the equivalent State-Issued uncorrected notice of noncompliance.
- A history of repeated or numerous Tax Credit compliance issues in Iowa, even if such issues have not resulted in an uncorrected IRS Form 8823.
- Has returned a full credit Allocation or has failed to comply with a Carryover allocation.

3.4 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. IFA may deem a site unacceptable if located in an area of high LIHTC unit density.

Zoning.

The Applicant shall provide confirmation from the city of the current zoning, including special or conditional-use permits and any other discretionary land use for each site on which the Project will be located. The city zoning department shall verify whether the official plat is properly zoned. The Applicant shall provide site plans to the city that show the Project will have:

- the proper number of parking stalls;
- direct contiguous access to a publicly dedicated paved road;
- any legal easement(s) necessary to not be landlocked; and
- right of ways, if applicable.

Scattered Sites. The Applicant shall submit an 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 the same occupancy type and are not located in proximity to one another, but are owned by the same party and financed under the same agreement(s). For Scattered Site Projects, all Units shall be qualified LIHTC Units. Scattered Sites cannot elect the average income test.

Submission of Site Characteristics. The site shall be suitable for the proposed Project and shall not 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;
- a clear map identifying the exact location of the Project site; and
- a plat map of the site or proposed replat of the site.

The Applicant shall not change the site location. If the site(s) includes any detrimental characteristics, the Applicant shall provide a remediation plan and budget, subject to IFA's approval, to make the site suitable for the Project.

IFA may reject sites:

- a. located within one-half mile of storage areas for hazardous or noxious materials, sewage treatment plants or other solid waste facilities, 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;
- b. where the slope/terrain is not suitable for a Project based on extensive earth removal/replacement required for development;
- c. where there are obvious physical barriers to the Project;
- d. located within one-half mile of a sanitary landfill or sites that were previously used as a sanitary landfill;
- e. located within a flood hazard area, or a 500-year flood zone as determined by the Iowa Department of Natural Resources, a FEMA map, or a FIRM map. Sites that are located within a 100-year flood zone are not permitted;
- f. located within 500 feet of an airport runway clear zone or accident potential zone;
- g. that are landlocked;
- h. that are native prairie land or designated wetlands;
- i. within 300 feet of an electrical power substation, natural gas substation, or similar substation; or
- j. that are otherwise unsuitable as a home for LIHTC households as determined by IFA.

Site Control. The Application must demonstrate the Applicant has site control by providing executed documents described below.

Evidence of Site Control.

- a. The Applicant holds sole fee simple title to the Property on which the Project will be located by a properly executed and recorded warranty deed; 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 35 years. If the Applicant is purchasing or leasing parking space from a unit of local government, a project specific resolution would suffice.

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 contract).

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, the most current real estate tax assessment, and documentation that the Project meets or exceeds the City requirements for parking (unless subject to an exemption).

3.5 PROJECT REQUIREMENTS.

The Applicable Percentage for each building is established at either the month in which the building is Placed-in-Service, or at the Ownership Entity's election, the month in which the bonds are issued. If the latter is desired, the election statement shall be signed by the Ownership Entity, notarized and submitted to IFA before the close of the fifth calendar day following the month in which the bonds are issued.

The Project shall be Placed-in-Service no later than 24 months following the date of the bond issuance. IFA may, on a case-by-case basis, allow a Project to exceed the 24 month requirement. All requests to exceed this requirement on a four percent (4%) Tax Credit Project shall be required to go before the IFA Board of Directors for approval.

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

Community Service Facility. A Community Service Facility is a facility meeting the requirements of IRC Section 42(d)(4)(C)(iii) and Revenue Ruling 2003-77.

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) cannot be changed once made in the Application.

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

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

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. The average income test is not available for Scattered Site Projects.

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.

Units. All LIHTC Units shall be evenly distributed in terms of location and number of bedrooms throughout the Project, be of comparable quality, and offer a range of sizes and number of bedrooms to any unrestricted Units.

Market Rate Standards. Market rate single family homes shall not be allowed in any Project.

Acquisition/Rehab

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

Rehabilitation Expenditure(s): 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 development 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) that shall be allocable to or substantially benefit the Low-Income Units in such building. Each building in the Project must meet the greater of the IRS minimum expenditures requirement set forth in Section 42(e)(3) or a \$35,000 rehabilitation expenditure limited to hard construction costs per Low-Income Unit.

3.6 DISPLACEMENT OF RESIDENTIAL TENANTS. IFA may reject any Application that fails to minimize permanent displacement of tenants and/or provide an adequate relocation plan. The Application must include a formal relocation plan if the Project scope requires any form of temporary or permanent relocation of existing tenants. The plan shall provide an overview of the need for relocation, a proposed timeline, an estimated budget, and other information as requested in the Application. If the project has a federal funding source, the most restrictive relocation plan requirements shall apply.

SECTION 4. APPLICATION UNDERWRITING STANDARDS

IFA may adjust the amount of Tax Credits based upon the underwriting. All Projects shall meet underwriting requirements to pass threshold review.

4.1 PROJECT DEVELOPMENT COSTS

Developer Fees. Developer fees (including overhead and profit, Consultant Fees) shall not exceed sixteen percent (16%). 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.

Builder and General Contractor Fees. Builder and general contractor fees will be limited to a total of twelve percent (12%) of the hard construction costs (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).

Professional and Other Fees. IFA reserves the right to limit professional fees and other fees related to services rendered to the Project.

Operating Reserve. The operating reserve will be at least 6 months of debt service, operating expenses, and real estate taxes. The operating reserve shall be fully funded within 6 months from the date IFA sent the IRS Form 8609 to the Ownership Entity. The operating reserves may be funded with an irrevocable letter of credit. 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.

Appraisals. An appraisal by an active Member Appraisal Institute (MAI)-certified appraiser who is not a related party at the Applicant's expense is required for the following reasons unless waived by IFA:

- For land or buildings that are acquired from a party with an Identity of Interest.
- For Acquisition/Rehab Projects requesting acquisition credits.
- During the Application review, if IFA may determine that cause exists to question the fair market value of the land and/or buildings being acquired and require an appraisal.

Project Costs Not Allowed in Eligible Basis. The following project costs are not allowed in Eligible Basis:

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.

Construction and Permanent Lender Fees. Construction fees if the construction and permanent lender are the same.

Paved Roads. The cost of construction of a de minimis paved road on public property may be included in the

Project costs, as determined by IFA. The cost of construction of an extensive paved road on public property shall not be included in the Project costs.

Off-Site Utilities. Costs that are not normal connections or extensions to existing utilities shall not be included in the Project costs.

Tenant Paid Amenities. Garages, storage units, or other amenities where the Ownership Entity is charging tenants for use, except when part of normal rent for all of Units.

4.2 PROJECT FUNDING SOURCES.

Tax Credit Investor Letter of Intent. Applicant shall provide a letter of intent from the investor for the LIHTCs on the company letterhead with the price, approximate equity amount, recommended minimum project operating expense for the Project, and investor-approved market analyst firm.

Financing Letters of Intent. Applicant shall provide a letter of intent from each funding source for construction and permanent financing on the institution's letterhead. The letter for loans shall state the amount of the loan, interest rate, term, amortization period (minimum 30 years required for first mortgage debt), fees, prepayment penalties, anticipated security interest in the Property, and lien position. The letter for all other sources (including any existing debt to be assumed, grants, loans, tax credits, etc.) shall state the value of the funding, the purpose the funds may be used for, and any time limitations.

Deferred Developer Fees. Deferred Developer fees cannot exceed 65% of the total Developer fee, and the Application must demonstrate the full amount being paid within 15 years. The deferred Developer fee shall be paid from the net cash flow and not be calculated into the minimum Debt Service Coverage Ratio.

Federal and State Historic Tax Credits. Projects with historic significance shall use equity invested for the maximum amount of state and federal historic tax credits as proposed or awarded by the appropriate allocating agency as a funding source. Applicants shall not create a subrecipient of the Federal Historic Tax Credits in order to become eligible for more Tax Credits.

4.3 PROJECT OPERATING COSTS AND CASH FLOW.

Operating Expenses. Operating expenses are based on thresholds provided by the LIHTC equity investor partner and subject to IFA review.

Escalators. IFA will underwrite Projects with income escalating at 2% and operating expenses escalating at 3%. Management fees will escalate at the same rate as income.

Vacancy Rate Standards. IFA will underwrite Projects at a 7% vacancy rate unless otherwise recommended by a lender or investor.

Debt Service Coverage Ratio (DSCR) Standards. The Application may not show DSCR as less than 1.15 in any year. IFA will evaluate high DSCR and cash flow to determine if the requested resources are necessary for sustainability.

Replacement Reserve. All Family Projects shall budget replacement reserves of \$350 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.

Subsidy Layering Review. IFA shall complete a subsidy layering review for each Project that receives HUD housing assistance (other than HOME and CDBG).

Basis Boost. The Code allows the possibility of receiving a Tax Credit Reservation boost of thirty percent (30%) for areas defined by HUD as a QCT or DDA. Applicants may request the higher basis, but IFA reserves the right to determine the Tax Credit Allocation amount required for feasible development. Refer to Appendix C - QCTs & DDAs of the Application Package.

**PART B –
POST RESERVATION
REQUIREMENTS**

SECTION 5. POST RESERVATION REQUIREMENTS

5.1 CHANGES TO THE APPLICATION. Failure to comply with any provision of this Section may result in revocation of the Tax Credit Reservation, withholding of the IRS Form 8609 or issuance of an IRS Form 8823.

Ownership Entities must submit any proposed Project change after Tax Credit Reservation through the online Application. IFA may approve, subject to conditions (including fee payment and future negative points), or deny. Material changes that cause the Project to not be substantially the same as when awarded will be considered, but shall result in an additional fee and future scoring penalty if approved.

The following changes are not allowed:

- Changes to the Ownership Entity named in after Tax Credit Reservation;
- Transfers of the Tax Credit Reservation;
- Changes in Unit mix;
- Change to the minimum set-aside election; or
- Change that decreases the applicable fraction per building.

5.2 POST CLOSING SUBMITTAL. Applicant shall submit evidence of site ownership and final closing documents to the online Application within thirty (30) days of Syndicator/Direct Investor closing.

5.3 PRIOR TO PLACED-IN-SERVICE DOCUMENTS.

As a precondition to receiving IRS Form 8609, the Ownership Entity shall submit the following documents through the online Application at least 120 days prior to the first Unit placing in service:

1. Affirmative Fair Housing Marketing Plan Package.
2. Confirmation that the Project is listed on Iowa's free rental housing locator at www.iowaHousingSearch.org.
3. A commitment to notify PHA of vacancies.

5.4 MARKETABLE TITLE REQUIREMENT 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.

5.5 IRS FORM 8609. Upon approval of the 8609 Application by IFA, IFA shall complete Part A of IRS Form 8609 and send it to the Ownership Entity. 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.

5.6 COMPLIANCE IFA has established procedures for monitoring compliance. Refer to the Iowa LIHTC Compliance manual and supporting documentation.

5.7 COMPLIANCE PERIOD (INITIAL 15-YEAR COMPLIANCE PERIOD). The Compliance Period is 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. During this period the federal minimum set-aside selected by the applicant and the rent affordability requirements in Section 6.1 of this QAP apply, with the more restrictive of the set-asides applying to the LIHTC units. Any other rent and income restrictions required by other programs, including HOME, shall still apply as applicable.

5.8 EXTENDED USE PERIOD (LONG TERM COMPLIANCE PERIOD). The time frame that 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. Any other rent and income restrictions required by other programs, including HOME, shall still apply as applicable.

SECTION 6: TERMS AND CONDITIONS.

The following terms and conditions apply to all Applicants and Projects that receive a reservation of four percent (4%) Tax Credits.

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; and (3) 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.

6.1 DOCUMENTS INCORPORATED BY REFERENCE The items described in this Section are incorporated by reference in the QAP.

26 USC Section 42 as amended and the related Treasury regulations in effect as of the date this QAP is adopted by the Board..

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

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

- a. First by IRC Section 42 and the related Treasury regulations;
- b. Second by Iowa Code Sections 16.4, 16.35, and the rules governing the QAP; and
- c. Third by the QAP.

6.2 BINDING OBLIGATIONS The representations made in the Application 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 constitutes the agreement between the parties, as represented by the Developer or Ownership Entity, within the following documents: the QAP, Application (with any permitted amendments), and any other agreements executed between IFA and the Ownership Entity.

6.3 LAND USE RESTRICTIVE COVENANTS (LAND USE RESTRICTIVE AGREEMENT (LURA)). The Project shall be subject to the LURA, which is an agreement between IFA and the Ownership Entity and all of its successors in interest. The LURA shall conform to the requirements of IRC Section 42(h), Iowa Code Section 16.35 and the QAP.

6.4 NO REPRESENTATION OR WARRANTY REGARDING QAP. IFA makes no representation or warranty to any Person or Entity as to compliance issues or the feasibility or viability of any Project.

6.5 IFA POLICY ON CIVIL RIGHTS COMPLIANCE. The Applicant and any of its employees, agents, or sub-contractors doing business with IFA understand and agree 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, the Americans With Disabilities Act, as well as any state and local civil rights legislation. The Developer and Ownership Entity are responsible for being aware of and complying with all non-discrimination provisions of federal, state, or local law.

6.6 VIOLENCE AGAINST WOMEN ACT (VAWA). The Applicant and any of its employees, agents, or sub-contractors doing business with IFA understand and agree that it is the responsibility of the Developer and Ownership Entity to adhere to and comply with the Violence Against Women Act, including adding the VAWA lease terms provided by the authority to its leases.

**PART C –
CONSTRUCTION
REQUIREMENTS**

SECTION 7. PRIOR TO THE INITIATION OF CONSTRUCTION

7.1 CHANGES IN SCOPE. The Ownership Entity shall not make any changes or alterations to the Project (including the site layout, floor plan, elevations, or amenities) from Reservation without IFA's written authorization. This includes changes required by local governments to receive building permits.

7.2 IFA PLAN REVIEW. The Ownership Entity shall submit final plans, specifications, the energy audit or analysis and, if applicable, CNAs to IFA upon completion. IFA shall give written approval before the Ownership Entity commences site work or construction.

7.3 ENERGY. For Acquisition/Rehab Projects, the Ownership Entity must provide:

- a complete Capital Needs Assessment (CNA),
- a copy of the energy audit conducted by a certified home energy rater, and
- appropriate specifications to meet IECC standards or alternate cost-effective energy improvements with the final construction documents.

IFA requires an engineer or architect to certify that the architect has met and coordinated the design with the energy consultant and Ownership Entity and that the design meets the applicable International Energy Conservation Code (IECC). as shown in Section 15 – Building Standards. The contract for the determination of the energy audit shall be between the certified rater and the Ownership Entity. This section does not apply to Historic projects.

7.4 CAPITAL NEEDS ASSESSMENT (CNA). Acquisition/Rehab or Rehab Projects shall submit a complete Capital Needs Assessment with the design documents that are submitted for review and approval prior to the start of construction. 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. The CNA shall assess the rehabilitation needs of each existing structure, including:

- a site visit and physical inspection of the interior and exterior of Units and structures;
- 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 presence of hazardous materials;
- a detailed opinion as to the proposed budget for recommended improvements;
- identify critical building systems or components that have reached or exceeded their expected useful lives;
- a projection of recurring probable expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, to determine the appropriate replacement reserve deposits on a per Unit per annual basis;
- site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, and gas and electric utilities and lines;

- structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, 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; and
- mechanical and electrical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, security, low voltage systems, and elevators.

7.5 PRECONSTRUCTION MEETING. An IFA representative shall attend a contractor/developer construction meeting at or near the initiation of construction. The Ownership Entity must provide a copy of the contractor's initial pay application with a schedule of values when executed.

SECTION 8. MINIMUM DEVELOPMENT CHARACTERISTICS – ALL PROJECTS.

All construction will use the following minimum development characteristics:

8.1 GENERAL.

Construction Warranty. Provide an enforceable minimum 1 year blanket construction warranty stipulating 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.

Accessibility. All Projects shall have at least 5% percent of the Units, or at least 1 (whichever is greater) Unit accessible for persons with mobility disabilities constructed in accordance with the Uniform Federal Accessibility Standards (UFAS). An additional 2% percent of the Units, or at least 1 (whichever is greater) must be accessible for persons with hearing or visual disabilities (Units with Accessible Communication Features). For the purposes of determining the number of Units, fractional Units will be increased to the next whole Unit. Refer to Section 15 – Building Standards.

Radon System. A passive radon system, including a drain tile loop below the building slab along with vertical vent pipes and junction boxes for new construction. Acquisition/Rehab Projects shall have a radon test, and a passive radon system is required, or an active system if the radon test exceeds permissible thresholds. Refer to Appendix F – “Radon Control Methods” in the 2012 International Residential Code.

No Smoking Policy. Implement and enforce a “no smoking” policy in all Units and common areas, not including public areas of the exterior grounds.

Community Room. For senior Projects only, community room must be 20 square feet per unit up to the first 40 units made available exclusively to all tenants and guests of the Project, either in a stand- alone building or incorporated within a residential structure, located entirely on the Property.

Playground. For family Projects only, an outdoor area provided for children to play in containing 5 to 7 commercial-grade play components (an element intended to generate specific opportunities for play, socialization, or learning) that does not include wood. At least 2 must be elevated. Swings, spring riders, water tables, playhouses, slides, and climbers are acceptable; ramps, transfer systems, steps, decks, and roofs are not. IFA may approve a sport court. The playground must comply with the requirements of the Department of Justice 2010 ADA Standards for Accessible Design.

Sidewalks. Concrete sidewalks providing access to a city public way from each entrance door.

Trash Enclosures. Screened trash removal areas.

Internet Access. High speed internet wiring for broadband, wireless, or digital subscriber line (DSL) for all Units.

Video Security System. The security system shall record activity at the site as follows: Parts of the site to be covered include parking areas and all levels of stairways. 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 each building in Scattered Site Projects are required to have the Video Security System.

8.2 EXTERIOR CONSTRUCTION.

Exterior Design. The Project shall have a building design that is appealing and appropriate for the community and neighborhood, including varied facades, rooflines, and exterior materials.

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

Roofs. Roofs shall have a 30 year full warranty. Flat roofs shall have a minimum 60 mil TPO or EPDM thickness and a 10 year full warranty. 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.

Main Entrance Areas. Apartment building main entrances to interior shall have a foyer and be equipped with a remote security and intercom system to each Unit to control entry to common areas. Single-family, duplex, and rowhouse Unit main entrances 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.

Unit Doors. Any Unit primary entry door may be solid core wood or solid wood panel type, insulated metal, or fiberglass panel type with optional glass insert, 180-degree peephole, lockset and deadbolt lock with 1 inch throw. Primary entry doors shall have steel frames. Metal frames at exterior doors shall be thermally broken or metal clad wood frames are acceptable at Unit entries leading to the exterior.

8.3 INTERIOR CONSTRUCTION

Appliances. The kitchen shall have a cook top, an oven, a microwave, a cooling/freezing unit, built-in dishwasher, and a sink. Single-bowl sinks shall be minimum 20" x 30". Appliances shall be Energy Star. These requirements do not apply to Single Room Occupancy Units.

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.

Cabinetry. Cabinetry and woodwork shall meet ANSI/AWI standards for Custom Grade Cabinetry and/have the KCMA A161.1 Quality Certification Seal.

Closet Rods and Shelves. Closet rods and shelves are required in each bedroom closet in each Unit.

For Accessible Units only, the closet shelves and hanger bars shall be easy to adjust to different heights with no tools required with 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.

Paints and Primers, Adhesives, Caulks and Sealants. Paints, primers, adhesives, caulks, and sealants shall comply with Federal regulations applicable to low VOC requirements.

Minimum Bathroom Accessories

1. Towel bar(s) within reach of lavatory and tub/shower
2. Toilet paper holder
3. Shower curtain rod (if applicable)
4. Mirror
5. Cabinet with drawers, shelf space, or medicine storage cabinet.

Carpeting. Carpets shall be 100% nylon or nylon/olefin blend.

Resilient Flooring. 1/8-inch vinyl composition tile with color and pattern full thickness, LVT, sheet vinyl, linoleum flooring, tile flooring, bamboo, wood, or polished concrete.

Resilient Flooring—Bathrooms. LVT, sheet vinyl, linoleum flooring, or tile flooring.

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 the State Historic Preservation Office (SHPO).

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

8.4 ENERGY REQUIREMENTS.

Heating and Air Conditioning. All Units shall be heated and air conditioned. Air conditioning equipment should be at least 13 SEER (14.5 SEER and 8.50 HSPF for electric heat pumps) and use R-410a refrigerant that is charged according to manufacturer specifications. Thru-wall A/C units, when used in conjunction with fluid based radiant heat systems, shall be at least 9.8 EER or 9.7 CEER, otherwise they shall be at least 10.7 EER or 10.6 CEER. Heating equipment should 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 for new construction adaptive reuse and must be approved at the time of application if proposed for an Acquisition/ Rehab or rehab project. AC sleeves shall be provided with a tight-fitting, insulated cover for thru wall AC units. Winter covers shall be provided for each AC unit.

IFA may approve existing projects with electric resistance heating prior to Application submittal.

Water Heaters.

- 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 0.96 for tankless water heaters.
- Central water heaters (serving entire building) – with a 90% Thermal Efficiency rating or minimum 95% efficient thermal water storage tanks coupled to a better than 90 AFUE boiler.

SECTION 9. MINIMUM DEVELOPMENT CHARACTERISTICS – NEW CONSTRUCTION AND ADAPTIVE REUSE.

New Construction and Adaptive Reuse Construction must use the following additional minimum development characteristics:

Closets. Each bedroom shall have a closet (2 foot x 5 foot minimum) with a door. The minimum complement of closets per Unit include: 1 linen closet or cabinet 1.5 foot x 2 foot minimum and 1 coat closet 2 foot x 3 foot minimum.

Laundry. Each Unit must have an enclosed washer and dryer (accessible if applicable), and the dryer vented to the building exterior.

Unit Bathrooms. Three or more bedroom Units in new construction and Adaptive Reuse Projects shall have at least 1 full bathroom and 1 three-quarter bathroom.

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-to-face of the outside wall.

IFA may approve smaller Units in Adaptive Reuse Projects prior to Application.

Energy Requirements. In addition to meeting Iowa State Code and the IECC, the Project shall meet or exceed prescriptive standards for Multi Family New Construction (MFNC) or prescriptive standards for Energy Star Certified Homes (except where those requirements have been reduced herein) 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 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.

SECTION 10. MINIMUM DEVELOPMENT CHARACTERISTICS – ACQUISITION/REHAB.

Rehabilitation Construction must use the following additional minimum development characteristics:

Scope of Work. 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 durable siding.
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 above.
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;
7. Upgrade all interior lighting to compact fluorescent and/or LED.

Resident/Community Laundry. A common laundry room facility located on site with a minimum of 1 washer/dryer to serve each 12 Units. An Applicant may provide a washer and dryer in each Unit in lieu of a common laundry room facility.

Smoke Detectors. All Acquisition Rehab/Rehab Projects shall replace all smoke detectors.

SECTION 11. 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.

- 2015 International Building Code adopted and published by the International Code Council.
- 2015 International Existing Building Code adopted and published by the International Code Council.
- 2015 International Residential Code adopted and published by the International Code Council (excepting paragraphs R313.1 and R313.2; sprinklers are not required in single family or townhomes separated by 2 hr. fire walls).
- 2015 International Fire Code adopted and published by the International Code Council.
- 2015 International Mechanical Code adopted and published by the International Code Council.
- 2012 Uniform Plumbing Code adopted by the International Association of Plumbing and Mechanical Officials.
- 2014 National Electric Code adopted by the National Electrical Code Committee and published by the National Fire Protection Association, Inc.
- 2015 International Energy Conservation Code adopted by the International Code Council.
- Iowa Administrative Code, including but not limited to the following Chapters: 300 (Administration), 301 (General Provisions), 302 (Accessibility of Building), 303 (Energy Conservation), 350 (State Historic Building), and 25 (State Plumbing Code).
- Uniform Federal Accessibility Standards provided in 24 CFR Part 8 and delineated in the American National Standards Institute Standard 2007 A117.1.
- The Americans with Disabilities Act 1990 provided by the Federal Department of Justice. All publicly accessible areas must meet the accessibility requirements of this Act. ADA design requirements do not apply to residential units, but do apply to public accommodations.
- The Federal Fair Housing Act of 1988 – all buildings with 4 or more units must comply with this Act and the Fair Housing Design Standards. Applies to ground floor Units or all Units in an elevator building.
- The Federal Fair Housing Act of 1988 Title VI of the Civil Rights Act of 1964, Section 109 of the Housing and Community Development Act of 1974, Title VIII of the Civil Rights Act of 1968, Section 3 of the Housing and Urban Development Act of 1968, and Executive Order 11063.
- For Adaptive Reuse/Rehabilitation, the Lead Base Paint Poisoning Prevention Act, the Department of Housing and Urban Development (HUD) Guidelines for the Evaluation and Control of Lead Based Paint Hazards, Environmental Protection Administration (EPA) and Occupational Safety and Health Act (OSHA) provisions shall apply when applicable.
- For Adaptive Reuse/Rehabilitation, if applicable, State Historic Preservation Office (SHPO) clearance Section 106 of the National Historic Preservation Act, 36 CFR Part 800 for Projects receiving any direct federal funding (HOME or categorical grant) or affecting properties listed in the National Register of Historic Places, or in a designated historic preservation district or zone.

**PART D –
GLOSSARY OF
TERMS**

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

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.

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

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).

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, if applicable, 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.

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

Family Project: General occupancy project with no age restrictions.

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.

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

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; or (2) It 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 Representative: the General Partner(s) or managing member(s) of the Ownership Entity.

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.

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, if applicable. 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.

Tax Credits: The Low-Income Housing Tax Credits issued pursuant to the program, IRC Section 42 and Iowa Code Section 16.35.

Tax Credit Reservation: With respect to a Project or a building within a Project, the amount of Tax Credits IFA awards to an Ownership Entity.

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

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.

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

DRAFT



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