



**IOWA FINANCE
AUTHORITY**

**Board Meeting Tentative Agenda
Iowa Finance Authority
2015 Grand Ave., Des Moines, Iowa
July 10, 2013 11:00 a.m.**

I. Consent Agenda

- Approval of Minutes of the June 5, 2013, IFA Board Meeting
- Resolution ED 13-04A, Rowley Memorial Masonic Home Project
- Resolution ED 13-05A, Maassen Dairy Farms Project
- Resolution WQ 13-19, Non Point Source Loan for INHF, Pocahontas County, Cirks and Post Tract

II. Administration

- **Election of Officers**
 - ◆ Chair
 - ◆ Vice Chair
 - ◆ Treasurer
- **Accounting and Finance**
 - ◆ Review of Financial Statement
 - ◆ Consideration of FY14 Budget
 - ◆ Consideration of Internal Swap Policy
 - ◆ Resolution FIN 13-09, Authorizing Proceedings – Interagency Agreement between IFA and IEDA for Energy Loans
 - ◆ Resolution FIN 13-10, Multifamily Loan to Park Run Associates of Le Claire, L.P.
- **Legal**
- **Legislative**
- **Communications**

III. Community Development

- **Economic Development Loan Program**
 - ◆ Amending Resolution ED 408E

IV. Iowa Agricultural Development Division

- **Consideration of Previously Approved IADA Loans**

V. HousingIowa

- Resolution HI 13-12, Notice of Intended Action: Chapter 12, Low-Income Housing Tax Credits, 2014 Qualified Allocation Plan (QAP)
- Resolution HI 13-13, HOME Program CHDO Award

VI. Title Guaranty Division (TGD)

VII. Miscellaneous Items

- Receive Comments from General Public – 5 min./person; 30 min. total time

VIII. Adjournment

*Items may be removed from the consent agenda for separate consideration at the request of any Board member.
Agenda items may be taken out of order at the discretion of the Board Chair.*



BOARD MEETING MINUTES

**Iowa Finance Authority
2015 Grand Avenue
Des Moines, Iowa
June 5, 2013**

Board Members Present

Darlys Baum, Chair	Shaner Magalhães
David Greenspon	Michel Nelson
Jeffrey Heil (via telephone)	Eric Peterson
Joan Johnson	Ruth Randleman

Board Members Absent

Carmela Brown

Staff Members Present

Lori Beary, Community Development Director	Terri Rosonke, HousingIowa Development Specialist
Jess Flaherty, Executive Secretary	Mark Thompson, General Counsel
Cindy Harris, Chief Financial Officer	Dave Vaske, Tax Credit Manager
Steve Harvey, Chief Operating Officer	Nancy Wallis, Administrative Assistant/Recording Secretary
Geri Huser, Title Guaranty Division Director	
Ashley Jared, Director of Communications	
Carolann Jensen, Chief Administration Officer	

Others Present

Jim Conlin - Conlin Properties	David Grossklaus – Dorsey & Whitney, LLP
Scott Fitzpatrick – Midwest Housing Equity Group	James Smith – Dorsey & Whitney, LLP
Dan Garrett	

Call to Order

Chair Baum called to order the June 5, 2013, regular monthly meeting of the Iowa Finance Authority (IFA) Board of Directors at 11:09 a.m. Roll call was taken and a quorum was established with the following Board members present: Baum, Greenspon, Heil, Johnson, Magalhães, Nelson, Peterson and Randleman.

Consent Agenda

Chair Baum introduced the consent agenda and asked if anyone wanted to request that items be removed. There being no objections, Mr. Greenspon made a motion to approve the consent agenda, which included the following:

Approval of Minutes of the May 1, 2013, IFA Board Meeting
Approval of Minutes of the May 1, 2013, IFA/TGD Board Orientation Session
Approval of Minutes of the May 20, 2013, IFA Telephonic Board Meeting
Resolution WQ 13-17, SRF Planning & Design Loans
Resolution WQ 13-08, SRF Construction Loans

On a second by Ms. Randleman, the Board unanimously approved the consent agenda.

Administration

ACCOUNTING AND FINANCE

Review of Financial Statement

Mr. Harvey presented the April 2013 financial results. He said that as a housing agency, year-to-date net operating income of \$12,383,836 is favorable to budget by \$5,722,703.

The State Revolving Fund year-to-date net operating income of \$32,037,797 is \$60,300 unfavorable to budget.

MOTION: On a motion by Mr. Peterson and a second by Ms. Randleman, the Board unanimously accepted the April 2013 financial statement.

LEGAL

Adopted & Filed – Amendments to Chapter 27, Military Home Ownership Assistance Program

Mr. Thompson introduced the adopted and filed version of the amendments to Chapter 27, Military Service Member Home Ownership Assistance Program. He reported that the purpose of the proposed amendments is to simplify the requirements for using a non-IFA loan in conjunction with the assistance provided under the Military Service Members Home Ownership Assistance Program. He stated that IFA received no public comments and that nothing had been changed following Board approval of the Notice of Intended Action on March 13, 2013.

LEGISLATIVE

In the absence of Mr. Wes Peterson, Chair Baum referred to the printed report that was included in the Board materials.

COMMUNICATIONS

Ms. Jared announced that registration would soon be open for the 2013 HousingIowa Conference which will be held in Coralville on September 4-6, 2013. She said there were nearly 500 attendees last year, and that more professional training sessions will be offered this year, increasing the conference from two days to three days.

Ms. Jared also reported briefly on the upcoming summer homeownership photo contest. She also updated the Board on home buyer trainings being held throughout the state, paid for with money received by the Iowa Association of REALTORS® through a grant from the National Association of REALTORS®.

Ms. Jared then noted that the SRF program will be saving money for tax payers by refinancing loans for many communities in the very near future. She said that letters will be sent out at the end of this week to notify communities of the lower interest rates.

Community Development

Resolution ED 13-03 A, Care Initiatives Project

Ms. Beary reported that this was both an inducement and authorizing resolution for the issuance of an amount not to exceed \$11,815,000 of Iowa Finance Authority Health Facilities Development Revenue Refunding Bonds for the Care Initiatives Project, in order to refund bonds issued in 1998. She stated that because this is a refunding without an extension of maturity, a public hearing is not needed, and IFA can approve the inducement resolution and the authorizing resolution together.

MOTION: Ms. Randleman made a motion to adopt the resolution approving an application and authorizing the issuance of not to exceed \$18,815,000 of Iowa Finance Authority Health Facilities Development Revenue Refunding Notes (Care Initiatives Project), for the purpose of making a loan to assist the borrower in refunding existing bonds of the Authority; authorizing the execution and delivery of certain financing documents pertaining to the refunding; authorizing an assignment of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; and related matters. On a second by Mr. Magalhães, the Board unanimously approved Resolution ED 13-03A.

Resolution ED 07-08B-1, Wahkonsa Manor Apartments Project

Ms. Beary introduced the resolution amending the Subordinate Multifamily Housing Revenue Note and Loan Agreement for the Wahkonsa Manor Apartments Project in Fort Dodge. She said IFA issued \$6,500,000 of Iowa Finance Authority Multifamily Housing Revenue Bonds for the project in 2007, a portion of which was issued as subordinate debt. Ms. Beary stated that the borrower is refinancing the project and the lender has agreed to leave the subordinate bonds outstanding. She noted that this amendment allows for the Note and the Subordinate Loan Agreements to be amended, making the necessary changes.

MOTION: Ms. Randleman made a motion to approve the resolution amending the Subordinate Multifamily Housing Revenue Note, Series 2007B (Wahkonsa Manor Apartments Project), previously issued by the Iowa Finance Authority, and the Subordinate Loan Agreement and other documents relating thereto. On a second by Mr. Peterson, the Board voted unanimously to approve Resolution ED 07-08B-1.

Resolution ED 07-23B-1, ECIA Project

Ms. Beary introduced the resolution amending the Economic Development Revenue Note for the ECIA (East Central Intergovernmental Association) Project in Dubuque. She reported that because the borrower and the lender have agreed to reduce the interest rate on the Note, this amendment allows the Note to be amended to reflect that change.

MOTION: Mr. Greenspon made a motion to approve the resolution amending the Economic Development Revenue Note (ECIA Project), Series 2007, previously issued by the Iowa Finance Authority, and the other documents relating thereto. On a second by Mr. Magalhães, the Board unanimously approved Resolution ED 07-23B-1.

Resolution ED 10-20B-4 and ED 12-09B-1, CCRR Project

Ms. Beary introduced the resolution to amend the documents related to bonds issued in 2012 for the CCRR Project. She explained that the original borrower, R&R Realty, plans to assign all rights under the Loan Agreement to the Dice Building, LLC, who will assume the obligations of the original borrower under the bond documents. Ms. Beary noted that this amendment allows IFA to enter into an Assignment, Assumption and Omnibus Amendment Agreement to amend the Loan Agreement, Indenture and any other documents necessary to allow for the transaction.

MOTION: Mr. Peterson made a motion to approve the resolution authorizing the execution of Assignment, Assumption and Omnibus Agreement amending the Indenture of Trust and the Loan Agreement relating to IFA’s \$1,000,000 Midwestern Disaster Area Revenue Bonds (CCRR Project), 2012 Series H. On a second by Ms. Randleman, the Board unanimously approved Resolution ED 10-20B-4 and ED 12-09B-1.

Ms. Beary reported that 114 communities in Iowa would be receiving notices at the end of the current week regarding available refinancing to lower interest rates on SRF loans. She said that 114 communities would have a total of 190 loans refinanced for a total savings of \$6.5 million.

HousingIowa

Resolution HI 13-11, State Housing Trust Fund Project-Based Program Awards

Ms. Rosonke introduced the resolution allocating one award totaling \$50,000 under the State Housing Trust Fund Project-Based Program. She reported that staff recommendation includes a grant of \$50,000 to Iowa Heartland Habitat for Humanity in Waterloo to construct a 1,150-square-foot ranch-style home with three bedrooms and one-bath to be sold to a low-income family.

Ms. Rosonke noted that if the proposed award is approved, awards to date under the FY 2013 funding round will total \$300,000, with \$50,000 remaining available for allocation. She announced that the awards approved by the Board are leveraging an additional \$424,843 in other financing resources, or \$1.42 for every dollar of Project-Based funding. Ms. Rosonke noted that the funding remaining from the current fiscal year will be rolled over to the FY14 budget.

MOTION: Mr. Nelson made a motion to approve the resolution awarding a grant under the Project-Based Housing Program to the recipient and in the amount listed on Exhibit A, contingent upon all other funding sources, as identified in the applicant’s project budget, being secured. On a second by Ms. Randleman, the Board unanimously approved Resolution HI 13-11.

Title Guaranty Division (TGD)

Adopted & Filed – Amendments to Chapter 9, Title Guaranty Division

Ms. Huser introduced the adopted and filed version of the amendments to Chapter 9, Title Guaranty Division. She said that based on comments received during the public comment period, one change had been made from the original filing. Ms. Huser reported that because the language in section 9.7(10) of the original version was contradictory to Iowa Land Title Association (ILTA) language, the seventh line was changed from “certification” to “verification”. She noted that the rules will become effective in July 2013.

Transfer of Funds from TGD to IFA’s Housing Programs

Ms. Huser reported that the TGD Board met on June 4, 2013, and approved a transfer of \$791,000 from TGD to IFA’s Housing Programs.

MOTION: On a motion by Mr. Peterson and a second by Mr. Nelson, the Board unanimously accepted the transfer of funds.

Ms. Huser announced that TGD's annual Title Settlement Conference would be held on Tuesday, June, 11, 2013. She also explained that the TGD Board would be reviewing legislative proposals at its October Board meeting, but that she would be presenting proposals to the IFA Board prior to that time so the TGD Board could discuss the items in telephonic meetings between now and October.

Miscellaneous Items

Receive Comments from General Public

Chair Baum opened the public comment period and asked if anyone in the audience would like to address the Board.

There being no audience members wishing to address the Board, Chair Baum closed the public comment period.

Adjournment

There being no further business, on a motion by Ms. Randleman and a second by Mr. Peterson, the June 5, 2013, regular monthly meeting of the IFA Board of Directors adjourned at 11:36 a.m.

Dated this 10th day of July 2013.

Respectfully submitted:

Approved as to form:

David D. Jamison
Executive Director/Board Secretary
Iowa Finance Authority

_____, Chair
Iowa Finance Authority



To: IFA Board of Directors
From: Lori Beary, Community Development Director
Date: 7/1/13
Re: Economic Development & Water Quality

Consent Agenda

Economic Development Bond Program

ED Loan #13-04, Rowley Memorial Masonic Home Project

This is an application for \$20,000,000 of Iowa Finance Authority Senior Living Facilities Revenue and Refunding Bonds for the Rowley Memorial Masonic Home Project in Perry, Dallas County. The bonds will be used to construct a new 57-bed nursing facility and to refund 2003 bonds. The facility will have a 16-unity assisted living wing, a commercial kitchen, spa and community space. Rowley Memorial Masonic Home is a 501 c(3) private non-profit corporation.

- **Need Board action on Resolution ED 13-04A**

ED Loan #13-05, Maassen Dairy Farms Project

This is an application for \$4,000,000 of Iowa Finance Authority Solid Waste Facility Revenue Bonds for the Maassen Dairy Farms Project in Maurice, Sioux County. The bonds will be used to construct a manure management system to process manure from an existing dairy farm. This project will require an allocation of Private Activity Bond Cap.

- **Need Board action on Resolution ED 13-05A**

State Revolving Fund

Non Point Source Loan for INHF – Pocahontas County – Cirks and Post Tract – WQ 13-19

This is a resolution for IFA to purchase a 100% participation of a loan not to exceed \$1,100,000 to the Iowa Natural Heritage Foundation. The loan will be originated by Bank Midwest in Okoboji for a term not to exceed 5 years for the purchase of 116.5 acres in the Lizard Lake Wildlife Management Area (Cirks tract) and to purchase a permanent conservation easement on an additional 120 acres (Post tract). This is part of the prairie pothole restoration project in north central Iowa. Acquisition of the Cirks tract will allow restoration of 8 prairie pothole wetlands that had been converted to row crop production prior to the 1930's. In addition, the Cirks tract includes portions of 3 existing wetlands. In all, acquisition of the Cirks tract will conserve 37.6 acres of wetland habitat associated with 11 wetland basins, and result in restoration of 74 acres of tallgrass prairie. Acquisition of the Post tract will allow public agencies to more completely restore the wetland habitats on the tract right now. Funding for the Cirks tract will be provided by the Iowa DNR using a combination of REAP Open Spaces, Marine Fuel Tax, Fish Habitat Stamp, and Wildlife Habitat Stamp funds. Funding for the conservation easement on the 120 acre Post tract will be provided by the Pocahontas County Conservation Board with financial assistance from a North American Wetlands Conservation Act (NAWCA) grant and Ducks Unlimited.

RESOLUTION
ED13-04A

Approving an Application for \$20,000,000
Iowa Finance Authority Senior Living Facilities Revenue and Refunding Bonds
(Rowley Memorial Masonic Home Project), Series 2013
For Herman L. Rowley Memorial Trust d/b/a Rowley Memorial Masonic Home (the "Borrower")

And Evidencing the Intent to Proceed with the Issuance of
\$20,000,000 Senior Living Facilities Revenue and Refunding Bonds

WHEREAS, the Iowa Finance Authority, a public instrumentality and agency of the State of Iowa duly organized and existing under and by virtue of the Constitution and laws of the State of Iowa (the "Authority") is authorized and empowered by Chapter 16 of the Code of Iowa (the "Act") to issue bonds and notes for the purpose of financing or refunding the cost of certain projects defined in the Act that further the development and expansion of family farming, soil conservation, housing, and business in the State; and

WHEREAS, the Authority has received the Economic Development Loan Program Application set forth in Exhibit A attached hereto (the "Application") which Application is incorporated herein as though set out here in full; and

WHEREAS, the Application is a request that the Authority issue its Senior Living Facilities Revenue and Refunding Bonds in an amount not to exceed \$20,000,000 (the "Bonds") and loan the proceeds from the sale of the Bonds to the Borrower listed in the Application for the purposes stated therein (the "Project"); and

WHEREAS, the Authority and the Borrower desire to comply with the requirements of Treasury Regulation 1.150-2 (the "Regulations") with respect to the Project;

NOW, THEREFORE, Be It Resolved by the Board of the Authority, as follows:

Section 1. Approval of Application. The Application is hereby approved, and the Executive Director of the Authority is authorized to notify the Borrower of such approval.

Section 2. Reimbursement from Bond Proceeds. Based upon representations of the Borrower, the Authority declares (a) that the Borrower proposes to undertake the Project, (b) that except for (i) expenditures aggregating no more than the lesser of \$100,000 or 5% of the proceeds of the Bonds, (ii) preliminary expenditures (as described in the Regulations) in an amount not to exceed 20% of the issue price of the Bonds, and (iii) other expenditures made not earlier than 60 days before the date hereof, no expenditures for the Project have been made by the Borrower and no expenditures will be made by the Borrower until after the date hereof, and (c) the Borrower reasonably expects to reimburse the expenditures made for costs of the Project with the proceeds of the Bonds. This Resolution is a declaration of official intent adopted pursuant to Section 1.150-2 of the Regulations.

Section 3. Intent to Issue Bonds. It is hereby determined necessary and advisable that the Authority proceed with the issuance and sale of the Bonds as permitted by the Act and that the Authority hereby declares its intent to issue the Bonds to finance the Project, and that such actions will be taken by the Authority as may be required by the Act to authorize, issue and sell the Bonds.

Section 4. Execution and Approval of Agreements. The Authority will enter into all agreements necessary to be entered into by the Authority in connection with the issuance and sale of the Bonds. The Authority's Program Counsel and/or General Counsel shall approve all agreements to be entered into in connection with the issuance of the Bonds, and such agreements shall be authorized and approved after due consideration by the Authority prior to their execution by the Authority.

Section 5. Notice and Governor Approval. The Executive Director, and the staff of the Authority are directed, on behalf of the Authority, to publish notice of the proposal to issue the Bonds, to conduct a public hearing on such proposal and, following such hearing, obtain the approval of the Governor as the chief elected executive officer, all as required by Section 147(f) of the Internal Revenue Code of 1986, as amended.

Section 6. Preliminary Official Statement. The Executive Director and the staff of the Authority are authorized to cooperate in the preparation of a preliminary official statement with respect to the Bonds, and that the Executive Director is authorized to execute and deliver such certificates to comply with SEC Rule 15c2-12 in connection with the offer, sale and issuance of the Bonds.

Section 7. Further Actions. The officers, Executive Director and Program Counsel of the Authority are hereby authorized and directed to take such further actions as may be necessary to effect the intent and purpose of this Resolution, the accomplishment of the Project and the sale and issuance of the Bonds.

Section 8. Not Obligations of the Authority. The Bonds, when issued, shall be limited obligations payable solely out of the revenues derived from the debt obligation, collateral, or other security furnished by or on behalf of the Borrower, and the principal and interest thereof shall not constitute an indebtedness of or charge against the State of Iowa or any subdivision thereof, including the Authority, within the meaning of any constitutional or statutory debt limit or give rise to a pecuniary liability of, or claim against, the State of Iowa or the Authority or a charge against their general credit or general funds.

Section 9. Costs. It is to be understood that the Borrower shall pay all reasonable and necessary costs, including costs of counsel, and expenses of the Authority related to the Bonds and the Project.

Section 10. Repealer. All resolutions, parts of resolutions, and prior actions of the Authority in conflict herewith are hereby repealed to the extent of such conflict.

Passed and approved this 10th day of July, 2013.

David D. Jamison, Secretary

(Seal)

Exhibit A



IOWA FINANCE
AUTHORITY

David D. Jamison, Executive Director
2015 Grand Avenue
Des Moines, Iowa 50312
(515) 725-4900 - (800) 432-7230

FOR IFA USE ONLY

Project No. ED13-04
Application Received 6/7/13
Application Fee Received? Yes No
Volume Cap? Yes No
MDA Bonds? Yes No
Amount of Request \$ 20,000,000

Application forms can be obtained from the Authority's website at www.IowaFinanceAuthority.gov

ECONOMIC DEVELOPMENT BOND APPLICATION

Part A - Borrower Information

1. Project Name: Herman L. Rowley Memorial Masonic Home (dba Rowley Memorial Masonic Home)
2. Contact Person/Title: Ms. Cindy Friess
Company: Rowley Memorial Masonic Home
Address: 3000 East Willis Avenue
City, State, and Zip: Perry, Iowa 50220
Telephone: 515-465-5316 E-mail: cindy@rowleymasonichome.org
5. Principals: (If a partnership, list partners; if a corporation, list officers/directors and state of incorporation; if a nursing facility, list directors and principal staff.) Attach separate list if necessary.
N/A
6. If Borrower is a nonprofit corporation, provide copy of IRS determination letter or date of application for determination letter and state purpose: Attached
7. Is the Borrower currently qualified to transact business within the State of Iowa? Yes No
8. If project is a Nursing Facility, is state certificate of need required: Yes No
If yes, attach copy.
9. Total current FTE's of Borrower: 58
Number of permanent FTE's created by the project: 6

Part B - Project Information

1. This Project qualifies for financing pursuant to the Economic Development Loan Program as land, buildings or improvements suitable for use as one of the following facilities (Check one):

501 c (3) entity:

Private college or university

Housing facility for elderly or disabled persons

Museum or library facility

Voluntary nonprofit hospital, clinic or health care facility as defined in Section 135c.1 (6) of the Iowa Code. Specify: _____

Other 501c (3) entity (please specify) _____

Manufacturing facility

Agricultural processing facility

Multi-family housing

Solid Waste facility

Facility under Heartland Disaster Tax Relief Act of 2008 (Midwestern Disaster Area Bonds)

The proceeds of the **Midwest Disaster Area Bonds** will be used for:

Multifamily rental project for low and moderate income individuals

Acquisition, construction, reconstruction, renovation of nonresidential property

Repair or reconstruction of public utility property

3. Amount of Loan Request: \$20,000,000 _____

Amount to be used for refunding: \$2,750,000 _____

4. Address/Location of Project

Street/City/State: 3000 East Willis Avenue, Perry, Iowa _____

County: Dallas _____

5. General Project Description:

The bonds will refund the Series 2003 Bonds issued by the City of Perry, Iowa and will fund the construction of a new 57 bed nursing facility of which 8 beds will be dedicated to short-term stay, a 16 unit assisted living wing, a commercial kitchen, library, spa and community space throughout the building.

Part B - Project Information continued

6. Does the Borrower expect to use bond proceeds to reimburse capital expenditures already made?

No

Yes, in the amount of \$ _____ (There are IRS limitations on eligible reimbursable costs.)

7. Parties related to the Project:

a. Principal User will be: Residents of the various care components of the senior housing continuum

b. Seller (if any) of the Project: N/A

c. Purchaser (if any) or Owner or Lessee of the Project: N/A

d. Relationship of Project Seller and Purchaser, if any: N/A

8. Sources and Uses of Project Funds (Sum of Sources and Uses must match):

Sources:	Amount	Uses:	Amount
Series 2013 Bond Proceeds	\$ 17,000,000	Series 2003 Bonds	\$2,750,000
Series 2013 B FRIEND Notes	3,000,000	Project Construction	16,500,000
Borrower Equity	2,100,000	Capitalized Interest	1,250,000
		Debt Service Reserve Fund	1,150,000
		Costs of Issuance	450,000

	\$	\$22,100,000
Total	22,100,000	Total

9. Type of Bond Sale Public Sale Private Placement

Part C - Professionals Participating in the Financing

Applications must have either Bond Counsel or Underwriter/Financial Institution identified

1. Bond Counsel: (an attorney hired by the borrower to ensure the bonds can be issued on a tax-exempt basis)

Name: David Claypool
 Firm Name: Dorsey & Whitney
 Address: 801 Grand Ave, Suite 4100
 City/State/Zip Code: Des Moines, IA 50309
 Telephone: 515-699-3265 E-

mail: claypool.david@dorseylaw.com

2. Counsel to the Borrower:

Name: Mark Powell
 Firm Name: Finneseth, Dalen and Powell
 Address: 1401 Willis Avenue
 City/State/Zip Code: Perry, Iowa 50220
 Telephone: 515-465-4641 E-

mail: mpowell@fdplawfirm.com

3. Underwriter or Financial Institution purchasing the bonds:

Name: Patrick O'Leary
 Firm Name: Piper Jaffray & Co.

Address: 800 Nicollet Mall, Suite 800
City/State/Zip Code: Minneapolis, MN 55402
Telephone: 612-303-6619 E-
mail: patrick.j.oleary@pjc.com

4. Counsel to the Underwriter:

Name: David Murphy
Firm Name: Kutak Rock, LLP
Address: 220 South 6th Street, Suite 1750
City/State/Zip Code: Minneapolis, MN 55402
Telephone: 612-334-5003 E-
mail: david.murphy@kutakrock.com

5. Trustee: (if needed)

Name: TBD
Firm Name: _____
Address: _____
City/State/Zip Code: _____
Telephone: _____ E-mail: _____

PART D - Fees and Charges

1. A non-refundable application fee must accompany this form at the time of submission to the Authority. For applications up to \$10 million, the application fee is \$1,000. For applications over \$10 million, the application fee is \$2,500. The application fee is subtracted from the Issuer's fee at closing.

Applications will expire if the bonds are not issued within 18 months.

Submit application to the Authority at the following address:

Lori Beary
Community Development Director
Iowa Finance Authority
2015 Grand Avenue
Des Moines, IA 50312

2. An Issuer's fee will be due at the time of closing. The fee is 10 basis points for the first \$10 million and declines after that. Please contact Lori Beary at 515-725-4965 or lori.beary@iowa.gov for more information.
3. Borrower is required to pay the fees and expenses of Dorsey & Whitney, who serve as Issuer's Counsel. Bond documents should be sent to David Claypool (claypool.david@dorsey.com) or David Grossklaus (Grossklaus.David@dorsey.com) at Dorsey & Whitney and the Authority's Community Development Director (lori.beary@iowa.gov).

Dated this 4th day of June

, 2013

Borrower: Lucinda A. Guess

By:

Title: Administrator

Address any reply to: 1114 Market St., St. Louis, Mo. 63101

Department of the Treasury

District Director

Internal Revenue Service

Date:

JUL 17 1975

In reply refer to:

EP/EO:802:H. Henry

314-425-5651



▷ Herman L. Rowley Memorial Trust
c/o First National Bank
Perry, Iowa 50220

Gentlemen:

This is in response to an inquiry of June 18, 1975 from the Law Offices of Shirley, Smith & Shirley, regarding your status as an organization exempt from Federal income tax. Inasmuch as we do not have a Power of Attorney in our files, we are sending the information direct to you.

Our records indicate that a determination letter was issued to you in August 1956, granting you exemption under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1954.

If your gross receipts each year are normally more than \$5,000, you are required to file Form 990, Return of Organization Exempt From Income Tax, by the fifteenth day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, for failure to file a return on time.

If any question arises with respect to your status for Federal income tax purposes, you may use this letter as evidence of your exemption.

This is an advisory letter.

Sincerely yours,

RC Voskuil

District Director



U. S. TREASURY DEPARTMENT

WASHINGTON 25

COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
WASHINGTON 25, D. C.

AND REFER TO

T:R:PEO:S

FCB

SEP 27 1956

C. S. Johnson, Chairman, Board of Trustees
Herman L. Rowley Memorial Trust
First National Bank
Perry, Iowa

Dear Mr. Johnson:

We have considered the information contained in the exemption application of the Herman L. Rowley Memorial Trust and supporting documents, and the request of your attorney, Mr. James B. Smith, for a tentative ruling relative to its status for Federal income tax purposes.

The information presented discloses that the Trust was created under the will of the late Herman L. Rowley for the purpose, briefly, of acquiring, maintaining and operating a home in Perry, Iowa, to be known as "Rowley Memorial Home," for worthy and needy Masons; that the home is to be operated as a nonprofit institution; and that any charges made to occupants shall be sufficient to maintain and operate the home. Mr. Smith's letter of August 2, 1956 calls attention to the provisions of the will and resulting trust agreement which allows \$100,000 for the construction of the home. The will also provides that if the \$100,000 is insufficient, the balance shall be raised by the sale of real estate and the balance of the necessary funds shall be raised by the solicitation of contributions. It is noted that contributions will be solicited for the additional funds.

It is the opinion of this office, based upon the information presented, that if the Trust is operated strictly in accordance with its stated purpose it will be exempt from Federal income tax under the provisions of section 501(c)(3) of the Code.

Contributions made to the Trust will be deductible by donors in computing their taxable income in the manner and to the extent permitted by section 170 of the Code of 1954.

No liability is incurred for the taxes imposed under the Federal Insurance Contributions Act (social security taxes) by an organization

2 - C. S. Johnson, Chairman, Board of Trustees
Herman L. Rowley Memorial Trust

except from Federal income tax as an organization described in section 501(c)(3) of the Code of 1954 unless such organization files a waiver of exemption certificate in accordance with the provisions of section 3121(k) of the Code of 1954. Inasmuch as it appears that the Trust will qualify for exemption under section 501(c)(3), you are privileged, if you desire social security coverage for its employees, to file the certificate immediately rather than wait until its status has been definitely determined, since such certificate is effective only for the period beginning with the first day following the close of the calendar quarter in which it is filed. Copies of the necessary forms, together with appropriate instructions, may be obtained from your District Director.

This is a tentative ruling only. The actual activities of an organization are a material factor in determining whether or not it is organized and operated in accordance with the several provisions of law referred to above. Therefore, you should, at the end of the first year in which the Trust actively operates for its stated purposes, submit to the District Director of Internal Revenue, Des Moines, Iowa, an exemption application, Form 1023, together with a classified statement of the receipts and expenditures of the Trust during the year; and a complete statement of its assets and liabilities as of the end of the year in order that a definite ruling may be made.

The District Director of Internal Revenue, Des Moines, Iowa, is being advised of this action.

Very truly yours,



Chief, Pensions and
Exempt Organizations Branch

RESOLUTION
ED13-05A

Approving an Application for \$4,000,000
Iowa Finance Authority Solid Waste Facility Revenue Bonds
(Maassen Dairy Farms Project), Series 2013
For Maassen Dairy Farms (the "Borrower")

And Evidencing the Intent to Proceed with the Issuance of
\$4,000,000 Solid Waste Facility Revenue Bonds

WHEREAS, the Iowa Finance Authority, a public instrumentality and agency of the State of Iowa duly organized and existing under and by virtue of the Constitution and laws of the State of Iowa (the "Authority") is authorized and empowered by Chapter 16 of the Code of Iowa (the "Act") to issue bonds and notes for the purpose of financing or refunding the cost of certain projects defined in the Act that further the development and expansion of family farming, soil conservation, housing, and business in the State; and

WHEREAS, the Authority has received the Economic Development Loan Program Application set forth in Exhibit A attached hereto (the "Application") which Application is incorporated herein as though set out here in full; and

WHEREAS, the Application is a request that the Authority issue its Solid Waste Facility Revenue Bonds in an amount not to exceed \$4,000,000 (the "Bonds") and loan the proceeds from the sale of the Bonds to the Borrower listed in the Application for the purposes stated therein (the "Project"); and

WHEREAS, the Authority and the Borrower desire to comply with the requirements of Treasury Regulation 1.150-2 (the "Regulations") with respect to the Project;

NOW, THEREFORE, Be It Resolved by the Board of the Authority, as follows:

Section 1. Approval of Application. The Application is hereby approved, and the Executive Director of the Authority is authorized to notify the Borrower of such approval.

Section 2. Reimbursement from Bond Proceeds. Based upon representations of the Borrower, the Authority declares (a) that the Borrower proposes to undertake the Project, (b) that except for (i) expenditures aggregating no more than the lesser of \$100,000 or 5% of the proceeds of the Bonds, (ii) preliminary expenditures (as described in the Regulations) in an amount not to exceed 20% of the issue price of the Bonds, and (iii) other expenditures made not earlier than 60 days before the date hereof, no expenditures for the Project have been made by the Borrower and no expenditures will be made by the Borrower until after the date hereof, and (c) the Borrower reasonably expects to reimburse the expenditures made for costs of the Project with the proceeds of the Bonds. This Resolution is a declaration of official intent adopted pursuant to Section 1.150-2 of the Regulations.

Section 3. Intent to Issue Bonds. It is hereby determined necessary and advisable that the Authority proceed with the issuance and sale of the Bonds as permitted by the Act and that the Authority hereby declares its intent to issue the Bonds to finance the Project, and that such actions will be taken by the Authority as may be required by the Act to authorize, issue and sell the Bonds.

Section 4. Execution and Approval of Agreements. The Authority will enter into all agreements necessary to be entered into by the Authority in connection with the issuance and sale of the Bonds. The Authority's Program Counsel and/or General Counsel shall approve all agreements to be entered into in connection with the issuance of the Bonds, and such agreements shall be authorized and approved after due consideration by the Authority prior to their execution by the Authority.

Section 5. Notice and Governor Approval. The Executive Director, and the staff of the Authority are directed, on behalf of the Authority, to publish notice of the proposal to issue the Bonds, to conduct a public hearing on such proposal and, following such hearing, obtain the approval of the Governor as the chief elected executive officer, all as required by Section 147(f) of the Internal Revenue Code of 1986, as amended.

Section 6. Preliminary Official Statement. The Executive Director and the staff of the Authority are authorized to cooperate in the preparation of a preliminary official statement with respect to the Bonds, and that the Executive Director is authorized to execute and deliver such certificates to comply with SEC Rule 15c2-12 in connection with the offer, sale and issuance of the Bonds.

Section 7. Further Actions. The officers, Executive Director and Program Counsel of the Authority are hereby authorized and directed to take such further actions as may be necessary to effect the intent and purpose of this Resolution, the accomplishment of the Project and the sale and issuance of the Bonds.

Section 8. Not Obligations of the Authority. The Bonds, when issued, shall be limited obligations payable solely out of the revenues derived from the debt obligation, collateral, or other security furnished by or on behalf of the Borrower, and the principal and interest thereof shall not constitute an indebtedness of or charge against the State of Iowa or any subdivision thereof, including the Authority, within the meaning of any constitutional or statutory debt limit or give rise to a pecuniary liability of, or claim against, the State of Iowa or the Authority or a charge against their general credit or general funds.

Section 9. Costs. It is to be understood that the Borrower shall pay all reasonable and necessary costs, including costs of counsel, and expenses of the Authority related to the Bonds and the Project.

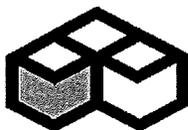
Section 10. Repealer. All resolutions, parts of resolutions, and prior actions of the Authority in conflict herewith are hereby repealed to the extent of such conflict.

Passed and approved this 10th day of July, 2013.

David D. Jamison, Secretary

(Seal)

Exhibit A



**IOWA FINANCE
AUTHORITY**

David D. Jamison, Executive Director
2015 Grand Avenue
Des Moines, Iowa 50312
(515) 725-4900 - (800) 432-7230

FOR IFA USE ONLY

Project No. ED 13-05
Application Received 6/26/13
Application Fee Received?
Volume Cap? Yes No
Amount of Request \$ 4,000,000

Application forms can be obtained from the Authority's website at www.IowaFinanceAuthority.gov

ECONOMIC DEVELOPMENT BOND APPLICATION

Part A - Borrower Information

1. Project Name: Maassen Dairy Farms
2. Contact Person/Title: Leroy Maassen
Company: Maassen Dairy Farms
Address: 4733 Hickory Avenue
City, State, Zip: Maurice, Iowa 51036
Telephone: (712) 441-5145 E-mail: leeandem@mtcnet.net
5. Principals: (If a partnership, list partners; if a corporation, list officers/directors and state of incorporation; if a nursing facility, list directors and principal staff.) Attach separate list if necessary.
Leroy Maassen, Owner/Partner
Aaron Maassen, Owner/Partner
Adam Maassen, Owner/Partner
Stefan Maassen, Owner/Partner
6. If Borrower is a nonprofit corporation, provide copy of IRS determination letter or date of application for determination letter and state purpose: n/a
7. Is the Borrower currently qualified to transact business within the State of Iowa? Yes No
8. If project is a Nursing Facility, is state certificate of need required: Yes No
If yes, attach copy.
9. Total current FTE's of Borrower: 13
Number of permanent FTE's created by the project: 2

Part B - Project Information

1. This Project qualifies for financing pursuant to the Economic Development Loan Program as land, buildings or improvements suitable for use as one of the following facilities (Check one):

501 c (3) entity:

Private college or university

Housing facility for elderly or disabled persons

Museum or library facility

Voluntary nonprofit hospital, clinic or health care facility as defined in Section 135c.1 (6) of the Iowa Code. Specify: _____

Other 501c (3) entity (please specify) _____

Manufacturing facility

Agricultural processing facility

Multi-family housing

Solid Waste facility

3. Amount of Loan Request: \$4,000,000

Amount to be used for refunding: \$0

4. Address/Location of Project

Street/City/State 4733 Hickory Avenue, Maurice, Iowa 51036

County Sioux County

5. General Project Description:

The total project expansion is adding a new dairy parlor/milking facility and the free stalls to house an additional 750 cows. We will construct a sand lane and manure management systems to facilitate that and to be able to process the sand/manure from our existing facilities too. This will be done to separate out the sand for bedding use and recycle it and better use of our nutrients for crop production. We have a permit to also add a robotic calf raising facility after this phase is completed.

Part B - Project Information continued

6. Does the Borrower expect to use bond proceeds to reimburse capital expenditures already made?
 ___ No
X Yes, in the amount of \$_____ (There are IRS limitations on eligible reimbursable costs.)

7. Parties related to the Project:
 a. Principal User will be: Maassen Dairy Farms
 b. Seller (if any) of the Project: _____
 c. Purchaser (if any) or Owner or Lessee of the Project: _____
 d. Relationship of Project Seller and Purchaser, if any: _____

8. Sources and Uses of Project Funds (Sum of Sources and Uses must match):

Sources:	Amount	Uses:	Amount
Series 2013 Bonds	\$4,000,000	Sand Lane & Manure Systems	\$980,000
_____	_____	Dairy Milking Facility & Free Stalls	2,460,000
_____	_____	Additional Free Stall	480,000
_____	_____	Issuance Expenses	80,000
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
	\$ 4,000,000		\$4,000,000
Total	_____	Total	_____

9. Type of Bond Sale Public Sale Private Placement

Part C - Professionals Participating in the Financing

Applications must have either Bond Counsel or Underwriter/Financial Institution identified

1. Bond Counsel: (an attorney hired by the borrower to ensure the bonds can be issued on a tax-exempt basis)

Name: Pete Miller, Esq.
Firm Name: Peter Miller LLC (or its successors and interests)
Address: 8044 Montgomery Road, Suite 700
City/State/Zip Code: Cincinnati, Ohio 45236
Telephone: (513) 792-2774 E-mail: pmiller@kassonlaw.com

2. Counsel to the Borrower:

Name: TBD
Firm Name: _____
Address: _____
City/State/Zip Code: _____
Telephone: _____ E-mail: _____

3. Underwriter or Financial Institution purchasing the bonds:

Name: Robbins Taylor, III
Firm Name: W.R. Taylor & Company, LLC
Address: 1 Commerce Street, Suite 600
City/State/Zip Code: Montgomery, AL 36104
Telephone: (334) 395-6000 E-mail: robbins.taylor@wrtayco.com

4. Counsel to the Underwriter:

Name: Pete Miller, Esq.
Firm Name: Peter Miller LLC (or its successors and interests)
Address: 8044 Montgomery Road, Suite 700
City/State/Zip Code: Cincinnati, Ohio 45236
Telephone: (513) 792-2774 E-mail: pmiller@kassonlaw.com

5. Trustee: (if needed)

Name: TBD
Firm Name: _____
Address: _____
City/State/Zip Code: _____
Telephone: _____ E-mail: _____

PART D - Fees and Charges

1. A non-refundable application fee must accompany this form at the time of submission to the Authority. For applications up to \$10 million, the application fee is \$1,000. For applications over \$10 million, the application fee is \$2,500. The application fee is subtracted from the Issuer's fee at closing.

Applications will expire if the bonds are not issued within 18 months.

Submit application to the Authority at the following address:

Lori Beary
Community Development Director
Iowa Finance Authority
2015 Grand Avenue
Des Moines, IA 50312

2. An Issuer's fee will be due at the time of closing. The fee is 10 basis points for the first \$10 million and declines after that. Please contact Lori Beary at 515-725-4965 or lori.beary@iowa.gov for more information.
3. Borrower is required to pay the fees and expenses of Dorsey & Whitney, who serve as Issuer's Counsel. Bond documents should be sent to David Claypool (claypool.david@dorsey.com) or David Grossklaus (Grossklaus.David@dorsey.com) at Dorsey & Whitney and the Authority's Community Development Director (lori.beary@iowa.gov).

Dated this 25 day of JUNE, 2013

Borrower: JOHN MAASSEN + SONS

By: Leroy Maassen
Title: PARTNER

RESOLUTION
WQ 13-19

WHEREAS, the Iowa Finance Authority (the "Authority"), in accordance with the statutory directives set forth in Chapter 16 of the Code of Iowa, 2007, as amended and sections 455B.291 through and including 455B.299 of the Code of Iowa, 2007, as amended, works with the Iowa Department of Natural Resources (the "DNR") to administer the Iowa Water Pollution Control Works Financing Program and the Iowa Drinking Water Facilities Financing Program (collectively, the "SRF Program"); and

WHEREAS, the Authority offers low-interest loans, pass through loans or linked deposits through local lending institutions under the SRF Program for non-point source projects; and

WHEREAS, prior to applying to the Authority for a non-point source loan under the SRF Program, a borrower must receive approval of its project from DNR; and

WHEREAS, The Iowa Natural Heritage Foundation (the "Borrower") has received the necessary written approval from DNR on the project described in Exhibit A attached hereto (the "Project"), which approval is attached as Exhibit B hereto; and

WHEREAS, in connection with the Project, the Borrower has applied for a loan (the "Loan") from Bank Midwest pursuant to the SRF Program; and

WHEREAS, the Authority has reviewed the loan application of the Borrower and desires purchase a participation in the Loan for the Project, in an amount not to exceed \$1,100,000 upon the terms and conditions set forth on Exhibit C attached hereto;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Iowa Finance Authority as follows:

SECTION 1. The Board hereby approves up to a 100% participation in the Loan to the Borrower for the Project, in an amount not to exceed \$1,100,000 upon the terms and conditions detailed in Exhibit C hereto. The Executive Director is authorized to prepare and issue a commitment for the Loan consistent with the terms of this Resolution.

SECTION 2. The Board authorizes the Authority to finalize this transaction with the Borrower, to negotiate and complete the necessary loan documents, and to fund the participation in the Loan as described herein. The Executive Director is authorized to prepare and execute any necessary documents in connection with the participation in the Loan, consistent with the terms of this Resolution.

SECTION 3. The Board authorizes the Executive Director to fund said participation from available funds held under the SRF Program, all in the manner deemed necessary and appropriate by the Executive Director, subject to the terms and conditions of this Resolution.

SECTION 4. The provisions of this Resolution are declared to be separable, and if any section, phrase or provisions shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions.

SECTION 5. All resolutions, parts of resolutions or prior actions of the Authority in conflict herewith are hereby repealed to the extent of such conflict and this Resolution shall become effective immediately upon adoption.

PASSED AND APPROVED this 10th day of July, 2013.

David D. Jamison, Secretary

(Seal)

EXHIBIT A

Project: *CIRKS AND POST TRACT ACQUISITION*

The Cirks tract is an addition to the Lizard Lake Wildlife Management Area located in the Lizard Lake PPJV Priority Area. The tract consists of 116.5 acres within the watershed of the Des Moines River in Pocahontas County. The Cirks tract conserves 1,250 meters of lakeshore along the northern end of Lizard Lake. Existing land uses on the tract include a 3 acre marsh, 16 acres of former cropland seeded to grasses under 15-year Conservation Reserve Program (CRP) contracts, and 92.4 acres under row crop production. The tract includes 63.7 acres of hydric soils.

Lizard Lake is a shallow, 324 acre glacial lake with a mean depth of 3 feet and a maximum depth of 5.5 feet. By the 1980's, the lake had followed the same path as many of the other shallow glacial lakes in Iowa and Minnesota, and was characterized by a turbid, open water state dominated by large algae and rough fish populations and largely devoid of rooted aquatic vegetation and game fish species. Local residents petitioned the Iowa Legislature to improve Lizard Lake through a dredging project. At that time, dredging had proven successful at increasing water clarity, aquatic plant communities, and providing for more consistent populations of desirable fish species in several of Iowa's deeper natural lakes. Dredging was the primary lake renovation practice available at that time.

Following several local meetings and discussions a Diagnostic / Feasibility Study conducted by the Iowa State University Limnology Laboratory was done. The study was completed in 2008 and recommended a combination of watershed and in-lake restoration activities with a goal of restoring biological functioning to the lake. Watershed restoration recommendations included wetland restoration, increasing the amount of perennial vegetation, and establishment of shoreline and riparian buffers. In-lake restoration recommendations consisted of outlet structure replacement, shoreline stabilization, and fisheries restoration.

Lizard Lake consists of 351 acres of sovereign land extending only to the lake's ordinary high water level. In the 1960's, 3 small parcels (70 acres) were acquired around the lake's periphery protecting 1,319 meters of lake shoreline. Lizard Lake was designated as one of the 100 PPJV Priority Areas due to the potential for wetland and grassland restoration in the vicinity of this shallow glacial lake. Two perpetual WRP easements were enrolled in 2010 consisting of 119 acres enrolled by Mr. Rickey Post and 10 acres enrolled by Frank Stamper. Together, these 2 easements restored 129 acres adjacent to the lake to wetland and grassland habitats, including restoration of a 35 acre wetland. Ten Conservation Reserve Program (CRP) contracts have placed another 37 acres into natural vegetation along 850 meters of the lake's shoreline, including restoration of another 17 acre wetland.

The Lizard Lake wetland enhancement project was completed in July 2011 and included replacement of the fixed crest outlet structure with a structure that allows effective management of water levels. A fish barrier was constructed on the outlet channel 0.5 miles downstream from the lake outlet to exclude carp and other undesirable fish species from re-entering the lake from downstream rivers. Permanent easements were required for construction and subsequent maintenance of the outlet structure and fish barrier. Mr. Cirks gifted a permanent easement on 0.28 acres to allow construction of the new outlet structure, and Mr. Post gifted a permanent

easement along 1,500 meters of the outlet channel (25 acres) needed to install the fish barrier and to maintain functionality of both the fish structure and the new lake outlet structure.

A lake drawdown coincided with the construction of the new lake outlet structure and fish barrier. The drawdown was used to kill the fish in the lake for the main purpose of eliminating carp and other rough fish above the new fish barrier. The drawdown lasted through fall 2012 in order to allow bottom sediments to consolidate and to facilitate growth of new aquatic emergent plants to assist in shoreline stabilization. Reintroduction of desirable native fish species began in 2013 with stocking of fingerling perch and northern pike.

The Lizard Lake PPJV Priority area represents a 6.2 square mile area in southeastern Pocahontas County which includes the majority of the 1,770 acre Lizard Lake watershed. Most of the wetlands in the vicinity of Lizard Lake were drained prior to 1930. In the 1960's, DNR purchased 3 tracts that included 2 marshes adjacent to the lake. The WRP easements enrolled in 2010 resulted in the restoration of a wetland that was partially drained in the 1960's, but never successfully converted to row crop production. Acquisition of the Cirks tract provides enhancement and protection for the only other 2 natural marshes that have persisted in private ownership.

Acquisition of the Cirks tract will allow restoration of 8 prairie pothole wetlands that had been converted to row crop production prior to the 1930's. In addition, the Cirks tract includes portions of 3 existing wetlands which will be enhanced by improving hydrology on portions of the seasonal and temporary wetland zones previously converted to row crop production. In all, acquisition of the Cirks tract will conserve 37.6 acres of wetland habitat associated with 11 wetland basins, and result in restoration of 74 acres of tallgrass prairie.

Shortly after an agreement was reached with Mr. Cirks, Mr. Post indicated an interest in selling his permanent WRP easement to a public agency in support of the conservation work occurring at Lizard Lake. Acquisition of the Post tract will allow public agencies to more completely restore the wetland habitats on the tract right now. There is also potential to work with adjacent landowners to permanently protect existing wetlands that were restored under 15-year CRP contracts.

The Iowa Natural Heritage Foundation (INHF) secured a purchase option on the Cirks tract on May 10, 2013. The property will be purchased by INHF on July 15, 2013 for \$896,800. Funding for the public acquisition of 116.5 acres will be provided by the Iowa DNR using a combination of REAP Open Spaces, Marine Fuel Tax, Fish Habitat Stamp, and Wildlife Habitat Stamp funds.

INHF secured a purchase option on the Post tract on June 24, 2013. The property will be purchased by INHF on July 31, 2013 for \$120,000. Funding for the public acquisition of the 120 acres will be provided by the Pocahontas County Conservation Board with financial assistance from a North American Wetlands Conservation Act (NAWCA) grant and Ducks Unlimited.

EXHIBIT B

PROGRAM APPLICATION
Iowa Water Quality Loan Fund General Non-Point Source Program

Project Name	Address	City	State	Zip
<i>Prairie Lakes Wetland Initiative</i>	<i>505 – 5th Avenue, suite 444</i>	<i>Des Moines</i>	<i>IA</i>	<i>50309</i>

Phone Number	Email	Contact Name
<i>515-288-1846</i>	<i>mackelson@inhf.org</i>	<i>Mark Ackelson</i>

Legal Description

Priority landscapes within a 35 County region in north-central Iowa (see attached map)

Assistance is available to projects where facilities are needed to protect, restore or improve water quality from non-point source pollution. Only applicants that are owners of record of the property or have long-term control of the property where the project is to be implemented are eligible. For additional project eligibility information, please refer to Iowa Administrative Code 567, Chapter 92.13 (455B).

Description of Practice. Attach Maps, Timeline for Project Completion and an Estimated Lifespan for the Practice.

This practice involves using SRF loans to build wetland complexes around the glacial deepwater recreational lakes, shallow wildlife lakes, and large marshes in north-central Iowa. Practices are tied to 100 priority areas identified by DNR and the U.S. Fish & Wildlife Service (USFWS) through a comprehensive planning process initiated in 1986 to identify the historical high density wetland landscapes that currently exhibit the greatest potential for restoration (See attached map). Since 1987, this highly successful program has resulted in the conservation of 54,310 acres of wetland and associated tallgrass prairie utilizing land acquisition and a multitude of federal, state, and local funding sources coordinated through the North American Wetlands Conservation Act (NAWCA) in partnership with the USFWS Waterfowl Production Area (WPA).

Through this proposal we are requesting \$10 million dollars over the next 10 years to help facilitate the continued success of this program. SRF loan funds will be used to acquire tracts of land within identified priority areas as they become available. Due to rising land prices, DNR and FWS do not have the liquidity of capital in a single fiscal year to acquire these tracts in a reasonable amount of time. Iowa DNR works with the Iowa Natural Heritage Foundation (INHF) on a regular basis to provide up-front capital and negotiating expertise to secure these tracts and hold them for a period of months while DNR arranges the financing with partner organizations. This process has proven effective, and it has become essential in order for DNR and other conservation partners to meet annual conservation goals for the NAWCA and WPA programs. SRF loans can greatly facilitate this effort by providing low or no interest capital in order to increase INHF's land holding capacity and reduce holding costs thereby allowing a greater percentage of state and federal funding to be used to accomplish wetland conservation objectives.

Due to unpredictability of acquiring land from willing sellers, it is important that this loan provide access to funds over a ten year period. This flexibility will improve our ability to budget state and federal funds and apply them to tracts with the greatest wetland conservation potential. We anticipate acquiring 8 to 10 tracts per year ranging in size from 40 to 200 acres using SRF loan funds. Most SRF loans used to acquire individual tracts will be repaid within 2 to 3 years. Additional information on the Prairie Lakes Wetland Initiative is provided with this application as Appendix 1.

Description of Water Quality Benefits of the Project

Wetland conservation activities in this proposal include restoration, enhancement, permanent protection, and long-term management of wetlands and associated tallgrass prairie uplands. Eligible tracts must be located in historic high density wetland landscapes that currently exhibit the greatest potential for restoration of ecological functions at a landscape scale. Eligible areas are defined by the 100 Prairie Pothole Joint Venture (PPJV) priority landscapes identified on the attached map.

PPJV Priority Areas include portions of the watershed of 29 of the 40 Significant Publicly Owned Lakes in the Prairie Pothole Region of Iowa; 13 of the 17 lakes on the 2004 list of impaired waters within the Prairie Pothole Region of Iowa; all 8 lakes designated as High Quality waters in the Prairie Pothole Region of Iowa; and 15 of the 16 lakes designated as High Quality Resource Waters in the Prairie Pothole Region of Iowa.

Priority areas include portions of the watersheds of 18 of the 28 river segments on the 2004 list of impaired waters within the Prairie Pothole Region of Iowa; all eleven (11) river segments designated as High Quality Resource Waters that include portions of the Prairie Pothole Region; as well as the headwaters and upper reaches of several of Iowa's large rivers, including the Raccoon River, Des Moines River, Iowa River, Cedar River, Boone River, and Little Sioux River. Water Quality Improvement Plans (TMDLs) have been completed and approved for the Raccoon, Iowa, and Cedar Rivers.

Detailed information, including maps, on the benefits of the Prairie Lakes Wetland Initiative to water quality priorities identified in this application is provided as Appendix 2.

Total Estimated Project Costs

Percentage of Project for Water Quality Protection/Improvement

\$48,000,000

100%

Estimated General Non-Point Source Program Loan

\$10,000,000

PROGRAM APPLICANT CONDITIONS

- Timely completion. The approval of this application is good for six months following DNR signature. If the project is not expected to be complete within six months, the applicant may request an extension from the DNR. If the project is not complete and a request to extend this approval is not made, GNS funds may not be available.
- Records. The project owner shall maintain records that document all costs associated with the project for not less than 3 years from the date of the final loan payment. The project owner shall provide the Department of Natural Resources representative access to the project to verify the loan was used for the purpose intended.
- Rectification and Disputes. Failure of the project owner to implement the approved local water protection project or to comply with the applicable requirements constitutes grounds for the Department of Natural Resources or the lending institution to withhold loan disbursements. The project owner is responsible for ensuring that the identified problem is rectified.
- Repayment & Property Transfer. Loans shall be repaid in accordance with the terms and conditions of the executed loan agreement between the participating lender and project owner. Repayment of the loan must begin within 30 days after the project is completed or by the date specified by the participating lender, whichever is earlier. In the event of property transfer from the project owner that secured the loan to another person or entity during the repayment period specified in the loan agreement, the balance of the loan, principal and any accrued interest shall be due in full. Prepayment of the principal in whole or in part shall be allowed without penalty.
- Project owner is responsible for obtaining all applicable permits. This application approval does NOT constitute a permit.

PROGRAM APPLICANT SIGNATURE

Project Owner Signature. By signing this program application, I agree that all information provided in this application is accurate and I agree to the conditions listed above.

Project Signature Name and Title	Signature	Date
Mark C. Ackelson President Iowa Natural Heritage Foundation		1/11/08

PROJECT RATING CRITERIA

The general non-point source rating criteria consider the use classification of the receiving waters, water quality of the receiving waters, the project benefits and a tiebreaker. Priority ranking for the projects is based on the total points awarded for all the categories. The greater the total number of points, the higher the ranking. All applications will be rated using 567 Iowa Administrative Code 91.11(455B) General nonpoint source projects rating system (see next page for more details).

PROGRAM APPLICATION APPROVAL

DNR Signature. By approving this program application, the Department of Natural Resources confirms that the application accurately estimates the cost of the practice, that the practice described is reasonable and proper, and that the proposed project is eligible under the rules of the program.

DNR Signature Name and Title	Signature	Date
Patricia Cafe-Finnegan SRF Coordinator		3/25/08

EXHIBIT C

LOAN REQUEST

<u>NOTE TYPE</u>	<u>ORIGINAL AMOUNT</u>	<u>RATE</u>	<u>TERM</u>	<u>PURPOSE</u>	<u>SECURITY</u>
Loan	\$1,016,800	Up to 3%	5 Years	Purchase 116.5 acres Pocahontas County	REM/ INHF

Bank Midwest has been contacted to be the direct lender on this loan with 100% participation with Iowa Finance Authority

Iowa Natural Heritage Foundation Balance Sheet

	2012	2011	2010	2009
Total Assets	\$53,440,484	\$41,456,318	\$35,525,368	\$30,020,963
Total Liabilities	\$30,523,700	\$19,882,212	\$12,366,592	\$10,871,416
Total Net Assets	\$22,916,784	\$21,574,106	\$23,158,776	\$19,149,547

The Iowa Natural Heritage Foundation (INHF), a non-profit conservation group, has helped protect more than 100,000 acres of Iowa's prairies, wetlands, woodlands, greenways, trails and river corridors. Each year INHF works with members, landowners, volunteers, leaders and conservation professional across Iowa. The INHF staff which, includes 20 full time employees, works closely with at least 100 volunteers on an annual basis. The INFH membership includes over 7,000 individuals, families, business and organizations. These members are INHF's main source of volunteer work, project support, new project ideas, landowner contracts and major planned gifts for the future of Iowa conservation.

From a financial standpoint, INHF is very sound. The foundation's net worth has been at an average of \$21.6 million. Based on the above, the foundation showed a positive net asset gain of \$1.3 million.



To: David D Jamison
 From: Steven E Harvey
 Date: June 14, 2013
 Re: May 2013 Financial Results

Financial Performance Targets:

Housing Agency:	6/30/2009	6/30/2010	6/30/2011	6/30/2012	5/31/2013	Budget
Equity/asset ratio > 12.2%	12.4%	11.5%	16.9%	24.4%	30.9%	28.3%
Return on assets ≥ .80%	0.47%	0.46%	3.20%	1.87%	1.50%	0.62%
Net interest margin > 1.15%	0.68%	0.67%	0.78%	1.38%	1.25%	1.49%
Loans/asset ratio > 80%	73.4%	58.9%	63.9%	72.9%	76.8%	77.5%
Loan & mbs portfolio	1,073,374,099	963,477,424	897,839,338	776,764,795	680,084,562	715,189,000
SRF loan portfolio	724,682,689	859,436,730	1,079,065,360	1,214,680,727	1,328,210,617	1,383,279,000
Staff Count	83	86	88	90	90	94

Housing Agency results –

YTD operating income of \$29,093,876 is \$8,394,491 or 40.6% favorable to budget.

- Fee income exceeds budget by \$4,271,414 led by TG and economic development loan fees.
- Net interest income trails budget by \$2,276,601 due to a change in MBS strategy from selling to bonding and putting more MBS on the balance sheet. We believe this to be a better long term strategy for IFA.
- Net grant income exceeds budget by \$5,790,526 due to lower DPA expenses; and the SAF, HAF, SHTF, and the Mortgage Settlement funds receiving higher than planned grant income.
- Other income exceeds budget by \$609,152 due mainly to derivative settlement receipts.

YTD operating expense of \$15,640,193 is \$1,752,750 or 12.6% unfavorable to budget.

- Direct employee expenses are \$390,627 favorable to budget.
- Marketing expenses are \$390,672 unfavorable to budget due to the IMH advertising campaign funded with mortgage settlement grant.
- Professional service expense is \$1,284,673 unfavorable to budget due primarily to TG field issuer fees paid as a result of favorable volume.
- Provision for losses is \$390,426 unfavorable to budget due to increases in TG known claim reserves and a loan guaranty payment to HUD for MSZH.

Net operating income of \$13,453,683 is \$6,641,741 or 97.5% favorable to budget.

Outstanding Grant Commitments total \$46,730,182.

State Revolving Fund results -

YTD operating income of \$41,555,927 is \$442,003 or 1.1% unfavorable to budget.

YTD operating expense of \$8,260,519 is \$396,521 or 5.0% unfavorable to budget.

Net operating income of \$33,295,408 is \$838,524 or 2.5% unfavorable to budget.

Iowa Finance Authority
Summary Financial Information
May 31, 2013

Housing Agency	Current Month				Year to date			
	Actual	Budget	Variance	%	Actual	Budget	Variance	%
Fee income	980,496	586,854	393,642	67.1%	12,544,336	8,272,922	4,271,414	51.6%
Net interest income	1,112,468	1,222,613	(110,145)	-9.0%	10,977,696	13,254,297	(2,276,601)	-17.2%
Net grant income	164,436	(417,381)	581,817	-139.4%	4,867,592	(922,934)	5,790,526	-627.4%
Other income	16,034	2,100	13,934	663.5%	704,252	95,100	609,152	640.5%
Total operating income	2,273,434	1,394,186	879,248	63.1%	29,093,876	20,699,385	8,394,491	40.6%
Direct employee exp	697,361	817,242	(119,881)	-14.7%	8,087,333	8,477,960	(390,627)	-4.6%
Indirect operating exp	89,341	72,668	16,673	22.9%	810,596	799,339	11,257	1.4%
Marketing exp	19,095	39,667	(20,572)	-51.9%	867,002	476,330	390,672	82.0%
Professional service exp	309,064	267,812	41,252	15.4%	4,709,121	3,424,448	1,284,673	37.5%
Provision for losses	74,154	37,394	36,760	98.3%	1,005,242	614,816	390,426	63.5%
Miscellaneous exp	14,572	8,594	5,978	69.6%	160,899	94,550	66,349	70.2%
Total operating expense	1,203,587	1,243,377	(39,790)	-3.2%	15,640,193	13,887,443	1,752,750	12.6%
Net operating income (loss)	1,069,847	150,809	919,038	609.4%	13,453,683	6,811,942	6,641,741	97.5%
State Revolving Fund								
Fee income	326,493	361,944	(35,451)	-9.8%	3,781,208	3,801,917	(20,709)	-0.5%
Net interest income	617,967	241,818	376,149	155.6%	5,882,761	6,419,240	(536,479)	-8.4%
Net grant income	1,143,195	2,137,070	(993,875)	-46.5%	31,891,954	31,776,773	115,181	0.4%
Other income	-	-	-	0.0%	4	-	4	0.0%
Total operating income	2,087,655	2,740,832	(653,177)	-23.8%	41,555,927	41,997,930	(442,003)	-1.1%
Direct employee exp	62,376	73,843	(11,467)	-15.5%	711,959	765,973	(54,014)	-7.1%
Indirect operating exp	8,527	6,711	1,816	27.1%	58,126	59,535	(1,409)	-2.4%
Marketing exp	2,593	4,166	(1,573)	-37.8%	14,461	45,833	(31,372)	-68.4%
Professional service exp	20,313	24,877	(4,564)	-18.3%	343,239	309,906	33,333	10.8%
Provision for losses	-	-	-	0.0%	133,351	133,351	-	0.0%
Miscellaneous exp	736,235	595,400	140,835	23.7%	6,999,383	6,549,400	449,983	6.9%
Total operating expense	830,044	704,997	125,047	17.7%	8,260,519	7,863,998	396,521	5.0%
Net operating income (loss)	1,257,611	2,035,835	(778,224)	-38.2%	33,295,408	34,133,932	(838,524)	-2.5%
Consolidated								
Fee income	1,306,989	948,798	358,191	37.8%	16,325,545	12,074,839	4,250,706	35.2%
Net interest income	1,730,436	1,464,431	266,005	18.2%	16,860,458	19,673,537	(2,813,079)	-14.3%
Net grant income	1,307,631	1,719,689	(412,058)	-24.0%	36,759,547	30,853,839	5,905,708	19.1%
Other income	16,034	2,100	13,934	663.5%	704,252	95,100	609,152	0.0%
Total operating income	4,361,090	4,135,018	226,072	5.5%	70,649,807	62,697,315	7,952,492	12.7%
Direct employee exp	759,736	891,085	(131,349)	-14.7%	8,799,292	9,243,933	(444,641)	-4.8%
Indirect operating exp	97,871	79,379	18,492	23.3%	868,726	858,874	9,852	1.1%
Marketing exp	21,689	43,833	(22,144)	-50.5%	881,464	522,163	359,301	68.8%
Professional service exp	329,378	292,689	36,689	12.5%	5,052,361	3,734,354	1,318,007	35.3%
Provision for losses	74,155	37,394	36,761	98.3%	1,138,594	748,167	390,427	52.2%
Miscellaneous exp	750,807	603,994	146,813	24.3%	7,160,282	6,643,950	516,332	7.8%
Total operating expense	2,033,636	1,948,374	85,262	4.4%	23,900,719	21,751,441	2,149,278	9.9%
Net operating income (loss)	2,327,454	2,186,644	140,810	6.4%	46,749,088	40,945,874	5,803,214	14.2%

Note - minor rounding errors may occur

DESCRIPTION	----- THIS MONTH -----			----- THIS Y-T-D -----			----- ANNUAL BUDGET -----	
	CURRENT	BUDGET	% BDGT	CURRENT	BUDGET	% BDGT	(REFERENCE)	(UNUTILIZED)
Fee Income	1306,989-	948,798-	137.75	16325,545-	12074,839-	135.20	13026,089-	3299,456
Net Interest Income	1730,436-	1464,431-	118.16	16860,458-	19673,537-	85.70	21110,915-	4250,457-
Net Grant Income	1307,631-	1719,689-	76.04	36759,547-	30853,839-	119.14	31982,209-	4777,338
Authority Fee Income			.00			.00		
Other Income	16,034-	2,100-	763.52	704,257-	95,100-	740.54	97,200-	607,057
Total Operating Income	4361,090-	4135,018-	105.47	70649,807-	62697,315-	112.68	66216,413-	4433,394
Salary & Benefits	744,254	871,062	85.44	8606,456	9020,677	95.41	9818,071	1211,615
Salary Transferred In (Out)			.00		1	.00		
Travel Expense	9,526	13,057	72.96	123,353	146,634	84.12	159,692	36,339
Education & Training Expense	5,956	6,966	85.50	69,483	76,621	90.68	83,590	14,107
Direct Employee Expenses	759,736	891,085	85.26	8799,292	9243,933	95.19	10061,353	1262,061
Office Supplies & Postage	16,453	11,874	138.56	131,311	130,608	100.54	142,482	11,171
Telephone & Data Expense	12,051	8,149	147.88	83,919	89,630	93.63	97,782	13,863
Facility Expense	21,968	16,176	135.81	185,817	177,942	104.43	194,120	8,303
Equipment Expense	22,147	21,269	104.13	213,014	233,959	91.05	255,231	42,217
Depreciation Expense	25,252	21,911	115.25	254,665	226,735	112.32	248,646	6,019-
Indirect Operating Expense	97,871	79,379	123.30	868,726	858,874	101.15	938,261	69,535
Marketing Expense	21,689	43,833	49.48	881,464	522,163	168.81	570,996	310,468-
Professional Services	329,378	267,689	123.05	5052,361	3734,354	135.29	4088,669	963,692-
Authority Fee Expense			.00			.00		
Provision for Losses	74,155	37,394	198.31	1138,594	748,167	152.18	825,832	312,762-
Misc Expenses	750,807	603,994	124.31	7160,282	6643,950	107.77	7847,959	687,677
Other Operating Expenses	1176,029	952,910	123.41	14232,701	11648,634	122.18	13333,456	899,245-
Total Operating Expense	2033,636	1923,374	105.73	23900,719	21751,441	109.88	24333,070	432,351
Net Operating Income	2327,454-	2211,644-	105.24	46749,088-	40945,874-	114.17	41883,343-	4865,745
Interagency Grants			.00			.00		
FMVA	11497,805		.00	22148,369		.00		22148,369-
Other Non-Operating			.00			.00		
Net Income	9170,351	2211,644-	414.64-	24600,719-	40945,874-	60.08	41883,343-	17282,624-

DESCRIPTION	OPENING BALANCE	NET CHANGE	CLOSING BALANCE	LAST YR BALANCE	% VAR
CASH	90,874,590.82	10,229,383.97	101,103,974.79	156,185,597.18	64.73
CASH EQUIVALENTS	248,359,722.68	7,364,850.65	255,724,573.33	313,064,966.15	81.68
INVESTMENTS	143,026,132.11	9,661,561.53	152,687,693.64	288,015,589.95	53.01
INV FMVA	1,926,780.77	274,567.40-	1,652,213.37	2,333,215.94	70.81
MORTGAGE BACKED SECURITIES	558,979,285.65	13,194,010.20-	545,785,275.45	650,459,147.63	83.91
MBS FMVA	53,266,432.20	11,223,237.76-	42,043,194.44	65,227,434.80	64.46
OTHER HOUSING LOANS	134,402,867.53	103,580.38-	134,299,287.15	129,812,138.42	103.46
SRF LOANS	1,328,210,617.60	14,499,178.60	1,342,709,796.20	1,239,604,535.11	108.32
INTEREST RECEIVABLE	19,019,679.70	1,642,276.27	20,661,955.97	21,466,716.64	96.25
CAPITAL ASSETS	4,948,229.53	27,574.77	4,975,804.30	4,649,242.95	107.02
PROVISION FOR ACCUMULATED DEPRECIATION	1,921,275.85-	25,251.63-	1,946,527.48-	1,673,197.57-	116.34
TRADE ACCOUNTS RECEIVABLE	715,906.08	423,516.18-	292,389.90	1,557,540.21	18.77
OTHER ASSETS	14,709,864.72	148,838.23-	14,561,026.49	15,730,946.37	92.56
DEFERRED DERIVATIVES	39,512,981.31		39,512,981.31	34,593,534.54	114.22
TOTAL ASSETS	2,636,031,814.85	18,031,824.01	2,654,063,638.86	2,921,027,408.32	90.86
BOND PAYABLE	1,432,841,407.30-	20,972,932.74-	1,453,814,340.04-	1,695,582,651.21-	85.74
INTEREST PAYABLE	14,805,096.97-	4,237,394.04-	19,042,491.01-	25,488,366.66-	74.71
DEFERRED INCOME	18,044,830.34-	4,144.11-	18,048,974.45-	18,049,064.76-	100.00
REBATES OWED	122,519.48-	5,000.00-	127,519.48-	1,028,441.97-	12.40
RESERVE FOR LOSSES	5,019,801.50-	74,154.36-	5,093,955.86-	4,242,856.33-	120.06
ACCOUNTS PAYABLE & OTHER CURR LIAB	23,435,762.88-	1,973,862.19-	25,409,625.07-	76,448,753.26-	33.24
DERIVATIVE LIABILITY	39,510,326.03-		39,510,326.03-	34,264,317.79-	115.31
TOTAL LIABILITIES	1,533,779,744.50-	27,267,487.44-	1,561,047,231.94-	1,855,104,451.98-	84.15
FUND BALANCE	1,068,481,007.28-	66,024.49	1,068,414,982.79-	992,397,676.88-	107.66
TRANSFER BETWEEN FUNDS		710.80-	710.80-		
CURRENT YEAR EARNINGS	33,771,063.07-	9,170,349.74	24,600,713.33-	73,525,279.46-	33.46
TOTAL NET ASSETS	1,102,252,070.35-	9,235,663.43	1,093,016,406.92-	1,065,922,956.34-	102.54
TOTAL LIABILITIES AND NET ASSETS	2,636,031,814.85-	18,031,824.01-	2,654,063,638.86-	2,921,027,408.32-	90.86

DESCRIPTION	----- THIS MONTH -----			----- THIS Y-T-D -----			----- ANNUAL BUDGET -----	
	CURRENT	BUDGET	% BDGT	CURRENT	BUDGET	% BDGT	(REFERENCE)	(UNUTILIZED)
Fee Income	980,496-	586,854-	167.08	12544,336-	8272,922-	151.63	8868,256-	3676,080
Net Interest Income	1112,468-	1222,613-	90.99	10977,696-	13254,297-	82.82	14480,463-	3502,767-
Net Grant Income	164,436-	417,381	39.40-	4867,592-	922,934	527.40-	2157,908	7025,500
Authority Fee Income			.00			.00		
Other Income	16,034-	2,100-	763.52	704,252-	95,100-	740.54	97,200-	607,052
Total Operating Income	2273,434-	1394,186-	163.07	29093,876-	20699,385-	140.55	21288,011-	7805,865
Salary & Benefits	688,575	806,620	85.37	7980,727	8352,678	95.55	9090,993	1110,266
Salary Transferred In (Out)	6,085-	8,571-	71.00	80,578-	88,843-	90.70	96,701-	16,123-
Travel Expense	9,215	12,407	74.27	119,396	139,484	85.60	151,892	32,496
Education & Training Expense	5,656	6,786	83.35	67,788	74,641	90.82	81,430	13,642
Direct Employee Expenses	697,361	817,242	85.33	8087,333	8477,960	95.39	9227,614	1140,281
Office Supplies & Postage	15,206	11,214	135.60	124,218	123,348	100.71	134,562	10,344
Telephone & Data Expense	11,654	7,659	152.16	79,829	84,240	94.76	91,902	12,073
Facility Expense	20,608	14,956	137.79	174,232	164,522	105.90	179,480	5,248
Equipment Expense	21,943	20,999	104.50	210,499	230,989	91.13	251,991	41,492
Depreciation Expense	19,930	17,840	111.72	221,818	196,240	113.03	214,080	7,738-
Indirect Operating Expense	89,341	72,668	122.94	810,596	799,339	101.41	872,015	61,419
Marketing Expense	19,095	39,667	48.14	867,002	476,330	182.02	520,996	346,006-
Professional Services	309,064	242,812	127.29	4709,121	3424,448	137.51	3668,888	1040,233-
Authority Fee Expense			.00			.00		
Provision for Losses	74,154	37,394	198.30	1005,242	614,816	163.50	692,481	312,761-
Misc Expenses	14,572	8,594	169.56	160,899	94,550	170.17	103,159	57,740-
Other Operating Expenses	416,885	328,467	126.92	6742,264	4610,144	146.25	4985,524	1756,740-
Total Operating Expense	1203,587	1218,377	98.79	15640,193	13887,443	112.62	15085,153	555,040-
Net Operating Income	1069,847-	175,809-	608.53	13453,683-	6811,942-	197.50	6202,858-	7250,825
Interagency Grants			.00			.00		
FMVA	11420,486		.00	22070,017		.00		22070,017-
Other Non-Operating			.00			.00		
Net Income	10350,639	175,809-5887.43-		8616,334	6811,942-	126.49-	6202,858-	14819,192-

DESCRIPTION	OPENING BALANCE	NET CHANGE	CLOSING BALANCE	LAST YR BALANCE	% VAR
CASH	28,591,493.42	1,264,322.08	29,855,815.50	74,361,224.60	40.15
CASH EQUIVALENTS	103,165,130.08	37,349,560.84	140,514,690.92	114,094,704.31	123.16
INVESTMENTS	18,743,718.05	130,558.09	18,874,276.14	108,936,601.21	17.33
INV FMVA	1,887,513.73	197,247.81-	1,690,265.92	2,299,943.39	73.49
MORTGAGE BACKED SECURITIES	558,979,285.65	13,194,010.20-	545,785,275.45	650,459,147.63	83.91
MBS FMVA	53,266,432.20	11,223,237.76-	42,043,194.44	65,227,434.80	64.46
OTHER HOUSING LOANS	134,402,867.53	103,580.38-	134,299,287.15	129,812,138.42	103.46
SRF LOANS					
INTEREST RECEIVABLE	3,144,299.45	43,504.08	3,187,803.53	4,058,918.33	78.54
CAPITAL ASSETS	4,815,729.53	27,574.77	4,843,304.30	4,649,242.95	104.17
PROVISION FOR ACCUMULATED DEPRECIATION	1,910,234.17-	21,571.07-	1,931,805.24-	1,673,197.57-	115.46
TRADE ACCOUNTS RECEIVABLE	278,489.33	94,265.38-	184,223.95	357,729.12	51.50
OTHER ASSETS	10,626,948.21	176,328.43-	10,450,619.78	11,267,534.71	92.75
DEFERRED DERIVATIVES	39,512,981.31		39,512,981.31	34,593,534.54	114.22
TOTAL ASSETS	955,504,654.32	13,805,278.83	969,309,933.15	1,198,444,956.44	80.88
BOND PAYABLE	550,201,365.79-	21,375,935.64-	571,577,301.43-	742,841,673.32-	76.94
INTEREST PAYABLE	5,865,720.73-	1,257,602.14-	7,123,322.87-	10,325,056.25-	68.99
DEFERRED INCOME	4,521,086.67-	32,610.62	4,488,476.05-	4,709,672.50-	95.30
REBATES OWED	16,098.73-		16,098.73-	205,128.52-	7.85
RESERVE FOR LOSSES	5,019,801.50-	74,154.36-	5,093,955.86-	4,242,856.33-	120.06
ACCOUNTS PAYABLE & OTHER CURR LIAB	22,334,078.86-	1,546,150.25-	23,880,229.11-	76,033,843.67-	31.41
DERIVATIVE LIABILITY	39,510,326.03-		39,510,326.03-	34,264,317.79-	115.31
TOTAL LIABILITIES	627,468,478.31-	24,221,231.77-	651,689,710.08-	872,622,548.38-	74.68
FUND BALANCE	326,301,875.14-	66,024.49	326,235,850.65-	306,752,415.68-	106.35
TRANSFER BETWEEN FUNDS		710.80-	710.80-		
CURRENT YEAR EARNINGS	1,734,300.87-	10,350,639.25	8,616,338.38	19,069,992.38-	45.18-
TOTAL NET ASSETS	328,036,176.01-	10,415,952.94	317,620,223.07-	325,822,408.06-	97.48
TOTAL LIABILITIES AND NET ASSETS	955,504,654.32-	13,805,278.83-	969,309,933.15-	1,198,444,956.44-	80.88

DESCRIPTION	----- THIS MONTH -----			----- THIS Y-T-D -----			----- ANNUAL BUDGET -----	
	CURRENT	BUDGET	% BDGT	CURRENT	BUDGET	% BDGT	(REFERENCE)	(UNUTILIZED)
Fee Income	326,493-	361,944-	90.21	3781,208-	3801,917-	99.46	4157,833-	376,625-
Net Interest Income	617,967-	241,818-	255.55	5882,761-	6419,240-	91.64	6630,452-	747,691-
Net Grant Income	1143,195-	2137,070-	53.49	31891,954-	31776,773-	100.36	34140,117-	2248,163-
Authority Fee Income			.00			.00		
Other Income			.00	4-		.00		4
Total Operating Income	2087,655-	2740,832-	76.17	41555,927-	41997,930-	98.95	44928,402-	3372,475-
Salary & Benefits	55,680	64,442	86.40	625,729	667,999	93.67	727,078	101,349
Salary Transferred In (Out)	6,085	8,571	71.00	80,578	88,844	90.70	96,701	16,123
Travel Expense	311	650	47.85	3,957	7,150	55.34	7,800	3,843
Education & Training Expense	300	180	166.67	1,695	1,980	85.61	2,160	465
Direct Employee Expenses	62,376	73,843	84.47	711,959	765,973	92.95	833,739	121,780
Office Supplies & Postage	1,246	660	188.79	7,092	7,260	97.69	7,920	828
Telephone & Data Expense	397	490	81.02	4,089	5,390	75.86	5,880	1,791
Facility Expense	1,360	1,220	111.48	11,585	13,420	86.33	14,640	3,055
Equipment Expense	203	270	75.19	2,514	2,970	84.65	3,240	726
Depreciation Expense	5,321	4,071	130.70	32,846	30,495	107.71	34,566	1,720
Indirect Operating Expense	8,527	6,711	127.06	58,126	59,535	97.63	66,246	8,120
Marketing Expense	2,593	4,166	62.24	14,461	45,833	31.55	50,000	35,539
Professional Services	20,313	24,877	81.65	343,239	309,906	110.76	419,781	76,542
Authority Fee Expense			.00			.00		
Provision for Losses			.00	133,351	133,351	100.00	133,351	
Misc Expenses	736,235	595,400	123.65	6999,383	6549,400	106.87	7744,800	745,417
Other Operating Expenses	759,141	624,443	121.57	7490,434	7038,490	106.42	8347,932	857,498
Total Operating Expense	830,044	704,997	117.74	8260,519	7863,998	105.04	9247,917	987,398
Net Operating Income	1257,611-	2035,835-	61.77	33295,408-	34133,932-	97.54	35680,485-	2385,077-
Interagency Grants								
FMVA	77,320		.00	78,352		.00		78,352-
Other Non-Operating			.00			.00		
Net Income	1180,291-	2035,835-	57.98	33217,056-	34133,932-	97.31	35680,485-	2463,429-

DESCRIPTION	OPENING BALANCE	NET CHANGE	CLOSING BALANCE	LAST YR BALANCE	% VAR
CASH	62,283,097.40	8,965,061.89	71,248,159.29	81,824,372.58	87.07
CASH EQUIVALENTS	145,194,592.60	29,984,710.19-	115,209,882.41	198,970,261.84	57.90
INVESTMENTS	124,282,414.06	9,531,003.44	133,813,417.50	179,078,988.74	74.72
INV FMVA	39,267.04	77,319.59-	38,052.55-	33,272.55	114.37-
MORTGAGE BACKED SECURITIES					
MBS FMVA					
OTHER HOUSING LOANS					
SRF LOANS	1,328,210,617.60	14,499,178.60	1,342,709,796.20	1,239,604,535.11	108.32
INTEREST RECEIVABLE	15,875,380.25	1,598,772.19	17,474,152.44	17,407,798.31	100.38
CAPITAL ASSETS	132,500.00		132,500.00		
PROVISION FOR ACCUMULATED DEPRECIATION	11,041.68-	3,680.56-	14,722.24-		
TRADE ACCOUNTS RECEIVABLE	437,416.75	329,250.80-	108,165.95	1,199,811.09	9.02
OTHER ASSETS	4,082,916.51	27,490.20	4,110,406.71	4,463,411.66	92.09
DEFERRED DERIVATIVES					
TOTAL ASSETS	1,680,527,160.53	4,226,545.18	1,684,753,705.71	1,722,582,451.88	97.80
BOND PAYABLE	882,640,041.51-	403,002.90	882,237,038.61-	952,740,977.89-	92.60
INTEREST PAYABLE	8,939,376.24-	2,979,791.90-	11,919,168.14-	15,163,310.41-	78.61
DEFERRED INCOME	13,523,743.67-	36,754.73-	13,560,498.40-	13,339,392.26-	101.66
REBATES OWED	106,420.75-	5,000.00-	111,420.75-	823,313.45-	13.53
RESERVE FOR LOSSES					
ACCOUNTS PAYABLE & OTHER CURR LIAB	1,101,684.02-	427,711.94-	1,529,395.96-	414,909.59-	368.61
DERIVATIVE LIABILITY					
TOTAL LIABILITIES	906,311,266.19-	3,046,255.67-	909,357,521.86-	982,481,903.60-	92.56
FUND BALANCE	742,179,132.14-		742,179,132.14-	685,645,261.20-	108.25
TRANSFER BETWEEN FUNDS					
CURRENT YEAR EARNINGS	32,036,762.20-	1,180,289.51-	33,217,051.71-	54,455,287.08-	61.00
TOTAL NET ASSETS	774,215,894.34-	1,180,289.51-	775,396,183.85-	740,100,548.28-	104.77
TOTAL LIABILITIES AND NET ASSETS	1,680,527,160.53-	4,226,545.18-	1,684,753,705.71-	1,722,582,451.88-	97.80

DESCRIPTION	THIS MONTH			THIS Y-T-D			ANNUAL BUDGET	
	CURRENT	BUDGET	% BDGT	CURRENT	BUDGET	% BDGT	(REFERENCE)	(UNUTILIZED)
Grant Income - Private Funds								
Rural Home DPA (FHLB)			.00			.00		
Real Estate Owned DPA (FHLB)			.00			.00		

Total Private Sector Funds			.00			.00		
Grant Income - State Funds								
Approp, RETA Int, RETT	220,246-	202,500-	108.76	7160,758-	4927,500-	145.32	5030,000-	2130,758
HCBS Rent Subsidy	61,715-	54,833-	112.55	546,694-	603,166-	90.64	658,000-	111,306-
Military DPA	96,584-	133,333-	72.44	973,972-	1333,333-	73.05	1600,000-	626,028-
Shelter Assistance Fund		60,000-	.00		660,000-	.00	720,000-	720,000-
Aftercare Rent Subsidy	2,518-	3,488-	72.19	43,483-	38,368-	113.33	41,856-	1,627
Wastewater Treatment Grants			.00			.00		
Jumpstart			.00			.00		
IJOBS - FY10 Programs	178,319-	1315,142-	13.56	7893,228-	15763,829-	50.07	17078,969-	9185,741-
IJOBS - Administration			.00			.00		
IJOBS - FY11 Programs	330,637-	2137,326-	15.47	15938,449-	23510,586-	67.79	25647,914-	9709,465-
Iowans Helping Iowans			.00	18,844-	125,000-	15.08	125,000-	106,156-
Mortgage Settlement Funds	199,027-		.00	1629,404-		.00		1629,404
Misc State Funds			.00	317,474-		.00		317,474

Total State Funds	1089,046-	3906,622-	27.88	34522,306-	46961,782-	73.51	50901,739-	16379,433-
Grant Income - Federal Funds								
Telework & AFP (84.235T & 84.224C)			.00			.00		
Hsg Ops Persons with Aids (14.241)	37,599-	33,000-	113.94	352,594-	339,000-	104.01	372,000-	19,406-
Rural Comm Dev Initiative (10.446)			.00			.00		
Emergency Shelter Grant Prog (14.231)	204,840-		.00	1763,687-	2400,000-	73.49	2400,000-	636,313-
HSG Counseling Assistance (14.169)		10,137-	.00		111,501-	.00	121,638-	121,638-
Shelter Care Plus (14.238)			.00			.00		
National Foreclosue Mit. (21.000)		57,583-	.00	575,401-	628,227-	91.59	685,812-	110,411-
LIHTC S1602 (21.XXX)			.00			.00		
TCAP (14.258)			.00			.00		
Homelessness Prevention (14.257)			.00	263,928-	3227,616-	8.18	3227,616-	2963,688-
HOME (14.239)	1875,044-	562,577-	333.30	8340,511-	6136,599-	135.91	6692,980-	1647,531
SSBG (93.667)			.00			.00		
CDBG (14.228)			.00	335,610-		.00		335,610

Total Federal Funds	2117,483-	663,297-	319.24	11631,731-	12842,943-	90.57	13500,046-	1868,315-

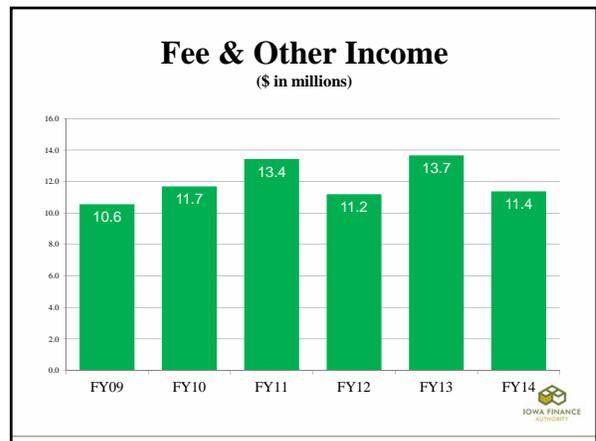
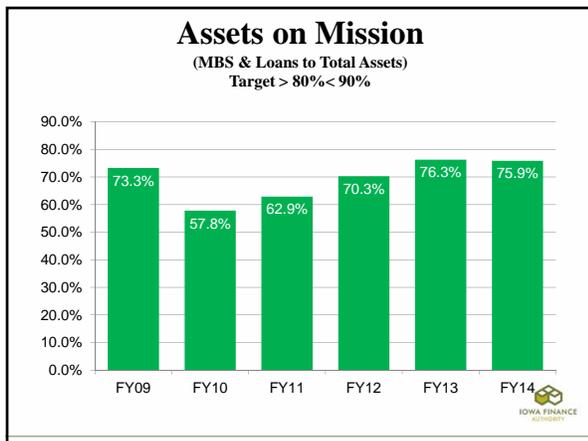
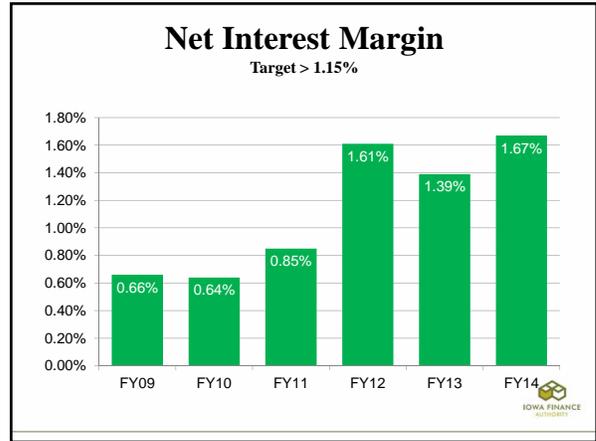
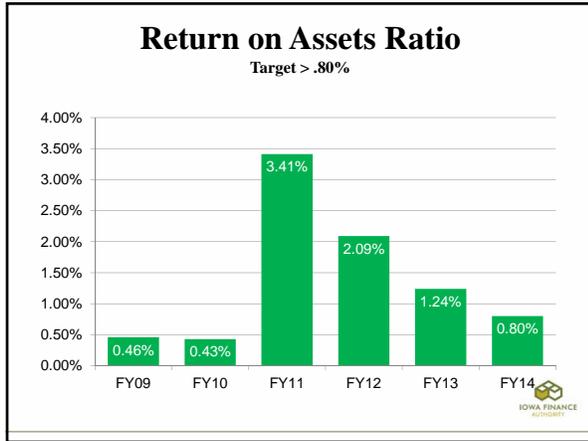
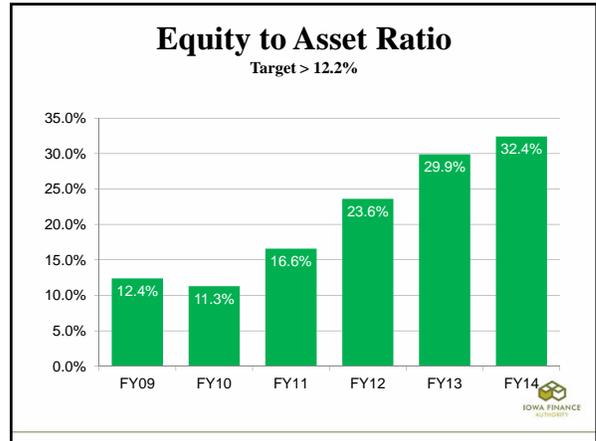
Total Grant Income	3206,529-	4569,919-	70.17	46154,037-	59804,725-	77.17	64401,785-	18247,748-
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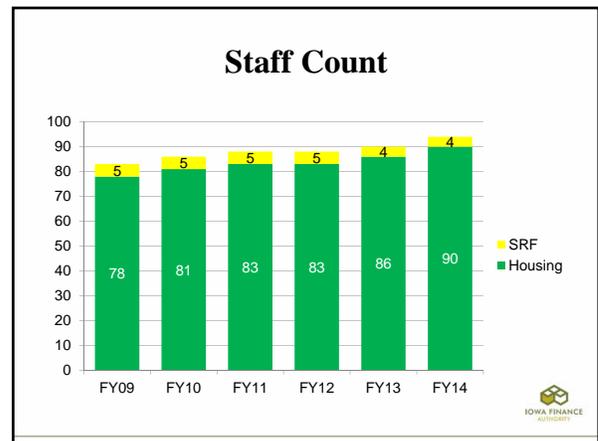
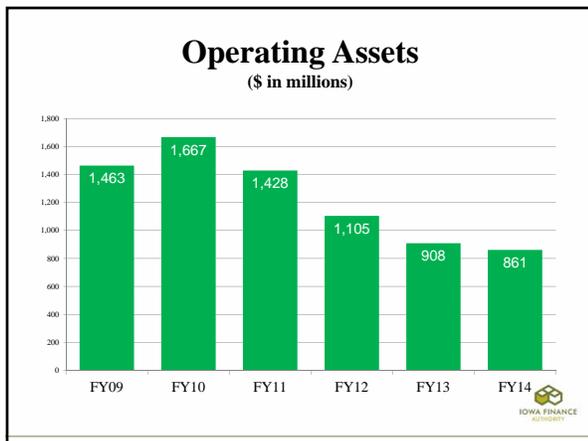
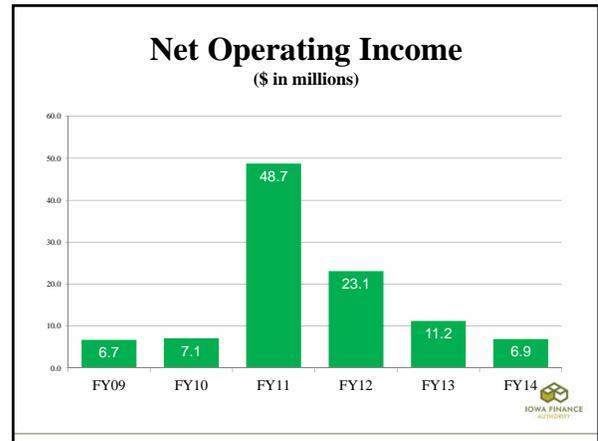
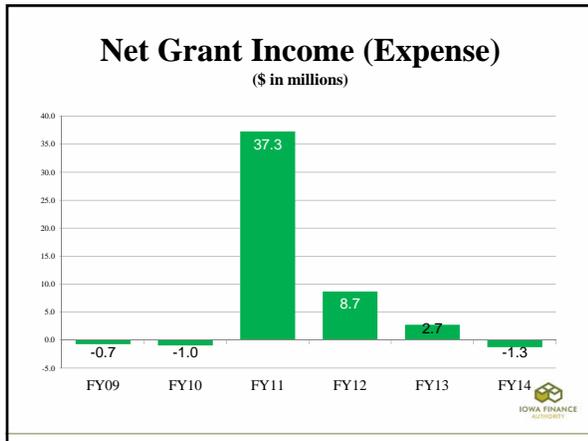
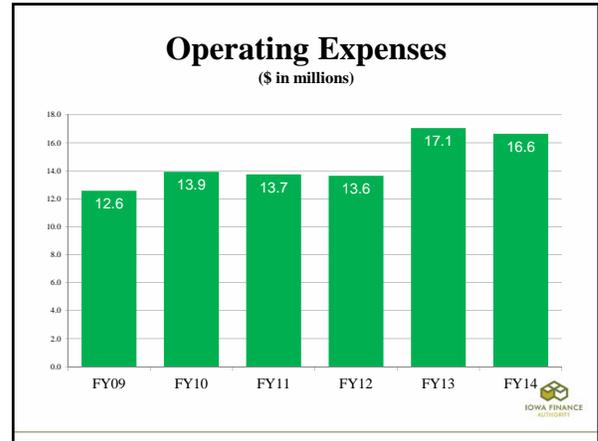
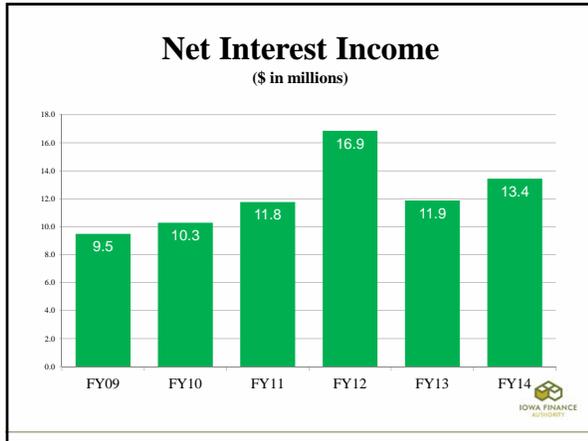
DESCRIPTION	----- THIS MONTH -----			----- THIS Y-T-D -----			----- ANNUAL BUDGET -----	
	CURRENT	BUDGET	% BDGT	CURRENT	BUDGET	% BDGT	(REFERENCE)	(UNUTILIZED)
Grant Expense - IFA Funds								
Serv Acq Fee / Release Premium	23,581	19,366-	121.76-	62,748-	213,023-	29.46	232,389-	169,641-
FirstHome Plus	123,944	304,678	40.68	1692,515	3332,679	50.79	3637,875	1945,360
Misc IFA Grants	5,085		.00	24,804		.00		24,804-
Total IFA Grants	152,610	285,312	53.49	1654,571	3119,656	53.04	3405,486	1750,915
Grant Expense - Private Funds								
Rural Home DPA (FHLB)			.00			.00		
Real Estate Owned DPA (FHLB)			.00			.00		
Total Private Sector Grant Funds			.00			.00		
Grant Expense - State Funds								
State Housing Trust Fund	327,866	440,000	74.52	2549,876	3880,000	65.72	5030,000	2480,124
HCBS Rent Subsidy	58,600	52,091	112.50	519,079	573,007	90.59	625,100	106,021
Military DPA	96,584	133,333	72.44	973,972	1333,333	73.05	1600,000	626,028
Shelter Assistance Fund	170,129	55,000	309.33	737,672	605,000	121.93	660,000	77,672-
Aftercare Rent Subsidy	2,518	3,488	72.19	43,483	38,368	113.33	41,856	1,627-
Wastewater Treatment Grants			.00			.00		
Jumpstart			.00			.00		
IJOBS - FY10 Programs	178,319	1315,142	13.56	7893,228	15763,829	50.07	17078,969	9185,741
IJOBS - FY11 Programs	330,637	2137,326	15.47	15938,449	23510,586	67.79	25647,914	9709,465
Iowans Helping Iowans			.00	22,956	125,000	18.36	125,000	102,044
Mortgage Settlement Fund	280,381		.00	998,382		.00		998,382-
Misc State Funds			.00			.00		
Total State Funds	1445,034	4136,380	34.93	29677,097	45829,123	64.76	50808,839	21131,742
Grant Expense - Federal Funds								
Telework & AFP (84.235T & 84.224C)			.00			.00		
Hsg Ops Persons with Aids (14.241)	37,598	27,944	134.55	340,155	286,932	118.55	315,315	24,840-
Rural Comm Dev Initiative (10.446)			.00			.00		
Emergency Shelter Grant Prog (14.231)	204,840	5,056-	4051.42-	1704,825	2253,432	75.65	2248,815	543,990
HSG Counseling Assistance (14.169)		10,137	.00		111,501	.00	121,638	121,638
Shelter Care Plus (14.238)			.00			.00		
National Foreclosure Mit. (21.000)		57,583	.00	526,861	674,399	78.12	731,984	205,123
LIHTC S1602 (21.XXX)			.00			.00		
TCAP (14.258)			.00			.00		
Homeless Prev & RR (14.257)			.00	253,769	3227,616	7.86	3227,616	2973,847
HOME (14.239)	1202,011	475,000	253.05	6792,227	5225,000	129.99	5700,000	1092,227-
SSBG (93.667)			.00			.00		
CDBG (14.228)			.00	336,940		.00		336,940-
Total Federal Funds	1444,449	565,608	255.38	9954,777	11778,880	84.51	12345,368	2390,591
Total Grant Expense	3042,093	4987,300	61.00	41286,445	60727,659	67.99	66559,693	25273,248

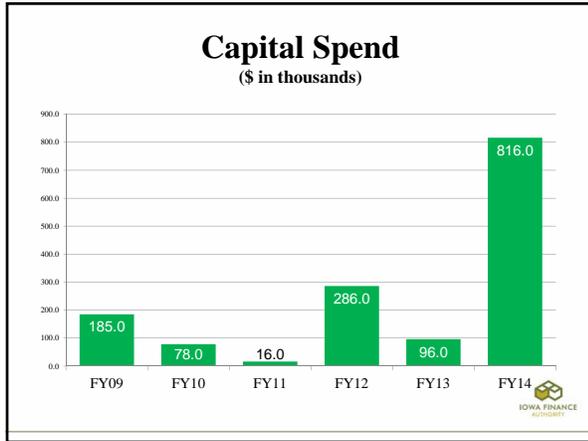
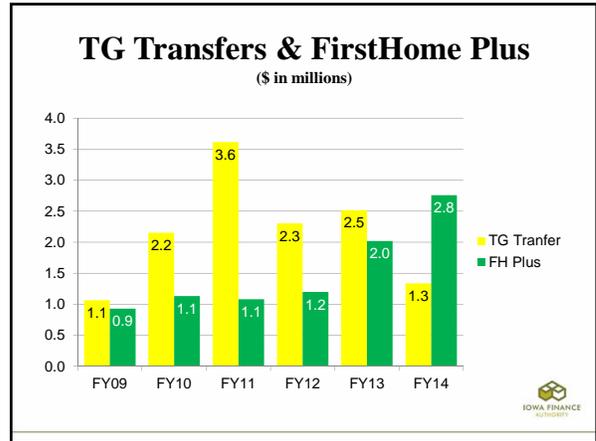
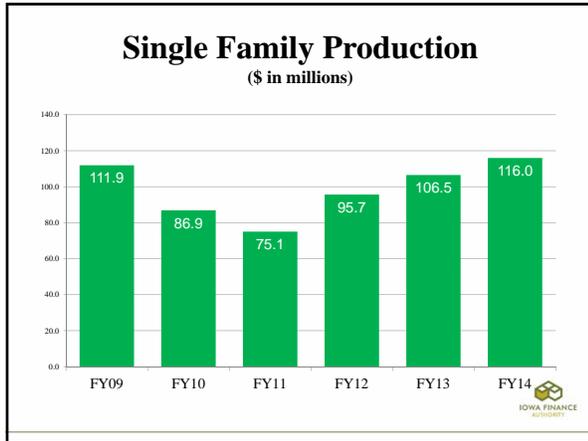


Housing Authority

FY14 Budget







Capital Spend

FY14 Details (in thousands)

- Parking lot resurface \$170
- New Roof \$180
- "Fishbowl abatement/remodel \$300
- PC's, printers, IT equipment \$72
- Office furniture \$48
- Misc \$46
- **Total \$816**



To: IFA Board of Directors
 From: Steven E Harvey
 Date: June 5, 2013
 Subj: **Housing Authority FY14 Budget - Preliminary**

FY13 Forecast - The Housing Authority will outperform the FY13 budget significantly:

- Total Operating Income of \$28.2 million will exceed budget by \$7.0 million
- Net Operating Income of \$11.2 million will exceed budget by \$5.0 million.

FY14 Budget projects the Housing Authority will shrink in both assets and earnings compared to the FY13 Forecast.

Fee & other income declines \$2.3 million, or 17%, due to a \$1.6 million expected reduction in TG refinance business, a \$.5 million reduction in conduit bond fees, and no derivative settlement income in FY14.

Net interest income increases \$1.6 million due to selling 50% of the MBS production into the secondary market. In conjunction; we plan to aggressively reduce debt as MBS repayments continue to outpace financed production.

Net grant income declines by \$4.0 million as the State Housing Trust fund is expected to begin disbursing in line with receipts and single family entry cost assistance is higher due to MBS sales.

Operating expenses will decrease \$.4 million or 2%. Employee costs increase 7% due to increased staffing levels and increasing fringe benefit costs. Substantial reductions in marketing, professional services, and claims expense offset the higher employee costs.

Net operating income declines to \$6.9 million. Even though this is down from prior years, it's still a respectable number, and 3 of our 4 key ratios improve:

Ratios	Actual	Actual	Actual	Fcst	Bud
	FY10	FY11	FY12	FY13	FY14
Equity / asset ratio > 12.2%	11.3%	16.6%	23.6%	29.9%	32.4%
Return on assets ≥ .80%	0.43%	3.41%	2.09%	1.24%	0.80%
Net interest margin > 1.15%	0.64%	0.85%	1.61%	1.39%	1.67%
Assets on Mission > 80% < 90%	57.8%	62.9%	70.3%	76.3%	75.9%

Single Family FY14

SF volume is budgeted at \$116 million funded by selling \$58 million into the secondary market, bonding for \$50 million and funding the balance with equity. Continued high prepayments will shrink the SF assets by 9%.

Entry cost assistance at \$2,500 is planned for 75% of all loans.

\$114 million of debt reduction occurs as a result of prepayments.

Multi Family FY14

MF volume is budgeted at \$15 million of new lending.

There is \$26.0 million currently invested in a guaranteed interest contract with Societe Generale earning 7.82%. Negotiations are ongoing that could yield a gain on the termination of this investment. This gain has not been factored into the FY14 budget

Miscellaneous Restricted Funds

MRF is where we account for restricted use funds from State, Federal, and other sources. The following programs are included here:

State Programs	Federal Programs	Other
Shelter Assistance Fund	HOPWA	MacArthur Fund
Housing Assistance Fund	ESGP	DAS (OEI) Loan Fund
State Housing Trust Fund	HPRP	Iowa Ag Dev Division
Senior Living Trust RLF	TCAP / S1602	
HCBS Trust RLF	HOME	
Transitional Housing RLF		
IJOBS		
Community Housing RLF		

Generally, this fund is expected to break even with the exception of equity infusions to create specific loan funds, minor amounts of interest earnings, and timing differences between the receipt and disbursement of grant funds. There is a minor loss in FY14.

MRF assets will shrink 1%.

Title Guaranty experienced record revenues in FY13 and will exceed budget by:

- Fee Income - \$3.6 million,
- Net Operating Income – \$2.1 million,
- Cash Transferred - \$1.7 million

The FY14 budget projects the following:

- Level purchase transactions, a 30% decline in refinance transactions, and level commercial business; results in a revenue decline of 19%.
- Staffing, at 18, is 3 higher than most of FY13.
- Increased field issuer compensation
- Statutory reserves require an increase of \$410k.
- Net operating income declines 57%
- Cash available for transfer is \$1,208k.

General Fund

The GF is where all of IFA's overhead costs are accumulated and funded by fees charged for services; authority fees transferred from SF & MF bond issues, interest earnings on assets held within the GF.

Fees & Other income declines by \$1,087k or 21% with conduit bond fees and derivative settlement income accounting for the reduction.

Authority fees from SF and MF increase by \$1,108k or 57% because we did not take authority fees for the second half of FY13.

Net interest income increases \$93k or 14% for assuming IFA MBS remain a major investment for the general fund.

Operating expenses decline or 5% as we have reduced general fund staffing and are planning to do a better job reporting time worked on funded grants.

Capital Spend

Included in the capital items for the budget are:

• Parking lot resurface	\$170k
• New Roof	\$180k
• "Fishbowl" abatement/remodel	\$300k
• PC's, Printers, IT equipment	\$72k
• Office furniture	\$48k
• <u>Miscellaneous</u>	<u>\$46k</u>
Total	\$816k

Questions???? Ask me at 515-725-4926, or via email at steven.harvey@iowa.gov

Iowa Finance Authority
FY14 Budget
(000 omitted)

HSG Summary

Income Statement	Actual	Actual	Actual	Actual	Fcst	Bud	Change	
	FY09	FY10	FY11	FY12	FY13	FY14	\$	%
Fee & other income	10,552	11,691	13,430	11,188	13,661	11,377	-2,284	-17%
Net interest income	9,485	10,284	11,759	16,855	11,877	13,436	1,559	13%
Net grant income (exp)	-736	-964	37,270	8,687	2,745	-1,262	-4,007	-146%
Total Operating Income	19,301	21,011	62,458	36,730	28,283	23,551	-4,732	-17%
Salary & Benefits	7,541	7,729	7,852	8,538	8,726	9,375	649	7%
Marketing	542	296	374	481	891	370	-521	-58%
Professional Services	3,296	4,063	4,585	4,022	5,244	4,918	-326	-6%
Other Operating Expenses	1,190	1,831	926	597	2,190	1,971	-219	-10%
Total Operating Expense	12,568	13,919	13,736	13,638	17,052	16,635	-417	-2%
Net Operating Income (Loss)	6,733	7,092	48,722	23,092	11,232	6,916	-4,316	-38%
Nonoperating Rev (Exp)	45,489	33,940	-2,750	-3,684	-11,687	0	11,687	-100%
Net Income (Loss)	52,222	41,032	45,972	19,408	-455	6,916	7,372	-1619%

Balance Sheet	Actual	Actual	Actual	Actual	Fcst	Bud	Change	
	FY09	FY10	FY11	FY12	FY13	FY14	\$	%
Cash, CE, & Investments	368,628	653,550	489,338	270,069	158,868	151,333	-7,535	-5%
Mortgage backed securities	1,007,655	880,339	772,464	644,323	555,075	499,371	-55,704	-10%
Housing loans	65,719	83,139	125,375	132,442	138,234	154,696	16,462	12%
Other Assets	21,494	49,849	40,914	57,967	56,227	55,955	-272	0%
Operating Assets	1,463,496	1,666,877	1,428,092	1,104,801	908,404	861,355	-47,049	-5%
fair market value adj	39,776	73,071	69,846	65,803	54,071	54,071	0	0%
Total Assets	1,503,271	1,739,948	1,497,938	1,170,605	962,475	915,427	-47,049	-5%
Liabilities	1,282,012	1,479,168	1,191,186	844,444	636,629	582,664	-53,965	-8%
Operating Net Assets	181,483	187,709	236,906	260,357	271,775	278,691	6,916	3%
fair market value adj	39,776	73,071	69,846	65,803	54,071	54,071	0	0%
Total Liab. & Net Assets	1,503,271	1,739,948	1,497,938	1,170,605	962,475	915,427	-47,049	-5%

Ratios	Actual	Actual	Actual	Actual	Fcst	Bud	Change	
	FY09	FY10	FY11	FY12	FY13	FY14		%
Equity / asset ratio > 12.2%	12.4%	11.3%	16.6%	23.6%	29.9%	32.4%		8%
Return on assets ≥ .80%	0.46%	0.43%	3.41%	2.09%	1.24%	0.80%		-35%
Net interest margin > 1.15%	0.66%	0.64%	0.85%	1.61%	1.39%	1.67%		20%
Loans/asset ratio > 80% < 90%	73.3%	57.8%	62.9%	70.3%	76.3%	75.9%		-1%

Income Statement YTD	Fcst	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Percent
	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Change
LOAN ORIGATION FEES	-123.6	-7.5	-15.0	-22.6	-30.1	-37.6	-45.1	-52.6	-60.2	-67.7	-75.2	-82.7	-90.2	-27%
ED DEV BOND FEES	-832.3	-29.6	-59.2	-88.8	-118.4	-148.0	-177.6	-207.2	-236.8	-266.4	-296.0	-325.6	-355.2	-57%
TG FEES	-8,378.2	-568.0	-1,136.1	-1,704.1	-2,272.1	-2,840.2	-3,408.2	-3,976.2	-4,544.3	-5,112.3	-5,680.3	-6,248.4	-6,816.4	-19%
LIHTC FEES	-1,173.3	-16.9	-33.8	-50.7	-77.6	-104.5	-281.3	-298.2	-315.1	-1,082.0	-1,098.9	-1,115.8	-1,132.7	-3%
COMPLIANCE FEES	-372.4	-39.0	-78.1	-117.1	-156.2	-195.2	-234.2	-273.3	-312.3	-351.4	-390.4	-429.5	-468.5	26%
SECTION 8 FEES	-2,325.4	-197.7	-395.3	-593.0	-790.6	-988.3	-1,186.0	-1,383.6	-1,581.3	-1,778.9	-1,976.6	-2,174.2	-2,371.9	2%
MISC FEES	-31.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-100%
TOTAL FEE INCOME	-13,236.7	-858.7	-1,717.5	-2,576.2	-3,445.0	-4,313.7	-5,332.5	-6,191.2	-7,049.9	-8,658.7	-9,517.4	-10,376.2	-11,234.9	-15%
INVESTMENT INT INC	-3,191.9	-286.1	-531.4	-782.6	-1,039.8	-1,302.4	-1,570.4	-1,846.9	-2,097.2	-2,353.1	-2,614.7	-2,881.9	-3,154.6	-1%
GAIN OR LOSS ON SALE	-1,850.8	-170.1	-340.1	-510.2	-680.3	-850.3	-1,020.4	-1,190.5	-1,360.5	-1,530.6	-1,700.7	-1,870.8	-2,040.8	10%
REBATE EXPENSE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
MBS INTEREST INC	-29,580.8	-2,227.1	-4,432.3	-6,609.7	-8,760.3	-10,883.4	-12,978.2	-15,043.9	-17,079.7	-19,084.8	-21,058.5	-22,999.9	-24,908.2	-16%
LOAN INTEREST INC	-3,717.3	-324.2	-652.0	-984.5	-1,321.7	-1,663.6	-2,010.2	-2,361.4	-2,717.3	-3,077.9	-3,443.2	-3,813.2	-4,187.8	13%
OTHER INTEREST INCOME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
TOTAL INTEREST INCOME	-38,340.9	-3,007.4	-5,955.9	-8,887.0	-11,802.0	-14,699.7	-17,579.1	-20,442.7	-23,254.7	-26,046.4	-28,817.1	-31,565.7	-34,291.5	-11%
BOND INTEREST EXPENSE	24,738.8	1,799.2	3,517.8	5,210.8	6,878.1	8,519.8	10,135.8	11,786.5	13,372.8	14,933.5	16,468.5	17,977.6	19,461.1	-21%
COST OF ISSUANCE EXPENSE	656.6	30.1	60.1	90.2	120.3	150.4	180.4	210.5	240.6	270.6	300.7	330.8	360.8	-45%
DISCOUNT / PREMIUM AMORT	-148.8	-13.1	-26.2	-39.2	-52.3	-65.4	-78.5	-91.5	-104.6	-117.7	-130.8	-143.9	-156.9	5%
REMARKETING FEES	214.3	18.6	37.3	55.9	74.6	93.2	111.9	130.5	149.2	167.8	186.5	205.1	223.8	4%
LIQUIDITY FEES	874.1	70.1	140.3	210.4	280.5	350.7	420.8	490.9	561.1	631.2	701.3	771.5	841.6	-4%
OTHER INTEREST COSTS	128.7	10.4	20.8	31.2	41.6	52.0	62.4	72.8	83.2	93.6	104.0	114.4	124.8	-3%
TOTAL INTEREST EXPENSE	26,463.6	1,915.4	3,750.2	5,559.3	7,342.8	9,100.6	10,832.8	12,599.7	14,302.2	15,979.1	17,630.2	19,255.5	20,855.2	-21%
NET INTEREST INCOME	-11,877.3	-1,092.0	-2,205.7	-3,327.6	-4,459.2	-5,599.1	-6,746.3	-7,842.9	-8,952.5	-10,067.4	-11,186.8	-12,310.1	-13,436.3	13%
NET GRANT EXPENSE (INC)	-2,745.3	-403.2	-96.0	265.2	-130.0	232.5	591.3	196.2	562.5	925.8	536.1	897.0	1,262.1	-146%
AUTHORITY FEES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-100%
OTHER INCOME	-424.1	-15.2	-60.3	-95.5	-100.6	-105.8	-111.0	-116.1	-121.3	-126.5	-131.6	-136.8	-141.9	-67%
TOTAL OPERATING INCOME	-28,283.4	-2,369.1	-4,079.5	-5,734.1	-8,134.8	-9,786.1	-11,598.5	-13,954.3	-15,561.3	-17,926.7	-20,299.8	-21,926.1	-23,551.0	-17%
SALARY & BENEFITS	8,725.8	818.8	1,603.5	2,354.7	3,176.3	3,927.2	4,718.4	5,545.8	6,266.2	7,025.8	7,819.9	8,614.5	9,375.0	7%
TRAVEL & EDUCATION	204.1	19.0	38.0	57.0	76.0	94.9	113.9	132.9	151.9	170.9	189.9	208.9	227.9	12%
OFFICE SUPPLIES	135.6	12.3	24.5	36.8	49.1	61.4	73.6	85.9	98.2	110.4	122.7	135.0	147.3	9%
TELEPHONE & DATA	83.0	7.4	14.9	22.3	29.7	37.2	44.6	52.0	59.5	66.9	74.3	81.8	89.2	7%
FACILITIES	191.2	16.8	33.6	50.4	67.2	84.0	100.8	117.6	134.4	151.2	168.0	184.9	201.7	5%
EQUIPMENT & SOFTWARE	221.1	19.6	39.2	58.8	78.4	98.0	117.6	137.2	156.8	176.4	196.0	215.6	235.2	6%
DEPRECIATION	255.9	25.5	51.0	76.6	102.1	127.6	153.1	178.7	204.2	229.7	255.2	280.8	306.3	20%
STATE INDIRECT	69.1	5.9	11.9	17.8	23.7	29.6	35.6	41.5	47.4	53.3	59.3	65.2	71.1	3%
MARKETING	891.4	30.9	61.7	92.6	123.5	154.4	185.2	216.1	247.0	277.8	308.7	339.6	370.4	-58%
PS - ACCOUNTING	116.1	10.0	19.9	29.9	39.9	49.8	59.8	69.7	79.7	89.7	99.6	109.6	119.6	3%
PS - LEGAL	167.0	7.6	15.3	22.9	30.6	38.2	45.8	53.5	61.1	68.8	76.4	84.0	91.7	-45%
PS - S42 & HOME INSPECTION	131.6	11.3	22.6	33.9	45.2	56.5	67.8	79.1	90.4	101.7	113.0	124.3	135.6	3%
PS - LIHTC MARKET STUDY	347.7	29.8	59.7	89.5	119.4	149.2	179.1	208.9	238.8	268.6	298.5	328.3	358.2	3%
PS - BANKING	265.8	52.8	71.2	89.6	109.3	127.7	146.1	165.7	184.2	202.6	221.2	240.7	259.1	-3%
PS - TG FIELD ISSUE FEE	2,942.2	216.6	433.3	649.9	866.5	1,083.1	1,299.8	1,516.4	1,733.0	1,949.7	2,166.3	2,382.9	2,599.5	49%
PS - IT CONSULTING	293.3	46.4	92.7	127.1	161.5	195.8	230.2	264.6	298.9	333.3	367.6	402.0	436.4	49%
PS - MISC CONSULTING	469.1	45.4	90.9	136.3	181.8	227.2	272.6	318.1	363.5	409.0	454.4	499.8	545.3	16%
PS - S8 SERVICES	220.0	15.0	30.0	45.0	60.0	75.0	90.0	105.0	120.0	135.0	150.0	165.0	180.0	-18%
PS - STATE AUDITOR	62.3	62.3	62.3	62.3	62.3	62.3	62.3	62.3	62.3	62.3	62.3	62.3	62.3	0%
PS - MISC	229.1	61.6	67.7	73.8	79.9	86.0	92.1	98.2	104.3	110.4	116.5	122.6	128.7	-43%
PROVISION & ACTUAL LOSSES	1,041.9	66.6	133.2	179.8	246.4	293.0	359.5	406.1	472.7	519.3	585.9	632.5	699.1	-33%
MISC EXPENSES	77.5	9.2	18.3	27.5	36.7	45.9	55.0	64.2	73.4	82.6	91.7	100.9	110.1	42%
INDIRECT COST TRANSFER	-89.1	-10.2	-20.1	-29.5	-39.8	-49.2	-59.1	-69.4	-78.3	-87.8	-97.7	-107.6	-117.0	31%
TOTAL OPERATING EXPENSES	17,051.5	1,580.5	2,975.4	4,305.0	5,725.4	7,054.9	8,444.1	9,850.3	11,169.7	12,507.7	13,903.1	15,275.7	16,634.7	-2%
NET OPERATING INCOME	-11,231.9	-788.6	-1,104.2	-1,429.1	-2,409.4	-2,731.2	-3,154.4	-4,103.8	-4,391.6	-5,419.0	-6,396.7	-6,650.4	-6,916.3	-38%
INTERAGENCY GRANTS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
FMVA	11,687.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-100%
OTHER NON-OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
NET (INCOME) LOSS	455.3	-788.6	-1,104.2	-1,429.1	-2,409.4	-2,731.2	-3,154.4	-4,103.8	-4,391.6	-5,419.0	-6,396.7	-6,650.4	-6,916.3	-1619%

Balance Sheet	Fcst	Bud	Percent											
	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Change
CASH	24,067.1	25,432.5	24,827.0	23,947.4	24,831.4	25,047.1	24,565.1	26,091.8	25,810.1	25,473.6	26,302.6	25,983.9	25,363.0	5%
CASH EQUIV	119,810.9	91,377.5	90,337.3	89,760.3	88,187.9	86,594.7	111,276.8	89,046.9	88,356.3	87,968.5	87,225.7	86,459.5	110,979.7	-7%
INVESTMENTS	14,990.2	14,990.2	14,990.2	14,990.2	14,990.2	14,990.2	14,990.2	14,990.2	14,990.2	14,990.2	14,990.2	14,990.2	14,990.2	0%
INV FMVA	1,859.1	1,859.1	1,859.1	1,859.1	1,859.1	1,859.1	1,859.1	1,859.1	1,859.1	1,859.1	1,859.1	1,859.1	1,859.1	0%
MBS	555,074.6	551,349.3	546,624.0	541,898.7	537,173.4	532,448.1	527,722.7	522,997.4	518,272.1	513,546.8	508,821.5	504,096.2	499,370.9	-10%
MBS FMVA	52,212.4	52,212.4	52,212.4	52,212.4	52,212.4	52,212.4	52,212.4	52,212.4	52,212.4	52,212.4	52,212.4	52,212.4	52,212.4	0%
HOUSING LOANS	138,234.5	139,899.7	141,565.0	143,230.2	144,895.5	146,560.7	147,723.0	148,885.2	150,047.5	151,209.7	152,372.0	153,534.2	154,696.5	12%
SRF LOANS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
INTEREST REC	3,022.8	3,000.5	2,992.2	2,930.0	2,908.0	2,887.3	2,865.7	2,843.2	2,822.6	2,766.5	2,741.4	2,715.7	2,689.0	-11%
CAPITAL ASSETS	4,841.7	4,916.2	5,263.2	5,455.2	5,467.2	5,479.2	5,491.2	5,509.2	5,521.2	5,533.2	5,545.2	5,557.2	5,569.2	15%
PFAD	-1,951.9	-1,895.3	-1,917.3	-1,939.4	-1,961.4	-1,983.4	-2,005.4	-2,027.5	-2,049.5	-2,071.5	-2,093.5	-2,115.6	-2,137.6	10%
TRADE A/R	163.7	163.7	163.7	163.7	163.7	163.7	163.7	163.7	163.7	163.7	163.7	163.7	163.7	0%
OTHER ASSETS	10,637.2	10,596.6	10,556.6	10,517.3	10,476.7	10,437.2	10,397.0	10,356.2	10,317.3	10,277.7	10,237.5	10,197.2	10,157.6	-5%
DEF DERIVATIVE	39,513.0	39,513.0	39,513.0	39,513.0	39,513.0	39,513.0	39,513.0	39,513.0	39,513.0	39,513.0	39,513.0	39,513.0	39,513.0	0%
TOTAL ASSETS	962,475.3	933,415.4	928,986.3	924,538.2	920,717.1	916,209.3	936,774.4	912,440.9	907,836.0	903,942.4	899,890.7	895,166.7	915,426.6	-6%
BOND PAYABLE	-553,421.0	-531,276.0	-524,925.9	-518,575.7	-512,225.4	-505,875.1	-524,524.7	-506,979.2	-500,628.7	-494,278.1	-487,847.4	-481,496.7	-500,145.9	-11%
INTEREST PAYABLE	-9,926.0	-2,194.1	-3,771.0	-5,319.7	-6,840.1	-8,332.2	-9,796.1	-2,030.3	-3,459.6	-4,860.7	-6,233.5	-7,578.0	-8,894.3	-1%
DEFERRED INCOME	-4,550.0	-4,541.8	-4,533.7	-4,525.6	-4,517.5	-4,509.4	-4,501.3	-4,493.2	-4,485.1	-4,477.0	-4,468.9	-4,460.7	-4,452.6	-2%
REBATES OWED	-16.1	-16.1	-16.1	-16.1	-16.1	-16.1	-16.1	-16.1	-16.1	-16.1	-16.1	-16.1	-16.1	0%
RESERVE FOR LOSSES	-4,621.8	-4,658.4	-4,694.9	-4,731.5	-4,768.1	-4,804.7	-4,841.3	-4,877.9	-4,914.5	-4,951.1	-4,987.7	-5,024.3	-5,060.9	11%
A/P & OTHER LIAB	-24,583.6	-24,583.6	-24,583.6	-24,583.6	-24,583.6	-24,583.6	-24,583.6	-24,583.6	-24,583.6	-24,583.6	-24,583.6	-24,583.6	-24,583.6	0%
DERIVATIVE LIABILITY	-39,510.3	-39,510.3	-39,510.3	-39,510.3	-39,510.3	-39,510.3	-39,510.3	-39,510.3	-39,510.3	-39,510.3	-39,510.3	-39,510.3	-39,510.3	0%
TOTAL LIABILITIES	-636,628.8	-606,780.3	-602,035.6	-597,262.5	-592,461.2	-587,631.5	-607,773.5	-582,490.6	-577,597.9	-572,676.8	-567,647.4	-562,669.7	-582,663.7	-10%
FUND BALANCE	-326,301.9	-325,846.5	-325,846.5	-325,846.5	-325,846.5	-325,846.5	-325,846.5	-325,846.5	-325,846.5	-325,846.5	-325,846.5	-325,846.5	-325,846.5	0%
TRANSFER BETWEEN FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
CURRENT YEAR EARNINGS	455.3	-788.6	-1,104.2	-1,429.1	-2,409.4	-2,731.2	-3,154.4	-4,103.8	-4,391.6	-5,419.0	-6,396.7	-6,650.4	-6,916.3	-369%
NET ASSETS	-325,846.5	-326,635.1	-326,950.7	-327,275.6	-328,256.0	-328,577.8	-329,001.0	-329,950.3	-330,238.1	-331,265.6	-332,243.2	-332,497.0	-332,762.9	2%
TOTAL LIAB AND NET ASSETS	-962,475.3	-933,415.4	-928,986.3	-924,538.2	-920,717.1	-916,209.3	-936,774.4	-912,440.9	-907,836.0	-903,942.4	-899,890.7	-895,166.7	-915,426.6	-6%

Grant Income	Fcst	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Percent
	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Change
RURAL HOME DPA (FHLB)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
REAL ESTATE OWNED DPA (F)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL PRIVATE SECTOR FUNI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
STATE HOUSING TRUST FUND	-6,059.2	-1,000.0	-1,250.0	-1,500.0	-2,500.0	-2,750.0	-3,000.0	-4,000.0	-4,250.0	-4,500.0	-5,500.0	-5,750.0	-6,000.0	
HCBS RENT SUBSIDY	-573.1	-54.8	-109.7	-164.5	-219.3	-274.2	-329.0	-383.8	-438.7	-493.5	-548.3	-603.2	-658.0	
MILITARY DPA	-1,114.1	-133.3	-266.7	-400.0	-533.3	-666.7	-800.0	-933.3	-1,066.7	-1,200.0	-1,333.3	-1,466.7	-1,600.0	
SHELTER ASSISTANCE FUND	-914.3	-75.0	-150.0	-225.0	-300.0	-375.0	-450.0	-525.0	-600.0	-675.0	-750.0	-825.0	-900.0	
AFTERCARE RENT SUBSIDY	-47.5	-4.0	-8.0	-12.0	-16.0	-20.0	-24.0	-28.0	-32.0	-36.0	-40.0	-44.0	-48.0	
WASTEWATER TREATMENT GI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
JUMPSTART	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
IJOBS - FY10 PROGRAMS	-11,850.3	-1,500.0	-3,000.0	-4,500.0	-6,000.0	-7,500.0	-9,000.0	-10,500.0	-12,000.0	-13,500.0	-15,000.0	-16,500.0	-18,000.0	
IJOBS - ADMINISTRATION	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
IJOBS - FY11 PROGRAMS	-23,107.8	-2,500.0	-5,000.0	-7,500.0	-10,000.0	-12,500.0	-15,000.0	-17,500.0	-20,000.0	-22,500.0	-25,000.0	-27,500.0	-30,000.0	
IOWANS HELPING IOWANS	-18.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
MORTGAGE SETTLEMENT FUN	-1,098.7	-115.5	-231.0	-346.5	-462.0	-577.5	-693.0	-808.5	-924.0	-1,039.5	-1,155.0	-1,270.5	-1,386.0	
MISC STATE FUNDS	-308.9	0.0	-50.0	-50.0	-50.0	-50.0	-50.0	-50.0	-50.0	-50.0	-50.0	-50.0	-50.0	
TOTAL STATE FUNDS	-45,092.6	-5,382.7	-10,065.3	-14,698.0	-20,080.7	-24,713.3	-29,346.0	-34,728.7	-39,361.3	-43,994.0	-49,376.7	-54,009.3	-58,642.0	0.0
TELEWORK & AFP (84.235T & 8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
HSG OPS PERSONS WITH AID	-402.5	-35.0	-70.0	-105.0	-140.0	-175.0	-210.0	-245.0	-280.0	-315.0	-350.0	-385.0	-420.0	
RURAL COMM DEV INITIATIVE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
EMERGENCY SHELTER GRANT	-1,908.9	-165.3	-325.3	-485.3	-645.3	-805.3	-965.3	-1,125.3	-1,285.3	-1,445.3	-1,605.3	-1,765.3	-1,925.3	
HSG COUNSELING ASSISTANC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
SHELTER CARE PLUS (14.238)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
NATIONAL FORE MIT. (21.000	-725.4	-50.4	-100.7	-151.1	-201.4	-251.8	-302.1	-352.5	-402.8	-453.2	-503.6	-553.9	-604.3	
LIHTC S1602 (21.XXX)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TCAP (14.258)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
HOMELESSNESS PREV (14.257	-263.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	
HOME (14.239)	-7,636.5	-537.3	-1,071.1	-1,601.4	-2,138.7	-2,668.9	-3,203.5	-3,742.5	-4,270.8	-4,802.6	-5,338.0	-5,873.4	-6,405.2	
SSBG (93.667)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
CDBG (14.228)	-335.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
GRANT INCOME - MISC FED FL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL FEDERAL FUNDS	-11,272.7	-788.9	-1,568.0	-2,343.6	-3,126.3	-3,901.9	-4,681.9	-5,466.2	-6,239.8	-7,017.0	-7,797.8	-8,578.5	-9,355.7	0.0
TOTAL GRANT INCOME	-56,365.3	-6,171.5	-11,633.3	-17,041.6	-23,207.0	-28,615.3	-34,027.9	-40,194.9	-45,601.1	-51,011.0	-57,174.4	-62,587.9	-67,997.7	0.0

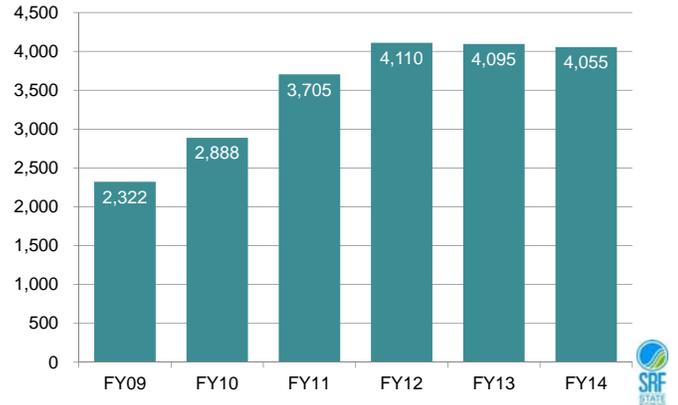
Grant Expense	Fcst	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Bud	Percent
	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Change
SERV ACQ FEE / RELEASE PRI	-122.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FIRSTHOME PLUS	2,020.6	226.5	453.6	681.2	909.5	1,138.4	1,367.9	1,598.0	1,828.7	2,059.9	2,291.8	2,524.3	2,757.4	
MISC IFA GRANTS	0.0	0.5	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0	5.5	6.0	
TOTAL IFA GRANTS	1,898.0	227.0	454.6	682.7	911.5	1,140.9	1,370.9	1,601.5	1,832.7	2,064.4	2,296.8	2,529.8	2,763.4	0
RURAL HOME DPA (FHLEB)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
REAL ESTATE OWNED DPA (F)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL PRIVATE SECTOR GRA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
STATE HOUSING TRUST FUND	3,481.9	500.0	1,000.0	1,500.0	2,000.0	2,500.0	3,000.0	3,500.0	4,000.0	4,500.0	5,000.0	5,500.0	6,000.0	
HCBS RENT SUBSIDY	532.9	51.0	102.0	153.0	204.0	255.0	306.0	357.0	408.0	459.0	510.0	560.9	611.9	
MILITARY DPA	1,114.1	133.3	266.7	400.0	533.3	666.7	800.0	933.3	1,066.7	1,200.0	1,333.3	1,466.7	1,600.0	
SHELTER ASSISTANCE FUND	639.6	72.5	145.0	217.5	290.0	362.5	435.0	507.5	580.0	652.5	725.0	797.5	870.0	
AFTERCARE RENT SUBSIDY	47.5	4.0	8.0	12.0	16.0	20.0	24.0	28.0	32.0	36.0	40.0	44.0	48.0	
WASTEWATER TREATMENT GI	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
JUMPSTART	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
IJOBS - FY10 PROGRAMS	11,850.3	1,500.0	3,000.0	4,500.0	6,000.0	7,500.0	9,000.0	10,500.0	12,000.0	13,500.0	15,000.0	16,500.0	18,000.0	
IJOBS - FY11 PROGRAMS	23,107.8	2,500.0	5,000.0	7,500.0	10,000.0	12,500.0	15,000.0	17,500.0	20,000.0	22,500.0	25,000.0	27,500.0	30,000.0	
IOWANS HELPING IOWANS	23.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
MORTGAGE SETTLEMENT FUN	925.1	107.4	214.8	322.2	429.7	537.1	644.5	751.9	859.3	966.7	1,074.2	1,181.6	1,289.0	
MISC STATE FUNDS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL STATE FUNDS	41,722.1	4,868.2	9,736.5	14,604.7	19,473.0	24,341.2	29,209.5	34,077.7	38,945.9	43,814.2	48,682.4	53,550.7	58,418.9	0
TELEWORK & AFP (84.235T & 8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
HSG OPS PERSONS WITH AID&	362.2	31.5	63.0	94.5	126.0	157.5	189.0	220.5	252.0	283.5	315.0	346.5	378.0	
RURAL COMM DEV INITIATIVE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
EMERGENCY SHELTER GRANT	1,713.2	144.0	288.0	432.0	576.0	720.0	864.0	1,008.0	1,152.0	1,296.0	1,440.0	1,584.0	1,728.0	
HSG COUNSELING ASSISTANC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
SHELTER CARE PLUS (14.238)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
NATIONAL FORECLOSURE MIT	686.1	47.6	95.3	142.9	190.5	238.1	285.8	333.4	381.0	428.6	476.3	523.9	571.5	
LIHTC S1602 (21.XXX)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TCAP (14.258)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
HOMELESS PREV & RR (14.257	253.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
HOME (14.239)	6,647.6	450.0	900.0	1,350.0	1,800.0	2,250.0	2,700.0	3,150.0	3,600.0	4,050.0	4,500.0	4,950.0	5,400.0	
SSBG (93.667)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
CDBG (14.228)	336.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL FEDERAL FUNDS	9,999.8	673.1	1,346.3	2,019.4	2,692.5	3,365.6	4,038.8	4,711.9	5,385.0	6,058.1	6,731.3	7,404.4	8,077.5	0
TOTAL GRANT EXPENSE	53,619.9	5,768.4	11,537.3	17,306.9	23,077.0	28,847.8	34,619.1	40,391.1	46,163.6	51,936.8	57,710.5	63,484.9	69,259.8	0

State Revolving Fund FY14 Budget

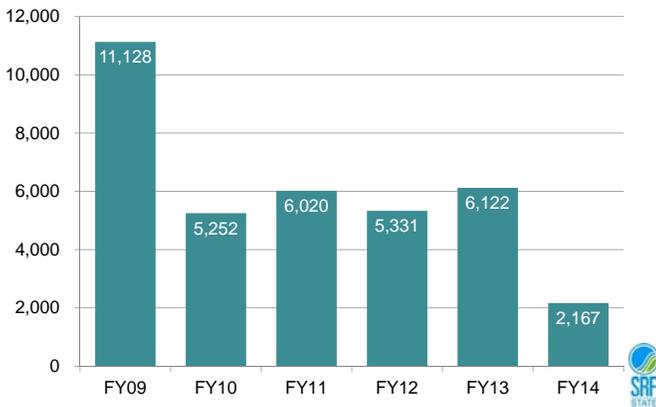


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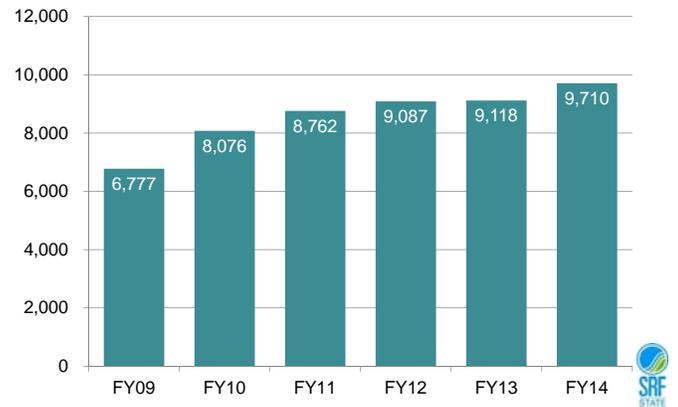
Fee Income (in thousands)



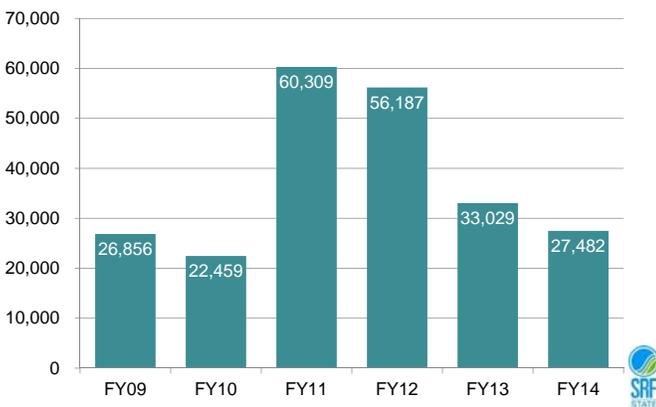
Net Interest Income (in thousands)



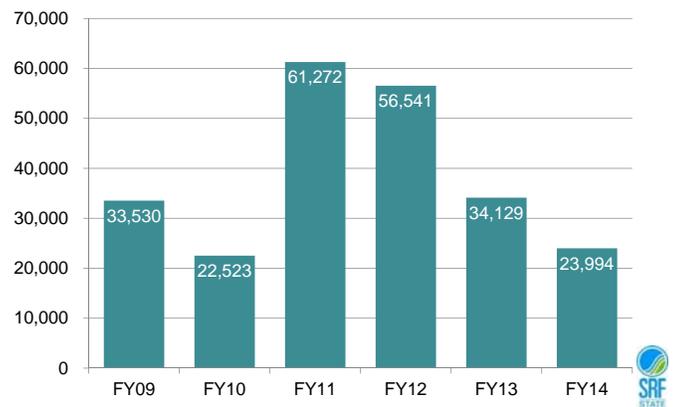
Operating Expenses (in thousands)



Net Grant Income (in thousands)

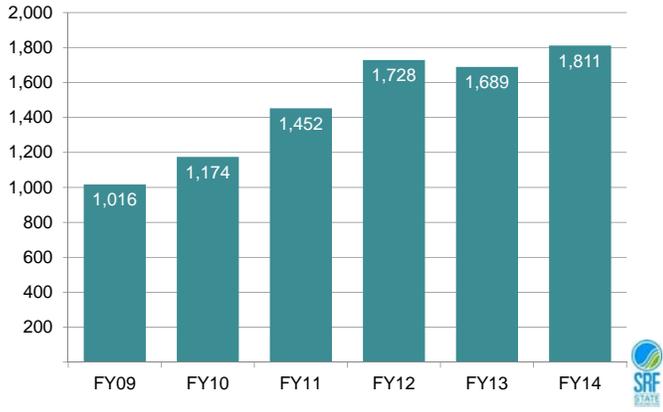


Net Operating Income (in thousands)



Assets

(in Millions)





To: IFA Board of Directors
From: Tim D Jansen
Date: June 5, 2013
Subj: **FY14 SRF Budget -- Preliminary**

The **State Revolving Fund** budget is summarized below with the following general budget assumptions:

- New loan volume of \$215 million (\$160 million in CW and \$55 million in DW)
 - SRF plans to disburse \$214.0 million in loans as:
 - Clean Water plans to disburse \$166.9 million, and
 - Drinking Water plans to disburse \$47.1 million
 - One bond issue of \$132.4 million for July, 2013 (All-in TIC = 3.36%)
 - \$50.0 million planned for early loan payoffs
 - 2013 Cap Grants Final Allotment (CW = \$18.069 million and DW = \$14.375 million)
 - CW linked deposits increase to \$68.3 million, a \$4.8 million increase from last year
1. **Fee Income of \$4.0 million** is slightly lower because servicing fees are now calculated on the outstanding balance instead of the committed amount, which started in July, 2012.
 2. **Net Interest Income of \$2.2 million** declines by \$4.0 million because of:
 - a. Lower interest income due to:
 - i. refinancing SRF loans that are over 10 years old to 1.75% from 3.0%
 - ii. The impact of early loan payoffs
 - iii. A low rate of return on investments
 - iv. Lowered interest rate on new loans to 1.75% starting in September, 2012
 - b. Higher interest expense due to the bond issuance in July, 2013
 3. **Operating Expenses of \$9.7 million** increase by \$.6 million as:
 - a. **IFA expenses increase to \$1.4 million** as we anticipate a modest increase in salaries and related expenses.
 - b. **DNR expenses increase to \$8.3 million** as we anticipate a modest spending increase, of which \$4.6 million is paid by cap grants.
 4. **Net grant income of \$27.5 million** declines by \$5.5 million due to spending cap grants in one fiscal year and a reduction in cap grants appropriated. Below is the breakout:
 - a. **Grant Income of \$32.4 million consists of:**
 - i. \$18.0 million received for the federal FY13 Clean Water cap grant. (Down from \$19.1 million)
 - ii. \$14.375 million received for the federal FY13 Drinking Water cap grant. (Down from \$15.3)
 - b. **Grant Expense of \$4.9 million consists of:**
 - i. \$1.4 million for loan forgiveness from Clean Water
 - ii. \$3.5 million for loan forgiveness from Drinking Water
 5. **Operating Income of \$24.0 million** declines by \$10.1 million.
 6. **Total Assets will grow to \$1.8 billion, or a 7% increase; Net Assets will be \$800 million, or a 3% increase.**

If you have any questions, or need additional details, please contact me at 515-725-4889, or email me your questions at tim.jansen@iowa.gov.

**Iowa Finance Authority
FY14 Budget - SRF**

Operating Income	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
LOAN ORIG FEES	-490	-583	-723	-833	-880	-914
ECDEV / MWD BOND FEES	0	0	0	0	0	0
TG FEES	0	0	0	0	0	0
LIHTC APP & RES FEES	0	0	0	0	0	0
S42 & S1602 COMP FEES	0	0	0	0	0	0
SECTION 8 FEES	0	0	0	0	0	0
MISC FEES	-1,832	-2,305	-2,982	-3,277	-3,216	-3,141
TOTAL FEE INCOME	-2,322	-2,888	-3,705	-4,110	-4,095	-4,055
INVESTMENT INT INC	-6,729	-3,798	-2,979	-1,623	-746	-765
G/L ON SALE	0	0	0	1	0	0
REBATE EXP	210	1,487	373	299	38	0
MBS INTEREST INC	0	0	0	0	0	0
LOAN INTEREST INC	-20,114	-23,876	-28,882	-34,948	-36,705	-36,362
OTHER INTEREST INC	0	0	0	0	0	0
TOTAL INTEREST INC	-26,633	-26,186	-31,487	-36,272	-37,413	-37,128
BOND INTEREST EXP	15,855	21,957	29,042	37,146	36,268	39,953
COST OF ISSUE EXP	98	115	222	159	173	158
DISC / PREM AMORT	-1,208	-1,769	-3,019	-4,121	-5,720	-5,626
REMARKETING FEES	0	0	0	0	0	0
LIQUIDITY FEE	0	0	0	0	0	0
OTHER INTEREST EXP	760	632	-777	-2,243	569	476
TOTAL INTEREST EXP	15,505	20,934	25,467	30,941	31,291	34,961
NET INTEREST (INCOME)	-11,128	-5,252	-6,020	-5,331	-6,122	-2,167
NET GRANT EXP (INC)	-26,856	-22,459	-60,309	-56,187	-33,029	-27,482
AUTHORITY FEES EXP (INC)	0	0	0	0	0	0
OTHER INCOME	0	0	0	0	0	0
TOTAL OPERATING (INCOME)	-40,307	-30,599	-70,034	-65,627	-43,247	-33,704

**Iowa Finance Authority
FY14 Budget - SRF**

Operating Expenses	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
SALARY & BENEFITS	542	593	808	683	700	744
TRAVEL & EDUCATION	7	6	8	5	5	5
OFFICE SUPPLY & POSTAGE	7	5	10	9	6	6
TELEPHONE & DATA	6	5	6	5	4	5
FACILITIES	15	13	15	14	12	12
EQUIPMENT & SOFTWARE	2	1	3	3	3	3
DEPRECIATION	32	26	26	20	38	44
STATE INDIRECT	0	2	5	5	4	4
MARKETING	94	22	25	16	16	17
PS - ACCOUNTING	5	10	11	8	8	8
PS - LEGAL	0	0	0	48	96	99
PS - S42 & HOME PHYS	0	0	0	0	0	0
PS - LIHTC MARKET STUDY	0	0	0	0	0	0
PS - BANKING	67	134	181	223	236	270
PS - TG FIELD ISSUE FEE	0	0	0	0	0	0
PS - IT CONSULTING	0	7	13	5	1	1
PS - MISC CONSULTING	0	0	0	0	73	75
PS - S8 SERVICES	0	0	0	0	0	0
PS - STATE AUDITOR	0	0	0	0	0	0
PS - MISC	-17	78	30	28	22	8
PROVISION FOR LOSSES	147	396	396	396	133	0
MISC EXPENSES	5,870	6,778	7,123	7,526	7,670	8,292
7100300 MISC EXPENSES	-13	123	0	0	0	0
7100336 DNR PRIOR YEAR EXP	0	0	896	682	-19	0
7100337 DNR PROGRAM ADMIN	2,383	2,722	2,237	2,191	2,204	2,460
7100338 OTHER AUTHORIZED USE	2,111	2,789	2,679	3,496	4,134	4,404
7100339 SMALL COMM TECH ADMIN	288	285	252	279	293	324
7100344 STATE PROG ADMIN	1,101	844	887	818	1,001	1,044
7100400 NON PROGRAM USES	0	14	171	60	58	60
INDIRECT COST TRANSFER	0	0	101	92	90	117
TOTAL OPERATING EXP	6,777	8,076	8,762	9,087	9,118	9,710
NET OPERATING (INC) LOSS	-33,530	-22,523	-61,272	-56,541	-34,129	-23,994
FMVA	-124	47	-26	7	1	0
NET (INCOME) LOSS	-33,653	-22,476	-61,298	-56,534	-34,128	-23,994

**Iowa Finance Authority
FY14 Budget - SRF**

Balance Sheet	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
CASH	37,699	45,462	53,574	61,643	63,490	68,324
CASH EQUIV	238,119	166,672	156,050	290,388	179,102	262,981
INVESTMENTS	11,000	97,520	155,970	154,255	126,151	44,020
INV FMVA	68	22	47	40	47	65
MBS	0	0	0	0	0	0
MBS FMVA	0	0	0	0	0	0
HOUSING LOANS	0	0	0	0	0	0
SRF LOANS	724,683	859,437	1,079,065	1,214,681	1,315,228	1,430,719
INTEREST REC	3,485	3,415	3,886	3,948	3,280	3,164
CAPITAL ASSETS	0	0	0	0	133	133
PFAD	0	0	0	0	-18	-63
TRADE A/R	433	527	2,242	1,466	73	331
OTHER ASSETS	871	1,170	1,493	1,866	1,509	1,699
DEF DERIVATIVE	0	0	0	0	0	0
TOTAL ASSETS	1,016,358	1,174,224	1,452,329	1,728,287	1,688,993	1,811,373
				19%	-2%	7%
BOND PAYABLE	-395,810	-525,476	-734,944	-952,373	-881,834	-977,671
INTEREST PAYABLE	-8,853	-11,329	-15,758	-18,654	-14,899	-16,612
DEFERRED INCOME	-7,884	-9,891	-12,314	-13,340	-13,735	-14,690
REBATES OWED	-699	-2,121	-2,495	-830	-116	0
RESERVE FOR LOSSES	0	0	0	0	0	0
A/P & OTHER LIAB	-1,240	-1,059	-1,172	-912	-2,102	-2,098
DERIVATIVE LIABILITY	0	0	0	0	0	0
TOTAL LIABILITIES	-414,486	-549,876	-766,683	-986,108	-912,686	-1,011,072
FUND BALANCE	-568,218	-601,872	-624,348	-685,645	-742,179	-776,307
TRANSFER BETWEEN FUNDS	0	0	0	0	0	0
CURRENT YEAR EARNINGS	-33,653	-22,476	-61,298	-56,534	-34,128	-23,994
NET ASSETS	-601,872	-624,348	-685,645	-742,179	-776,307	-800,301
				8%	5%	3%
TOTAL LIAB AND NET ASSETS	-1,016,358	-1,174,224	-1,452,329	-1,728,287	-1,688,993	-1,811,373

**Iowa Finance Authority
FY14 Budget - SRF**

Grant Income	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
Rural Home DPA (FHLB)	0	0	0	0	0	0
Real Estate Owned DPA (FHLB)	0	0	0	0	0	0
Total Private Sector Funds	0	0	0	0	0	0
Approp, RETA Int, RETT	0	0	0	0	0	0
HCBS Rent Subsidy	0	0	0	0	0	0
Military DPA	0	0	0	0	0	0
Shelter Assistance Fund	0	0	0	0	0	0
Aftercare Rent Subsidy	0	0	0	0	0	0
Wastewater Treatment Grants	0	0	0	0	0	0
Jumpstart	0	0	0	0	0	0
IJOBS - FY10 Programs	0	0	0	0	0	0
IJOBS - Administration	0	0	0	0	0	0
IJOBS - FY11 Programs	0	0	0	0	0	0
Iowans Helping Iowans	0	0	0	0	0	0
Mortgage Settlement Funds	0	0	0	0	0	0
Misc State Funds	0	0	0	0	0	0
Total State Funds	0	0	0	0	0	0
Telework & AFP (84.235T & 84.224)	0	0	0	0	0	0
Hsg Ops Persons with Aids (14.24)	0	0	0	0	0	0
Rural Comm Dev Initiative (10.44)	0	0	0	0	0	0
Emergency Shelter Grant Prog (14)	0	0	0	0	0	0
HSG Counseling Assistance (14.16)	0	0	0	0	0	0
Shelter Care Plus (14.238)	0	0	0	0	0	0
National Fore Mit. (21.000)	0	0	0	0	0	0
LIHTC S1602 (21.XXX)	0	0	0	0	0	0
TCAP (14.258)	0	0	0	0	0	0
Homelessness Prev (14.257)	0	0	0	0	0	0
HOME (14.239)	0	0	0	0	0	0
SSBG (93.667)	0	0	0	0	0	0
CDBG (14.228)	0	0	0	0	0	0
Grant Income - Misc Fed Funds	-26,856	-52,419	-71,786	-57,865	-37,972	-32,425
Total Federal Funds	-26,856	-52,419	-71,786	-57,865	-37,972	-32,425
Total Grant Income	-26,856	-52,419	-71,786	-57,865	-37,972	-32,425

**Iowa Finance Authority
FY14 Budget - SRF**

Grant Expense	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
Serv Acq Fee / Release Premium	0	0	0	0	0	0
FirstHome Plus	0	0	0	0	0	0
Misc IFA Grants	0	29,960	11,477	1,679	4,943	4,943
Total IFA Grants	0	29,960	11,477	1,679	4,943	4,943
State Housing Trust Fund	0	0	0	0	0	0
HCBS Rent Subsidy	0	0	0	0	0	0
Military DPA	0	0	0	0	0	0
Shelter Assistance Fund	0	0	0	0	0	0
Aftercare Rent Subsidy	0	0	0	0	0	0
Wastewater Treatment Grants	0	0	0	0	0	0
Jumpstart	0	0	0	0	0	0
IJOBS - FY10 Programs	0	0	0	0	0	0
IJOBS - FY11 Programs	0	0	0	0	0	0
Iowans Helping Iowans	0	0	0	0	0	0
Mortgage Settlement Fund	0	0	0	0	0	0
Misc State Funds	0	0	0	0	0	0
Total State Funds	0	0	0	0	0	0
Telework & AFP (84.235T & 84.224C)	0	0	0	0	0	0
Hsg Ops Persons with Aids (14.241)	0	0	0	0	0	0
Rural Comm Dev Initiative (10.446)	0	0	0	0	0	0
Emergency Shelter Grant Prog (14.231)	0	0	0	0	0	0
HSG Counseling Assistance (14.169)	0	0	0	0	0	0
Shelter Care Plus (14.238)	0	0	0	0	0	0
National Foreclosure Mit. (21.000)	0	0	0	0	0	0
LIHTC S1602 (21.XXX)	0	0	0	0	0	0
TCAP (14.258)	0	0	0	0	0	0
Homeless Prev & RR (14.257)	0	0	0	0	0	0
HOME (14.239)	0	0	0	0	0	0
SSBG (93.667)	0	0	0	0	0	0
CDBG (14.228)	0	0	0	0	0	0
Total Federal Funds	0	0	0	0	0	0
Total Grant Expense	0	29,960	11,477	1,679	4,943	4,943

**Iowa Finance Authority
FY14 Budget - Clean Water**

Operating Income	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
LOAN ORIG FEES	-330	-390	-492	-574	-607	-634
ECDEV / MWD BOND FEES	0	0	0	0	0	0
TG FEES	0	0	0	0	0	0
LIHTC APP & RES FEES	0	0	0	0	0	0
S42 & S1602 COMP FEES	0	0	0	0	0	0
SECTION 8 FEES	0	0	0	0	0	0
MISC FEES	-1,123	-1,455	-1,993	-2,235	-2,262	-2,265
TOTAL FEE INCOME	-1,453	-1,845	-2,485	-2,809	-2,870	-2,899
INVESTMENT INT INC	-3,916	-1,641	-1,343	-903	-329	-430
G/L ON SALE	0	0	0	1	0	0
REBATE EXP	21	223	305	31	-25	0
MBS INTEREST INC	0	0	0	0	0	0
LOAN INTEREST INC	-13,127	-15,759	-19,133	-23,650	-25,406	-25,891
OTHER INTEREST INC	0	0	0	0	0	0
TOTAL INTEREST INC	-17,023	-17,177	-20,171	-24,521	-25,760	-26,321
BOND INTEREST EXP	9,103	13,416	18,884	25,149	24,788	28,951
COST OF ISSUE EXP	59	70	92	102	106	111
DISC / PREM AMORT	-904	-1,279	-1,770	-2,530	-3,584	-4,186
REMARKETING FEES	0	0	0	0	0	0
LIQUIDITY FEE	0	0	0	0	0	0
OTHER INTEREST EXP	686	563	-798	-2,016	66	58
TOTAL INTEREST EXP	8,944	12,770	16,408	20,704	21,377	24,934
NET INTEREST (INCOME)	-8,079	-4,407	-3,763	-3,817	-4,383	-1,388
NET GRANT EXP (INC)	-12,951	-8,025	-43,502	-27,830	-17,578	-16,519
AUTHORITY FEES EXP (INC)	0	0	0	0	0	0
OTHER INCOME	0	0	0	0	0	0
TOTAL OPERATING (INCOME)	-22,482	-14,278	-49,750	-34,455	-24,831	-20,806

**Iowa Finance Authority
FY14 Budget - Clean Water**

Operating Expenses	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
SALARY & BENEFITS	355	391	541	458	447	451
TRAVEL & EDUCATION	5	4	6	3	3	4
OFFICE SUPPLY & POSTAGE	4	3	7	6	4	4
TELEPHONE & DATA	4	3	4	4	3	3
FACILITIES	10	9	10	10	8	8
EQUIPMENT & SOFTWARE	1	1	2	2	2	2
DEPRECIATION	21	17	17	13	26	30
STATE INDIRECT	0	1	3	4	3	3
MARKETING	54	17	17	12	12	12
PS - ACCOUNTING	4	6	7	5	5	6
PS - LEGAL	0	0	0	33	67	69
PS - S42 & HOME PHYS	0	0	0	0	0	0
PS - LIHTC MARKET STUDY	0	0	0	0	0	0
PS - BANKING	31	83	118	150	163	201
PS - TG FIELD ISSUE FEE	0	0	0	0	0	0
PS - IT CONSULTING	0	7	6	4	1	1
PS - MISC CONSULTING	0	0	0	0	50	52
PS - S8 SERVICES	0	0	0	0	0	0
PS - STATE AUDITOR	0	0	0	0	0	0
PS - MISC	-2	42	15	15	12	4
PROVISION FOR LOSSES	0	0	0	0	0	0
MISC EXPENSES	2,012	2,772	2,484	3,265	3,022	3,480
7100300 MISC EXPENSES	-13	106	0	0	0	0
7100336 DNR PRIOR YEAR EXP	0	0	333	573	-116	0
7100337 DNR PROGRAM ADMIN	1,631	1,831	1,608	1,490	1,456	1,680
7100338 OTHER AUTHORIZED USE	394	836	544	1,202	1,682	1,800
7100339 SMALL COMM TECH ADMIN	0	0	0	0	0	0
7100344 STATE PROG ADMIN	0	0	0	0	0	0
7100400 NON PROGRAM USES	0	0	0	0	0	0
INDIRECT COST TRANSFER	0	0	68	62	57	71
TOTAL OPERATING EXP	2,498	3,356	3,307	4,046	3,887	4,400
NET OPERATING (INC) LOSS	-19,984	-10,922	-46,443	-30,409	-20,944	-16,406
FMVA	-125	52	-10	3	-1	0
NET (INCOME) LOSS	-20,109	-10,870	-46,453	-30,406	-20,945	-16,406

**Iowa Finance Authority
FY14 Budget - Clean Water**

Balance Sheet	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
CASH	37,357	45,411	53,574	61,643	63,490	68,324
CASH EQUIV	142,625	84,086	95,539	178,569	79,355	141,593
INVESTMENTS	9,000	69,658	111,732	105,609	74,805	26,290
INV FMVA	68	17	27	24	31	45
MBS	0	0	0	0	0	0
MBS FMVA	0	0	0	0	0	0
HOUSING LOANS	0	0	0	0	0	0
SRF LOANS	474,405	573,242	723,198	836,536	939,243	1,046,613
INTEREST REC	1,919	1,838	2,460	2,659	2,286	2,260
CAPITAL ASSETS	0	0	0	0	91	91
PFAD	0	0	0	0	-13	-43
TRADE A/R	0	0	1,508	976	0	0
OTHER ASSETS	485	693	952	1,251	1,037	1,277
DEF DERIVATIVE	0	0	0	0	0	0
TOTAL ASSETS	665,860	774,945	988,990	1,187,266	1,160,326	1,286,450
				20%	-2%	11%
BOND PAYABLE	-230,968	-325,715	-487,491	-652,927	-609,679	-716,193
INTEREST PAYABLE	-5,354	-7,164	-10,450	-12,844	-10,181	-12,044
DEFERRED INCOME	-5,192	-6,411	-8,594	-9,331	-9,806	-11,150
REBATES OWED	-21	-243	-548	-175	0	0
RESERVE FOR LOSSES	0	0	0	0	0	0
A/P & OTHER LIAB	-393	-407	-444	-475	-1,258	-1,256
DERIVATIVE LIABILITY	0	0	0	0	0	0
TOTAL LIABILITIES	-241,928	-339,940	-507,527	-675,752	-630,924	-740,643
FUND BALANCE	-403,829	-423,932	-435,005	-481,464	-511,514	-529,401
TRANSFER BETWEEN FUNDS	5	-202	-5	355	3,058	0
CURRENT YEAR EARNINGS	-20,109	-10,870	-46,453	-30,406	-20,945	-16,406
NET ASSETS	-423,932	-435,005	-481,464	-511,514	-529,401	-545,807
				6%	3%	3%
TOTAL LIAB AND NET ASSETS	-665,860	-774,945	-988,990	-1,187,266	-1,160,326	-1,286,450

**Iowa Finance Authority
FY14 Budget - Clean Water**

Grant Income	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
Rural Home DPA (FHLB)	0	0	0	0	0	0
Real Estate Owned DPA (FHLB)	0	0	0	0	0	0
Total Private Sector Funds	0	0	0	0	0	0
Approp, RETA Int, RETT	0	0	0	0	0	0
HCBS Rent Subsidy	0	0	0	0	0	0
Military DPA	0	0	0	0	0	0
Shelter Assistance Fund	0	0	0	0	0	0
Aftercare Rent Subsidy	0	0	0	0	0	0
Wastewater Treatment Grants	0	0	0	0	0	0
Jumpstart	0	0	0	0	0	0
IJOBS - FY10 Programs	0	0	0	0	0	0
IJOBS - Administration	0	0	0	0	0	0
IJOBS - FY11 Programs	0	0	0	0	0	0
Iowans Helping Iowans	0	0	0	0	0	0
Mortgage Settlement Funds	0	0	0	0	0	0
Misc State Funds	0	0	0	0	0	0
Total State Funds	0	0	0	0	0	0
Telework & AFP (84.235T & 84.224	0	0	0	0	0	0
Hsg Ops Persons with Aids (14.24	0	0	0	0	0	0
Rural Comm Dev Initiative (10.44	0	0	0	0	0	0
Emergency Shelter Grant Prog (14	0	0	0	0	0	0
HSG Counseling Assistance (14.16	0	0	0	0	0	0
Shelter Care Plus (14.238)	0	0	0	0	0	0
National Fore Mit. (21.000	0	0	0	0	0	0
LIHTC S1602 (21.XXX)	0	0	0	0	0	0
TCAP (14.258)	0	0	0	0	0	0
Homelessness Prev (14.257)	0	0	0	0	0	0
HOME (14.239)	0	0	0	0	0	0
SSBG (93.667)	0	0	0	0	0	0
CDBG (14.228)	0	0	0	0	0	0
Grant Income - Misc Fed Funds	-12,951	-25,688	-51,583	-28,930	-19,042	-17,983
Total Federal Funds	-12,951	-25,688	-51,583	-28,930	-19,042	-17,983
Total Grant Income	-12,951	-25,688	-51,583	-28,930	-19,042	-17,983

**Iowa Finance Authority
FY14 Budget - Clean Water**

Grant Expense	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
Serv Acq Fee / Release Premium	0	0	0	0	0	0
FirstHome Plus	0	0	0	0	0	0
Misc IFA Grants	0	17,662	8,081	1,101	1,464	1,464
Total IFA Grants	0	17,662	8,081	1,101	1,464	1,464
State Housing Trust Fund	0	0	0	0	0	0
HCBS Rent Subsidy	0	0	0	0	0	0
Military DPA	0	0	0	0	0	0
Shelter Assistance Fund	0	0	0	0	0	0
Aftercare Rent Subsidy	0	0	0	0	0	0
Wastewater Treatment Grants	0	0	0	0	0	0
Jumpstart	0	0	0	0	0	0
IJOBS - FY10 Programs	0	0	0	0	0	0
IJOBS - FY11 Programs	0	0	0	0	0	0
Iowans Helping Iowans	0	0	0	0	0	0
Mortgage Settlement Fund	0	0	0	0	0	0
Misc State Funds	0	0	0	0	0	0
Total State Funds	0	0	0	0	0	0
Telework & AFP (84.235T & 84.224C)	0	0	0	0	0	0
Hsg Ops Persons with Aids (14.241)	0	0	0	0	0	0
Rural Comm Dev Initiative (10.446)	0	0	0	0	0	0
Emergency Shelter Grant Prog (14.231)	0	0	0	0	0	0
HSG Counseling Assistance (14.169)	0	0	0	0	0	0
Shelter Care Plus (14.238)	0	0	0	0	0	0
National Foreclosure Mit. (21.000)	0	0	0	0	0	0
LIHTC S1602 (21.XXX)	0	0	0	0	0	0
TCAP (14.258)	0	0	0	0	0	0
Homeless Prev & RR (14.257)	0	0	0	0	0	0
HOME (14.239)	0	0	0	0	0	0
SSBG (93.667)	0	0	0	0	0	0
CDBG (14.228)	0	0	0	0	0	0
Total Federal Funds	0	0	0	0	0	0
Total Grant Expense	0	17,662	8,081	1,101	1,464	1,464

**Iowa Finance Authority
FY14 Budget - Drinking Water**

Operating Income	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
LOAN ORIG FEES	-160	-193	-231	-259	-272	-280
ECDEV / MWD BOND FEES	0	0	0	0	0	0
TG FEES	0	0	0	0	0	0
LIHTC APP & RES FEES	0	0	0	0	0	0
S42 & S1602 COMP FEES	0	0	0	0	0	0
SECTION 8 FEES	0	0	0	0	0	0
MISC FEES	-709	-850	-989	-1,042	-953	-876
TOTAL FEE INCOME	-869	-1,043	-1,220	-1,301	-1,226	-1,156
INVESTMENT INT INC	-2,814	-2,157	-1,636	-720	-417	-335
G/L ON SALE	0	0	0	0	0	0
REBATE EXP	189	1,264	69	268	63	0
MBS INTEREST INC	0	0	0	0	0	0
LOAN INTEREST INC	-6,987	-8,117	-9,749	-11,299	-11,299	-10,471
OTHER INTEREST INC	0	0	0	0	0	0
TOTAL INTEREST INC	-9,611	-9,009	-11,316	-11,751	-11,653	-10,806
BOND INTEREST EXP	6,752	8,541	10,158	11,997	11,480	11,002
COST OF ISSUE EXP	39	44	130	57	67	47
DISC / PREM AMORT	-304	-490	-1,249	-1,591	-2,136	-1,440
REMARKETING FEES	0	0	0	0	0	0
LIQUIDITY FEE	0	0	0	0	0	0
OTHER INTEREST EXP	74	69	21	-226	504	419
TOTAL INTEREST EXP	6,561	8,165	9,059	10,237	9,914	10,027
NET INTEREST (INCOME)	-3,050	-845	-2,257	-1,514	-1,739	-779
NET GRANT EXP (INC)	-13,906	-14,434	-16,807	-28,357	-15,451	-10,963
AUTHORITY FEES EXP (INC)	0	0	0	0	0	0
OTHER INCOME	0	0	0	0	0	0
TOTAL OPERATING (INCOME)	-17,824	-16,321	-20,283	-31,172	-18,417	-12,898

**Iowa Finance Authority
FY14 Budget - Drinking Water**

Operating Expenses	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
SALARY & BENEFITS	186	202	267	224	253	294
TRAVEL & EDUCATION	3	2	3	2	2	2
OFFICE SUPPLY & POSTAGE	3	2	3	3	2	2
TELEPHONE & DATA	2	2	2	2	1	1
FACILITIES	5	5	5	5	4	4
EQUIPMENT & SOFTWARE	1	0	1	1	1	1
DEPRECIATION	11	9	9	6	12	14
STATE INDIRECT	0	1	2	2	1	1
MARKETING	40	4	8	4	4	5
PS - ACCOUNTING	2	4	4	3	2	2
PS - LEGAL	0	0	0	16	29	30
PS - S42 & HOME PHYS	0	0	0	0	0	0
PS - LIHTC MARKET STUDY	0	0	0	0	0	0
PS - BANKING	36	51	63	73	73	70
PS - TG FIELD ISSUE FEE	0	0	0	0	0	0
PS - IT CONSULTING	0	0	7	1	0	0
PS - MISC CONSULTING	0	0	0	0	23	23
PS - S8 SERVICES	0	0	0	0	0	0
PS - STATE AUDITOR	0	0	0	0	0	0
PS - MISC	-15	36	15	13	10	4
PROVISION FOR LOSSES	147	396	396	396	133	0
MISC EXPENSES	3,857	4,006	4,638	4,261	4,648	4,812
7100300 MISC EXPENSES	0	18	0	0	0	0
7100336 DNR PRIOR YEAR EXP	0	0	563	109	96	0
7100337 DNR PROGRAM ADMIN	752	891	630	701	748	780
7100338 OTHER AUTHORIZED USE	1,717	1,953	2,136	2,294	2,452	2,604
7100339 SMALL COMM TECH ADMIN	288	285	252	279	293	324
7100344 STATE PROG ADMIN	1,101	844	887	818	1,001	1,044
7100400 NON PROGRAM USES	0	14	171	60	58	60
INDIRECT COST TRANSFER	0	0	33	30	33	46
TOTAL OPERATING EXP	4,279	4,720	5,455	5,040	5,231	5,310
NET OPERATING (INC) LOSS	-13,546	-11,601	-14,829	-26,132	-13,185	-7,588
FMVA	1	-5	-16	4	2	0
NET (INCOME) LOSS	-13,545	-11,606	-14,844	-26,128	-13,183	-7,588

**Iowa Finance Authority
FY14 Budget - Drinking Water**

Balance Sheet	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
CASH	343	50	0	0	0	0
CASH EQUIV	95,494	82,586	60,511	111,819	99,747	121,388
INVESTMENTS	2,000	27,862	44,239	48,647	51,345	17,730
INV FMVA	0	5	20	16	17	20
MBS	0	0	0	0	0	0
MBS FMVA	0	0	0	0	0	0
HOUSING LOANS	0	0	0	0	0	0
SRF LOANS	250,277	286,194	355,867	378,144	375,984	384,106
INTEREST REC	1,566	1,577	1,426	1,289	993	905
CAPITAL ASSETS	0	0	0	0	41	41
PFAD	0	0	0	0	-6	-19
TRADE A/R	433	527	735	490	73	331
OTHER ASSETS	385	478	541	616	472	422
DEF DERIVATIVE	0	0	0	0	0	0
TOTAL ASSETS	350,498	399,279	463,338	541,021	528,667	524,923
				17%	-2%	-1%
BOND PAYABLE	-164,843	-199,761	-247,453	-299,446	-272,155	-261,478
INTEREST PAYABLE	-3,499	-4,165	-5,308	-5,810	-4,718	-4,568
DEFERRED INCOME	-2,691	-3,480	-3,720	-4,009	-3,929	-3,541
REBATES OWED	-679	-1,878	-1,947	-655	-116	0
RESERVE FOR LOSSES	0	0	0	0	0	0
A/P & OTHER LIAB	-847	-652	-728	-437	-844	-842
DERIVATIVE LIABILITY	0	0	0	0	0	0
TOTAL LIABILITIES	-172,559	-209,937	-259,157	-310,356	-281,762	-270,429
FUND BALANCE	-164,389	-177,939	-189,342	-204,182	-230,665	-246,906
TRANSFER BETWEEN FUNDS	-5	202	5	-355	-3,058	0
CURRENT YEAR EARNINGS	-13,545	-11,606	-14,844	-26,128	-13,183	-7,588
NET ASSETS	-177,939	-189,342	-204,182	-230,665	-246,906	-254,494
				13%	7%	3%
TOTAL LIAB AND NET ASSETS	-350,498	-399,279	-463,338	-541,021	-528,667	-524,923

**Iowa Finance Authority
FY14 Budget - Drinking Water**

Grant Income	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
Rural Home DPA (FHLB)	0	0	0	0	0	0
Real Estate Owned DPA (FHLB)	0	0	0	0	0	0
Total Private Sector Funds	0	0	0	0	0	0
Approp, RETA Int, RETT	0	0	0	0	0	0
HCBS Rent Subsidy	0	0	0	0	0	0
Military DPA	0	0	0	0	0	0
Shelter Assistance Fund	0	0	0	0	0	0
Aftercare Rent Subsidy	0	0	0	0	0	0
Wastewater Treatment Grants	0	0	0	0	0	0
Jumpstart	0	0	0	0	0	0
IJOBS - FY10 Programs	0	0	0	0	0	0
IJOBS - Administration	0	0	0	0	0	0
IJOBS - FY11 Programs	0	0	0	0	0	0
Iowans Helping Iowans	0	0	0	0	0	0
Mortgage Settlement Funds	0	0	0	0	0	0
Misc State Funds	0	0	0	0	0	0
Total State Funds	0	0	0	0	0	0
Telework & AFP (84.235T & 84.224	0	0	0	0	0	0
Hsg Ops Persons with Aids (14.24	0	0	0	0	0	0
Rural Comm Dev Initiative (10.44	0	0	0	0	0	0
Emergency Shelter Grant Prog (14	0	0	0	0	0	0
HSG Counseling Assistance (14.16	0	0	0	0	0	0
Shelter Care Plus (14.238)	0	0	0	0	0	0
National Fore Mit. (21.000	0	0	0	0	0	0
LIHTC S1602 (21.XXX)	0	0	0	0	0	0
TCAP (14.258)	0	0	0	0	0	0
Homelessness Prev (14.257)	0	0	0	0	0	0
HOME (14.239)	0	0	0	0	0	0
SSBG (93.667)	0	0	0	0	0	0
CDBG (14.228)	0	0	0	0	0	0
Grant Income - Misc Fed Funds	-13,906	-26,731	-20,203	-28,935	-18,930	-14,442
Total Federal Funds	-13,906	-26,731	-20,203	-28,935	-18,930	-14,442
Total Grant Income	-13,906	-26,731	-20,203	-28,935	-18,930	-14,442

**Iowa Finance Authority
FY14 Budget - Drinking Water**

Grant Expense	Act	Act	Act	Act	Fcst	Budget
	FY09	FY10	FY11	FY12	Jun-13	Jun-14
Serv Acq Fee / Release Premium	0	0	0	0	0	0
FirstHome Plus	0	0	0	0	0	0
Misc IFA Grants	0	12,297	3,397	578	3,478	3,479
Total IFA Grants	0	12,297	3,397	578	3,478	3,479
State Housing Trust Fund	0	0	0	0	0	0
HCBS Rent Subsidy	0	0	0	0	0	0
Military DPA	0	0	0	0	0	0
Shelter Assistance Fund	0	0	0	0	0	0
Aftercare Rent Subsidy	0	0	0	0	0	0
Wastewater Treatment Grants	0	0	0	0	0	0
Jumpstart	0	0	0	0	0	0
IJOBS - FY10 Programs	0	0	0	0	0	0
IJOBS - FY11 Programs	0	0	0	0	0	0
Iowans Helping Iowans	0	0	0	0	0	0
Mortgage Settlement Fund	0	0	0	0	0	0
Misc State Funds	0	0	0	0	0	0
Total State Funds	0	0	0	0	0	0
Telework & AFP (84.235T & 84.224C)	0	0	0	0	0	0
Hsg Ops Persons with Aids (14.241)	0	0	0	0	0	0
Rural Comm Dev Initiative (10.446)	0	0	0	0	0	0
Emergency Shelter Grant Prog (14.231)	0	0	0	0	0	0
HSG Counseling Assistance (14.169)	0	0	0	0	0	0
Shelter Care Plus (14.238)	0	0	0	0	0	0
National Foreclosure Mit. (21.000)	0	0	0	0	0	0
LIHTC S1602 (21.XXX)	0	0	0	0	0	0
TCAP (14.258)	0	0	0	0	0	0
Homeless Prev & RR (14.257)	0	0	0	0	0	0
HOME (14.239)	0	0	0	0	0	0
SSBG (93.667)	0	0	0	0	0	0
CDBG (14.228)	0	0	0	0	0	0
Total Federal Funds	0	0	0	0	0	0
Total Grant Expense	0	12,297	3,397	578	3,478	3,479



To: IFA Board of Directors

From: Cindy Harris, Chief Financial Officer
Rob Tietz, Finance and Funding Manager
Mark Fairley, Finance and Investment Manager

Date: July 10, 2013

Re: Interest Rate Swap Policy

Currently IFA does not have an existing Interest Rate Swap Policy (“Swap Policy”). The intent of the proposed Swap Policy is to provide guidance to Authority staff regarding potential new interest rate swaps and managing existing swaps in the Authority’s portfolio.

The proposed Swap Policy describes our objectives for the use of interest rate swaps (financial flexibility, debt service savings, managing interest rate risk), outlines the parameters for swap documents, and details the criteria for qualified swap counterparties. The Swap Policy also describes various risks associated with swaps and how staff can evaluate those risks.

Finally, we will provide reports to the Board concerning the Authority’s interest rate swap portfolio. These reports will be provided semi-annually and will include the description of all outstanding swaps, including outstanding balances, counterparties, material events and current market values.

The Finance team for the Authority recommends the Board approve and adopt the attached Interest Rate Swap Policy.

INTEREST RATE SWAP POLICY
IOWA FINANCE AUTHORITY
JULY 10, 2013

I. Purpose

The purpose of this Interest Rate Swap policy is to establish guidelines for the use, reporting and management of all derivative agreements of the Iowa Finance Authority (the “Authority”), including, but not limited to, interest rate swaps, basis swaps, swaptions, caps, collars and floors, or forward and future rate agreements (collectively “Interest Rate Swaps”). The policy is prepared in accordance with the recommended practices of the Government Finance Officers Association and addresses the requirements associated with the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”). This policy will be periodically reviewed by staff and the Board of Directors and refined over time.

II. Scope & Authority

The Authority is a public instrumentality and agency of the State of Iowa duly organized and existing under the laws of the State of Iowa and specifically, Chapter 16 of the Code of Iowa.

The Board of Directors has approved two resolutions authorizing the use of derivative transactions in connection with the Authority’s single family program and its multifamily program. The Board of Directors on August 7, 2002 approved a resolution authorizing the use of derivative transactions in connection with the sale of bonds under the Single Family Mortgage Bond Resolution adopted July 10, 1991, as amended. On July 11, 2007, the Board adopted a resolution authorizing the use of derivative transactions in connection with the sale of bonds under the multifamily Master Indenture of Trust dated as of June 15, 2005, as amended. Collectively these resolutions authorize the Executive Director to negotiate and enter into contracts related to Interest Rate Swaps on behalf of the Authority. The Chief Financial Officer and finance staff shall have the responsibility and authority of structuring, implementing and managing the Interest Rate Swaps.

The Authority shall be authorized to enter into Interest Rate Swaps only with qualified swap counterparties (as described herein). The Executive Director, in consultation with the Chief Financial Officer and finance staff, shall have the authority to select the counterparties, so long as the criteria set forth in this Interest Rate Swap policy are met.

III. Objectives for the Use of Interest Rate Swaps

Interest Rate Swaps can be an important interest rate management tool when used properly. Interest Rate Swaps can increase financial flexibility, provide opportunities for interest rate savings, alter the pattern of debt service payments or hedge variable rate payments. Finally,

Interest Rate Swaps can also hedge interest rate risk for asset/liability matching purposes.

IV. Dodd-Frank Regulatory Requirements

In accordance with the requirements of Dodd-Frank, the Authority is required to select a Qualified Independent Representative (“QIR”) who is capable of independently evaluating investment risks associated with derivative transactions. The Authority has selected PFM Asset Management, LLC (“PFM”) as its QIR.

As QIR to the Authority, PFM will make available qualified professionals to participate in discussion and other interactions with counterparties as the Authority finds necessary, including guidance on structure, pricing, and negotiation of business terms. Additionally, PFM will assist with analysis of any proposals from counterparties. PFM may review IFA’s semi-annual board reports on the swap portfolio upon request, and annually review and provide updates on this policy upon request.

The engagement with PFM became effective on June 1, 2013 and is terminable by either party upon thirty (30) days’ written notice to the other party.

V. Interest Rate Swap Features

A. Form of Interest Rate Swap Documents

The Authority will use terms and conditions as set forth in the International Swaps and Derivatives Association, Inc. Master Agreement, together with accompanying schedules and any credit support annex (together, the “ISDA”). The ISDA between the Authority and each counterparty shall include payment, term, security, collateral, default, remedy, termination and other terms, conditions, provisions and safeguards as the Authority, in consultation with its legal counsel, bond counsel and QIR, deems necessary or desirable. Specific details as to each transaction shall be included in a Confirmation. As of the date of this policy, the Authority shall use its best efforts to abide by the following guidelines for the terms of any agreement:

1. Downgrade provisions shall in no event be worse than those affecting the counterparty.
2. Governing law will be either Iowa or New York.
3. The specified indebtedness related to credit events in any swap agreement should be narrowly defined and refer only to indebtedness of the Authority that could have a materially adverse effect on the Authority's ability to perform its obligations under the swap.
4. Collateral thresholds stipulating when collateral will be required to be posted by the counterparty are designated in the policy and are based on credit ratings of the counterparty. Collateral requirements setting out the amount and types of collateral will be established for each swap based upon the credit ratings of the counterparty or its credit support provider or any guarantor.
5. Collateral shall be held by an independent third party.
6. Eligible collateral shall be limited to cash, U.S. Treasury securities and obligations of federal agencies where the principal and interest are guaranteed by the full faith and credit of the United States government.
7. The Authority shall have the right to optionally terminate a swap agreement at "market," at any time over the term of the agreement subject to appropriate notification.
8. Should a termination event occur, the Authority will obtain a termination valuation quotation of the interest rate swap position from its QIR, and compare the same with the proposed amount calculated under the applicable ISDA, to determine whether the calculated amount is reasonable.

B. Qualified swap counterparties

1. **New counterparties** – The Authority will make its best efforts to work with qualified swap counterparties that (1) have a general credit rating, or a rating obtained through additional credit support, of at least Aa2 or AA from Moody's and Standard & Poor's respectively, and (2) will not have an adverse effect on current ratings of the individual series bonds, indentures, or the Authority's current issuer credit rating and general obligation rating.

2. **Existing counterparties** – The Authority will proactively monitor the credit ratings of existing counterparties to ensure their ratings are not lower than what is specified in the counterparty ISDA, or lower than A2 or A from Moody’s and Standard & Poor’s respectively.

C. Termination provisions

1. **Optional Termination** – The Authority may terminate an Interest Rate Swap, in full or in part, if it is determined that it is financially advantageous or will further Authority objectives.

2. **Mandatory Termination** - In the event an Interest Rate Swap is terminated as a result of a termination event, such as a default or a decrease in the credit rating of either the Authority or swap counterparty, the Authority will evaluate whether it is financially advantageous to obtain a replacement swap, or, depending on market value, make or receive a termination payment.

D. Security and Sources of Repayment – The Authority will generally use the same security and source of repayment (pledged revenues with the general obligation of the Authority for single family and multifamily, for example) for interest rate swaps as is used for the bonds that are hedged or carried by the swap.

E. Pricing Process - The Authority may use a competitive bidding or negotiated process when selecting a counterparty and for pricing any particular transaction. The selection will depend on the business, market or competitive conditions involved in the proposed transaction.

F. Prohibited Interest Rate Swaps – The Authority will not enter into Interest Rate Swaps that are speculative in nature or create extraordinary leverage or risk.

VI. Evaluation and Management of Interest Rate Swap Risks

Prior to the execution of any Interest Rate Swap transaction, the Authority shall evaluate the risks inherent in the transaction. Such reviews may include consultations with bond counsel, swap advisor and/or QIR regarding the identification of proposed benefits and potential risks.

A. Evaluation Methodology- The following table outlines these potential risks and the Authority’s evaluation methodology for those risks.

Type of Risk	Description	Evaluation Methodology
Basis risk	The mismatch between actual variable rate debt service and variable rate indices used to determine swap payments	The Authority will review historical trading differentials between the variable rate bonds

		and the indices.
Tax risk	The risk created by potential tax events that could affect bond payments.	The Authority will review the tax events in proposed swap agreements. The Authority will evaluate the impact of potential changes in tax law on SIFMA and LIBOR indexed swaps. The Authority shall not knowingly undertake any actions which will violate any rulings of the Internal Revenue Service regarding the proceeds of any related federally tax-exempt bond issue.
Counterparty risk	The failure of either counterparty to make required payments or otherwise comply with the terms of the swap agreement.	The Authority will monitor exposure levels, ratings thresholds, and collateralization requirements. The Authority will also manage all agreements and attempt to diversify its counterparties to mitigate concentration risk.
Termination risk	The risk that there will be a mandatory termination of the Interest Rate Swap resulting in the Authority either receiving or owing a termination payment.	The Authority or agent of the Authority will compute its termination exposure for all existing and proposed swaps at market value.
Rollover risk	The mismatch of the maturity of the Interest Rate Swap and the maturity of the underlying bonds	The Authority will determine its capacity to manage variable rate bonds that may be outstanding after the maturity of the Interest Rate Swap.

Liquidity risk	The inability to continue or renew a liquidity facility supporting the variable rate demand obligations (VRDOs) that are being hedged.	The Authority will evaluate the expected availability of liquidity support for hedged (swapped) and unhedged variable rate debt. In addition the Authority will examine alternative financing structures to VRDNs that align with the Interest Rate Swap.
Credit risk	The occurrence of an event modifying the credit quality or credit rating of the issuer or its counterparty.	The Authority will monitor the ratings of its counterparties, insurers and Guarantors.
Amortization Risk	The mismatch between swap notional amount and bond par amount outstanding due to bond prepayments or swap amortization.	Swaps will be structured to minimize amortization risk by utilizing stress tests and optionality.
Accounting Risk	The risk that the Authority may be required to record changes in fair value of a derivative transaction through the Statement of Net Assets as a gain or loss; thus, potentially affecting critical ratio measures.	The Authority, when feasible, should aim to structure derivative transactions that would expect to qualify as effective hedges under the provisions of GASB 53 and GASB 64.

B. Disclosure and Financial Reporting

The Authority will take steps to ensure that there is full and complete disclosure of all Interest Rate Swaps to the Board of Directors, to rating agencies and in disclosure documents. With respect to its financial statements, the Authority will adhere to the guidelines for the financial reporting of Interest Rate Swaps as set forth by the Government Accounting Standards Board then in effect.

The Authority will evaluate the performance of and risks associated with outstanding Interest Rate Swaps at least semi-annually and will provide a report to the Board of Directors. This evaluation and report will include, but is not limited to the following information:

1. A description of all outstanding Interest Rate Swaps, including the related bond series and master indentures, types of derivatives, rates paid and received by Authority, existing notional amounts, the average life and remaining term of each swap agreement and the current market value of each outstanding swap.
2. The credit rating of each swap counterparty, parent, guarantor and credit enhancer insuring swap payments, if any.
3. Actual collateral postings by the Authority or swap counterparty, if any, per swap agreement and in total by each swap counterparty.
4. Information concerning any material event involving outstanding swap agreements, including a default by a swap counterparty, counterparty downgrade, or termination.
5. The status of any liquidity support used in connection with interest rate swaps, including the remaining term and current fee.



To: IFA Board of Directors
From: Cindy Harris, Chief Financial Officer
Date: July 10, 2013
Re: Resolution Authorizing and Approving the Execution of an Interagency Agreement with Iowa Economic Development Authority (“IEDA”)

Recommendation

Approve the attached Resolution to enter into an Interagency Agreement to work with IEDA on funding energy efficiency projects for public and non-profit entities.

Background

I was before the Board in November to obtain similar authorization for IFA to enter into an Interagency Agreement with the Department of Administrative Service (“DAS”). Since then the management of the energy efficiency projects has been moved from DAS to IEDA and the Governor’s office has requested that IFA help facilitate the funding of these projects.

Initially the plan was to create a revolving loan program to help public and non-profit entities finance energy efficiency projects with the original source of capital coming from the \$12.5 million of ARRA funds (the federal stimulus bill) given to the Office of Energy Independence. Currently, there is no expectation for a future revolving loan program. The intent is to fund current projects in the pipeline that are ready to do the work (less than \$10 million) and then close the program.

The Agreement before you is nearly identical to the earlier Agreement between IFA and DAS. IFA will provide the loan servicing and financial review of the Energy Program, including signing new loan agreements and coordinating the structure and sale of bonds to fund the energy loans. IEDA will serve as lead agency on the technical energy side of the program by reviewing project proposals, monitoring projects and reporting to the Department of Energy as required.

RESOLUTION FIN 13-09

Des Moines, Iowa

July 10, 2013

The Board of the Iowa Finance Authority (the "Authority") met on July 10, 2013 at 11:00 a.m. at the offices of the Authority at 2015 Grand Avenue, Des Moines, Iowa. The meeting was called to order and there were present in person or by telephonic conference Darlys J. Baum, the Chairperson, and the following named Board Members:

Absent: _____

Matters were discussed concerning the Execution of an Interagency Agreement for the Energy Bank Loan Program and Delegating Certain Responsibilities to the Executive Director for Approving the Final Terms and Content of the Related Documents. Whereupon Board Member _____ introduced a resolution entitled:

Resolution Authorizing and Approving the Execution of an Interagency Agreement and Delegating Certain Responsibilities to the Executive Director for Approving the Final Terms and Content of the Related Documents

and moved its adoption, seconded by Board Member _____. After due consideration of said Resolution by the Board, the Chairperson put the question on the motion, the following named Board Members voted:

Ayes: _____

Nays: _____

Whereupon, the Chairperson declared said Resolution duly adopted and approval was signed thereto.

Upon motion and vote the meeting adjourned.

_____, Chairperson

(SEAL)

ATTEST:

David D. Jamison, Executive Director/Secretary

Resolution Authorizing and Approving the Execution of an
Interagency Agreement and Delegating Certain
Responsibilities to the Executive Director for Approving
the Final Terms and Content of the Related Documents

WHEREAS, in accordance with the American Recovery and Reinvestment Act of 2009 (“ARRA”), federal funds have been allocated to the State of Iowa (the “State”) for energy-related projects; and

WHEREAS, the Iowa Finance Authority (the “Authority”) and the Iowa Department of Administrative Services previously entered into the Iowa Energy Bank Revolving Loan Program Joint Agency Agreement, in connection with the development and implementation of the Iowa Energy Bank Revolving Loan Program; and

WHEREAS, the Iowa Economic Development Authority, as the successor agency to the Office of Energy Independence in the State, now administers the ARRA funds and will work with the Authority on the Energy Program; and

WHEREAS, pursuant to an Iowa Code Chapter 28E Agreement Entitled “Iowa Energy Bank Loan Program Joint Agency Agreement” (the “Program Agreement”), in substantially the form attached as Exhibit A hereto, the Iowa Finance Authority (the “Authority”) and the Iowa Economic Development Authority (“IEDA”) have approved the development, administration and implementation of the Iowa Energy Bank Loan Program (the “Energy Program), to provide a low-cost source of funds to make loans or other awards (the “Loans”) to assist certain projects in the State;

NOW THEREFORE, BE IT RESOLVED BY THE IOWA FINANCE AUTHORITY AND THE BOARD THEREOF, AS FOLLOWS:

Section 1. Approval of Program Agreement; Authorization to Fund Loans. The Program Agreement between the Authority and IEDA is hereby approved in substantially the form attached hereto, but with such changes, modifications, amendments, revisions and alterations thereto as the Executive Director shall in the exercise of his own independent judgment and discretion and upon the advice of the Authority staff and Bond Counsel determine to be necessary, proper, appropriate, advisable or desirable in order to effectuate the purposes of the Energy Program; and the Executive Director is authorized to execute and deliver the Program Agreement. The Authority is authorized to make or purchase Loans under the Energy Program, consistent with the Program Agreement and a loan agreement with each participant.

Section 2. Delegation of Certain Responsibilities to the Executive Director. Without limiting the power or discretion granted herein, the Authority hereby (1) authorizes and directs the Executive Director and any of the officers, employees and agents of the Authority to carry out and to perform such obligations of the Authority and such other obligations as they, in consultation with Authority staff and Bond Counsel, shall consider necessary, desirable or appropriate in connection with this Authorizing Resolution, the Energy Program, the Program Agreement, the forms of Loan Agreement, and the reimbursement of advances for Loans from

proceeds of bonds issued in the future by the Authority, including the creation of certain funds and accounts to be administered and held by the Authority solely with respect to the Energy Program, the execution and delivery thereof and of all other related documents, instruments and certifications, including any agreements with IEDA or other State entities, and (2) delegates, authorizes and directs to the Executive Director the right, power and authority to exercise his own independent judgment and discretion upon advice of Authority staff and Bond Counsel in determining and finalizing the terms, provisions, form and content of each of the foregoing documents. The creation of funds and accounts for the Energy Program pursuant to this resolution and all moneys deposited therein shall be used for the sole purposes provided by the Energy Program. The Authority further authorizes the Executive Director, Chief Financial Officer, Comptroller, General Counsel and the Community Development Director to execute and deliver for and on behalf of the Authority any and all certificates, documents, or other papers and perform all other acts as may be deemed necessary or appropriate in connection with the creation, administration and operation of funds and accounts created to implement and carry out the Energy Program, as described herein. The execution and delivery by the Executive Director or by any such other officer or agent of the Authority of any such documents, instruments and certifications, or the doing by them of any act in connection with any of the matters made subject of this Authorizing Resolution, shall constitute conclusive evidence of the Authority's approval of all changes, modifications, amendments, revisions and alterations made therein and shall conclusively establish their authority with respect thereto from the Authority and the authorization, approval and ratification by the Authority of the documents, instruments and certifications so executed and the action so taken.

Section 3. Implementation. The Executive Director and Authority staff are authorized to implement the changes set forth in this Resolution in the manner deemed necessary and appropriate by the Executive Director, upon advice from Authority staff and Bond Counsel.

Section 4. Repealer. All resolutions, parts of resolutions and prior actions of the Authority in conflict herewith are hereby repealed to the extent of such conflict.

PASSED AND APPROVED this 10th day of July, 2013.

Darlys J. Baum, Chairperson

ATTEST:

David D. Jamison, Executive Director/Secretary

(SEAL)

Exhibit A

Iowa Code Chapter 28E Agreement

Between

IOWA ECONOMIC DEVELOPMENT AUTHORITY

And

IOWA FINANCE AUTHORITY

AGREEMENT TITLE: IOWA ENERGY BANK
LOAN PROGRAM
JOINT STATE AGENCY AGREEMENT

This Agreement was approved by the Director of the Iowa Economic Development Authority
on July __, 2013

This Agreement was approved by the Iowa Finance Authority Board of Directors
on July __, 2013.

STATE ENERGY
LOAN FUND PROGRAM
JOINT STATE AGENCY AGREEMENT

THIS JOINT STATE AGENCY AGREEMENT (the “Agreement”) is made and entered into as of _____, 2013 by and between the Iowa Finance Authority (“IFA”), a public instrumentality and agency of the State of Iowa (the “State”), and the Iowa Economic Development Authority, an agency of the State (“IEDA”).

WHEREAS, pursuant to Chapter 15 and Chapter 473 of the Code of Iowa, 2013, (collectively, the “Code”), IEDA is authorized to administer a building energy management program (the “Energy Bank Loan Program” or the “Energy Program”), to provide a low-cost source of funds to make loans for energy-related projects in the State; and

WHEREAS, IFA entered into an agreement with the Office of Energy Independence on September 3, 2010 for the purpose of jointly administering a loan program with funds received from the State Energy Program (“SEP”) American Recovery and Reinvestment Act from the United States Department of Energy (pursuant to 42 U.S.C. § 6321 et seq.; 10 CFR Part 420), and

WHEREAS IEDA is the successor agency to the Office of Energy Independence (pursuant to 2011 Iowa Acts, chapter 118, division III); and

WHEREAS, IEDA received funds from the SEP and seeks to administer a program to support investments in energy efficiency measures that are eligible for SEP funds; and

WHEREAS, IEDA and IFA are empowered and desire to undertake the Energy Program in a joint and cooperative manner, and to perform the duties and exercise the powers set forth herein; and

WHEREAS, in order to effectuate the joint undertaking of the Energy Program IFA shall serve in a capacity to provide financial expertise with respect to the Energy Program and IEDA shall serve to provide the technical energy compliance expertise with respect to the Energy Program; and

WHEREAS, IEDA and IFA believe it is necessary to enter into this Agreement in order to jointly undertake the Energy Program and specifically outline the duties and powers each of them shall perform and exercise.

NOW THEREFORE, in consideration of the premises and the covenants and agreement hereinafter contained, it is hereby agreed by and between the parties hereto as follows:

- I. PURPOSE. The purpose of this Agreement is to provide for the joint exercise of the respective powers of the parties hereto in connection with the Energy Program and the Code, and pursuant to the provisions of Iowa Code Chapter 28E, as amended. The parties hereby agree that, should an alternate basis of joint operation become available to the parties

pursuant to Iowa law which would be more advantageous to both parties, part or all of this Agreement may be terminated as herein provided and the Energy Program continued pursuant to said alternate basis.

II. DESCRIPTION OF ENERGY PROGRAM AND ALLOCATION OF DUTIES AND OBLIGATIONS. The parties hereto are entering into the Agreement to promote the efficient and effective operation of the Energy Program, including, but not limited to, the funding and administration of the loan funds (“the Loan Funds”) and the lending of moneys from the Loan Funds to recipients for purposes of the Energy Program and the Code. In order to accomplish the purposes of this Agreement and to promote the Energy Program, IFA and IEDA hereby mutually agree to the following division of duties and obligations.

A. IEDA and IFA shall cooperatively develop and approve implementation plans.

B. IFA shall be primarily responsible for providing the loan servicing and financial review of the Energy Program for the duration of this agreement. In carrying out this responsibility, IFA shall:

1. Structure and negotiate the sale of bonds, in accordance with the Code and any applicable federal regulations, to fund moneys to be loaned under the Energy Program;
2. Retain professional advisors to assist in structuring sales of bonds to fund the Energy Program;
3. Prepare or cause to be prepared all documentation required to loan moneys from the Loan Funds when program requirements have been met by an applicant, as determined by IEDA;
4. Following direction received from IEDA, disburse or direct the timely disbursement of moneys to loan recipients for eligible project costs in accordance with all applicable federal and State laws and regulations, and service such loans;
5. Review, process, underwrite and approve loan applications and documentation, subject to Section C.2 hereof;
6. [Provide IEDA timely notification for draws of any federal funds to be used in the funding of the Energy Program];
7. Establish, maintain, and monitor official record files for each loan made under the Energy Program and make such records available to IEDA;
8. Coordinate all matters relating to the repayment of loans under the Energy Program consistent with the debt service schedule to pay, when due, the

principal of, premium, if any, and interest on the bonds, notes or other evidence of indebtedness issued by IFA for purposes of the Energy Program and to monitor the financial integrity of the Energy Program;

9. Oversee and maintain financial accounting records for the loans, the loan repayments, the bonds and related debt service payments, the purchase and sale of investments, the receipt of investment income and the payment of expenses and make such records available to IEDA;
10. Hold accounts for the Energy Program as described in Exhibit A;
11. Prepare and distribute trial balances, loan trial balances and custody statements regarding accounts of the Energy Program;
12. Determine the amounts, charge and collect all fees related to the origination, initiation, and servicing of loans made under the Energy Program. Such fees shall be used to cover the expenses of the Energy Program. IFA shall remit to IEDA an amount equal to one-half of all loan origination or initiation fees collected pursuant to the Energy Program. IFA shall not change the amount or collection of such fees without notice to and agreement by IEDA;
13. Cooperate with and assist IEDA in all other lawful undertakings necessary to implement and promote the Energy Program;
14. Direct investments of all funds associated with the Energy Program; and

C. IEDA shall serve as lead agency and enter into any necessary agreements with the U.S. Department of Energy relating to the Energy Program. In carrying out that responsibility, IEDA shall:

1. Prepare, or cause to be prepared, all documents required by the U.S. Department of Energy or any other federal or Iowa agency to implement the Energy Program including but not limited to, obtaining federal funding for the Energy Program;
2. Review and approve project proposals pursuant to Energy Program rules and guidelines to ensure compliance with all applicable regulations;
3. Monitor the progress of each funded project during construction and execute final inspection at completion for each project funded through the Energy Program;
4. Regularly provide information to IFA on changes that could impact the eligibility or funding schedules of projects;

5. Ensure that the applicable federal requirements for projects are met;
 6. Coordinate the preparation of a schedule of commitments to make loans;
 7. [Prepare a budget for the administrative expenses for IEDA related to the Energy Program, submit a copy to IFA and coordinate with IFA on how those expenses will be paid];
 8. Execute all documents on behalf of IEDA and the State necessary to implement the Energy Program;
 9. Coordinate the management of the Energy Program with IFA to the extent necessary to assist IFA in financing the Energy Program;
 10. Cooperate with and assist IFA to perform all duties and obligations relating to the Energy Program or as expressly set forth in this Agreement; and
 11. Cooperate with and assist IFA in all other lawful undertakings necessary to implement and promote the Energy Program, including the promulgation of necessary rules.
- III. LIABILITY. Nothing in this Agreement shall be construed to create joint or several liability of a party for the acts, omissions or obligations of the other.
- IV. METHOD OF APPROVAL. IEDA shall approve this Agreement by execution by its Director, and IFA shall approve this Agreement by motion or resolution which shall authorize the Executive Director of IFA to execute this Agreement.
- V. FILING WITH SECRETARY OF STATE. When this Agreement has been approved by the parties hereto, this Agreement shall be filed with the Secretary of State of the State of Iowa in accordance with the provisions of Iowa Code Section 28E.8.
- VI. EFFECTIVE DATE. This Agreement shall be effective from and after the date on which this Agreement is filed with the Secretary of State.
- VII. DURATION. This Agreement shall be effective from the effective date herein provided until terminated as herein provided.
- VIII. TERM AND TERMINATION. The term of this Agreement shall be the later of June 30, 2015 or such time as no bonds are outstanding under the Energy Program. This Agreement may not be terminated except by mutual agreement of the parties or by operation of law. The party desiring to terminate this Agreement shall serve written notice of its desire to terminate on the other party. If, upon termination of this Agreement there remains any property, assets, funds or accounts such property, assets, fund and accounts shall be disbursed in accordance with the bond financing documents and the Act. The termination of this Agreement shall not relieve either party hereto of any obligations or liabilities accrued to the effective date of such termination.

- IX. ADMINISTRATION. A new legal entity is not being created pursuant to this Agreement. The administrator for the joint undertaking described in this Agreement shall be the Director of IEDA.
- X. NOTICES. Any notice under this Agreement shall be in writing and shall be deemed to be given when deposited in the United States Post Office or hand delivered.

Notices to IFA shall be addressed to:
Iowa Finance Authority
2015 Grand Avenue
Des Moines, Iowa 50312
Attention: Executive Director

Notices to IEDA shall be addressed to:
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309
Attention: Director

- XI. GOVERNING LAW. This Agreement shall be governed by, construed and enforced in accordance with the internal laws of the State now or hereinafter applicable hereto.
- XII. MISCELLANEOUS. It is the intent of the parties to this Agreement to provide for an efficient operation of the Energy Program. To this end the parties agree that each will strive to do equity in all things concerning this Agreement. The parties agree to proceed with all diligence in the performance of their respective undertakings in connection with this Agreement.
- XIII. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties hereto and may not be changed except by an amendment in writing signed by the parties hereto.
- XIV. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their successors and assigns.
- XV. EXECUTION IN COUNTERPARTS. This Agreement may be simultaneously executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.
- XVI. SEVERABILITY. If any clause, provision or section of this Agreement shall, for any reason, be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections, hereof, and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein. In case any agreement or

obligation contained in this Agreement be held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the applicable party hereto, to the full extent permitted by law. Failure of a party hereto to enter into this Agreement in accordance with Iowa law or inability of a party hereto to be a party to this Agreement shall not affect the validity or enforceability of this Agreement as to the other party.

IN WITNESS WHEREOF, IFA and IEDA have caused this Agreement to be executed and entered into as of the date first above written.

Signed and sworn to before me on _____
(date)

Iowa Finance Authority

By: _____

Name: David D. Jamison

Title: Executive Director

Signature of Notary Public

Signed and sworn to before me on _____
(date)

Iowa Economic Development Authority

By: _____

Name: Deborah V. Durham

Title: Director

Signature of Notary Public

EXHIBIT A

IFA will establish and maintain the following funds at a state or national bank:

1. Energy Program Fund
2. Such funds and accounts as required by the applicable bond financing documents.

From time to time, IFA will direct the bank officer or trustee to transfer certain sums to an account held by IFA for the following purposes:

From the Energy Program Fund:

- To loan recipients for disbursements of loan proceeds for eligible expenses under the Energy Program
- To participating financial institutions for linked deposits for eligible loans
- To participating financial institutions for the purchase of loan participations for qualified loans
- For any other uses authorized, permitted or allowed under the Energy Program

All principal and interest received from Energy Program loans pledged to outstanding bond issues will be deposited in the appropriate accounts with the trustee.

All principal and interest received from Energy Program loans not pledged to outstanding bond issues will be deposited in the Energy Program Fund.

All principal and interest received from linked deposits, and loan participations will be deposited in the Energy Program Fund.

All initiation fees and servicing fees will be deposited in the Energy Program Fund.

All interest earned on the funds will be deposited in the appropriate revenue interest account if needed to pay debt service or deposited in the appropriate general account if not needed for debt service.



To: Iowa Finance Authority Board of Directors

From: Tim Morlan

Date: July 10, 2013

Re: Park Run Apartments, Le Claire, IA

Background: Park Run Apartments is a LIHTC project which was completed in 2006. The family project consists of 36 units and is located on the southwest edge of Le Claire. The project has a loan with Great Southern Bank at a rate of 7.57% which is above the current market. The property has struggled to make the mortgage payments due to it not achieving the targeted rents even though the property has remained at a 2-4% vacancy the last four years.

Recommendation: A permanent loan will be funded by IFA sources to refinance the current loan. A substantial owner contribution will also be used to pay off the bank. The estimated savings of \$53,025 from the refinance will allow the project to cash flow and escrow adequate replacement reserves.

Borrower: Park Run Associates of Le Claire, L.P.
Management Company: Newbury Management Company
Syndicator: National Equity Fund, Inc. (NEF)

Proposed Permanent Loan: \$1,000,000
Term & Amortization: 10 year term / 30 year amortization
Rate: Fixed rate set at closing; currently estimated at 5.15%
Debt Service Coverage Ratio: 1.26:1
Loan-to-Value: Less than 90%
IFA Fees: 1% of total loan funds

Owner Contribution: \$344,863

Photographs of Existing Buildings – Park Run of LeClaire, Iowa (Continued)

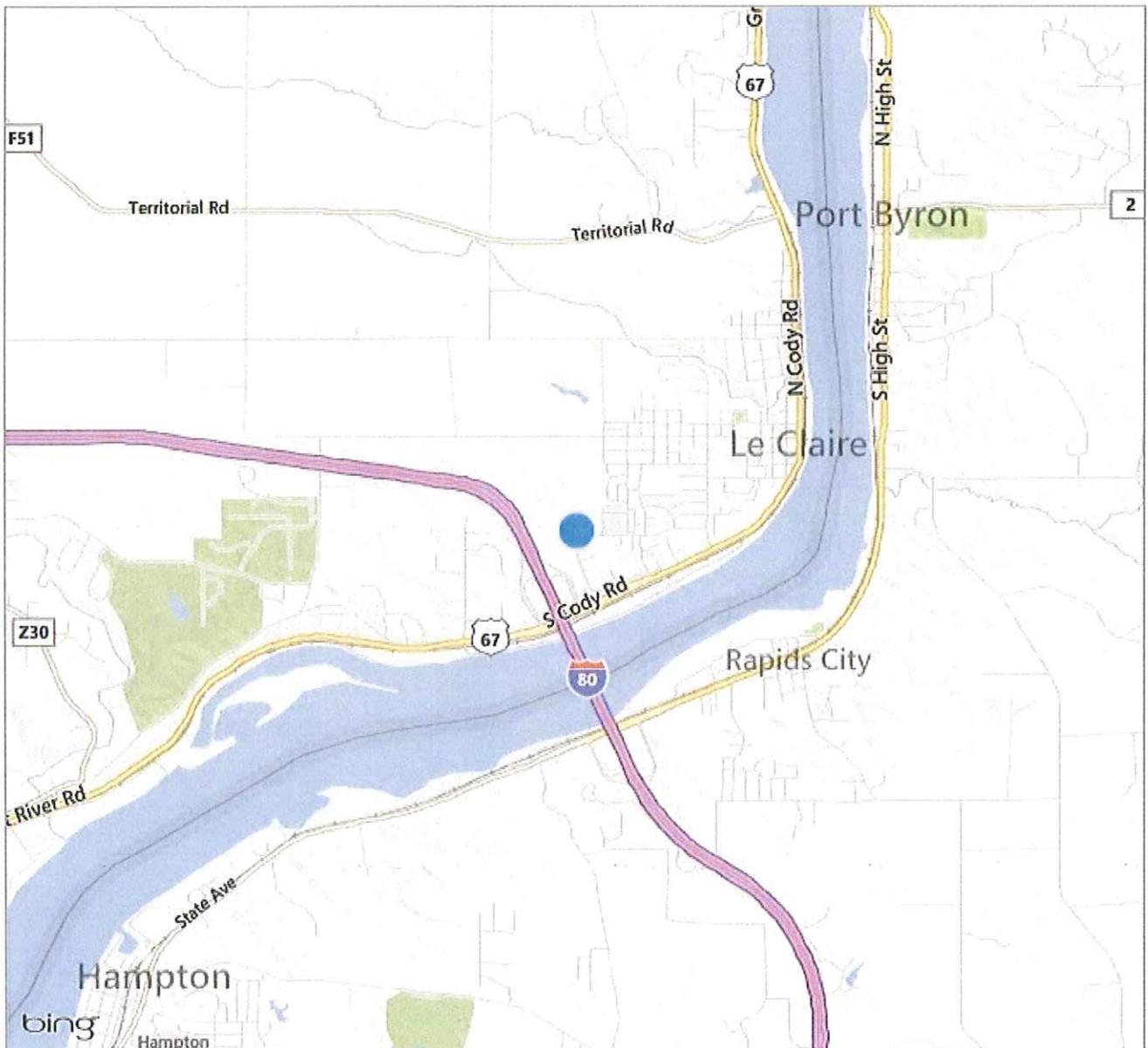
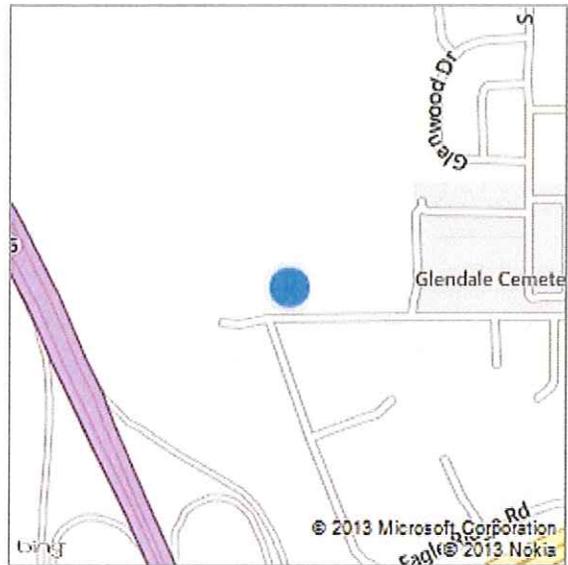




1701 Iowa Dr, Le Claire, IA 52753

My Notes

On the go? Use m.bing.com to find maps, directions, businesses, and more



Park Run Apartments

Source of Funds

IFA 1st Mortgage	1,000,000.00
GAP/owner contribution	352,076.00

Total Source of Funds **\$1,352,076.00**

Use of Funds

Payoff Great Southern Bank	1,293,363.00
IFA Commitment Fee	10,000.00
Cost of issuance	30,000.00
TGD fee	1,000.00
Borrower Legal	5,000.00
Replenish Replacement Reserve	12,713.00

Total Use of Funds **\$1,352,076.00**

RESOLUTION
FIN 13-10

WHEREAS, the Iowa Finance Authority (the "Authority") has heretofore approved the development and implementation of its multifamily housing loan program for the purpose of facilitating the development and maintenance of a sufficient supply of multifamily residential housing in Iowa at prices and rentals that persons of low or moderate income can afford (the "Program"); and

WHEREAS, the Authority has received an application under its Multifamily Loan Program (the "Program") from Park Run Associates of Le Claire, L.P. (the "Borrower"), for the purpose of refinancing existing indebtedness of Park Run Apartments, a 36-unit low income housing facility located in Le Claire, Iowa (the "Project"); and

WHEREAS, the Authority has reviewed the Borrower's request and desires to approve a first mortgage loan (the "First Loan") from the Program to the Borrower on the terms and conditions described in this Resolution; and

NOW, THEREFORE, BE IT RESOLVED by the Board of the Iowa Finance Authority as follows:

SECTION 1. The Board authorizes the Authority to work with the Borrower, and any other necessary parties, to provide the First Loan to the Borrower from the Program in the manner described herein.

SECTION 2. The Board authorizes the Authority to commit to and fund the First Loan to the Borrower, in an aggregate principal amount not to exceed \$1,100,000, with a maturity not to exceed twenty years, bearing interest at a rate not to exceed 7.00% per annum, such loan to be secured by a first mortgage on the Project, together with such other security as the Executive Director, working with Authority staff, deems necessary and appropriate.

SECTION 3. The Board authorizes the Executive Director, working with Authority staff, to finalize the terms of the First Loan, subject to the parameters described herein, and to fund said Loan from the Program and to execute all loan, security, regulatory and other agreements and documents he deems necessary to effect the Loan, and the execution and delivery of such agreements and documents by the Executive Director shall constitute approval of the terms thereof by the Authority.

SECTION 4. Any resolutions, parts of resolutions and prior actions of the Authority in conflict herewith are hereby repealed to the extent of such conflict.

PASSED AND APPROVED this 10th day of July, 2013.

David D. Jamison, Secretary
(SEAL)



IOWA FINANCE
AUTHORITY

To: Board of Directors of the Iowa Finance Authority
From: Tim Morlan & Derek Folden
Date: July 10, 2013
Re: Multifamily Loan Program Review

Production Status

Loans in Process:

<u>Project</u>	<u>Loan Program</u>	<u>Target Closing</u>	<u>Amount</u>	<u>Loan Type</u>
Valley View Apartments, Columbus Junction	Multifamily	2013	\$133,098	P

Applications in Process:

<u>Project</u>	<u>Loan Program</u>	<u>Amount</u>	<u>Loan Type</u>
Park Run Apartments, Le Claire	Multifamily	\$1,032,569	P



IOWA FINANCE AUTHORITY

To: Iowa Finance Authority Board
From: Ashley Jared, Emily Toribio
Date: July 1, 2013
Re: July 2013 Communications Report

2013 HOUSING IOWA CONFERENCE – REGISTER NOW!

Mark your calendars for the 2013 Housing Iowa Conference, which will be held Sept. 4-6 at the Coralville Marriott. The conference will offer a variety of national trainings, including sessions led by Quadel Consulting and NeighborWorks America as well as education sessions in three tracks: homeownership, rental and homelessness. More information, including registration is available at: www.ifameetings.com.

STATE REVOLVING FUND

Interest Rate Reduction Announcement

We recently announced that the State Revolving Fund's recent interest rate reduction will be saving 114 Iowa communities a total of more than \$6.5 million. A customized letter to all legislators with impacted projects in their district has also been sent.

IOWA AGRICULTURAL DEVELOPMENT DIVISION

Communications of Transfer: We're working to communicate the transfer of the Agricultural Development Authority to its partners, borrowers and Board.

Branding: In order to have a cohesive brand with the addition of the Iowa Agricultural Development Division, we've revised their logo and have updated IFA's brand standards to include the new Division. Communications is also working on other related projects to make the transition as smooth as possible.

Conference: Preparations for the national conference that is slated for August 10-14 are going well.

SINGLE-FAMILY

UNDER CONSTRUCTION CONTEST

The summer social media contest is now in full swing in partnership with the Iowa Association of REALTORS®, Iowa Home Ownership Education Project and the Iowa Mortgage Association. There are currently more than 300 lenders and REALTORS® signed-up to participate and we're now accepting entries from creative Iowans through July 31. The entries will be voted on at facebook.com/MeaningofHomeownership August 1-16.

REQUEST FOR PROPOSAL

Rental Housing Locator Services and Disaster Housing Intervention Services

We have issued a Request for Proposals for Rental Housing Locator Services and Disaster Housing Intervention Services. This service will provide a web and call center-based service for locating rental housing unit vacancies in the state of Iowa that will allow potential low-income tenants, including potential tenants with special needs and persons displaced by natural disasters to quickly and easily locate rental housing suitable to their needs. The ideal vendor would also provide a service for assisting homeless persons in finding available shelter accommodations. We plan to select a successful firm on or about August 5, 2013.



Business Record: June Board Appointments

June 28, 2013 - Business Record

...Bandurski, manager of economic research, Greater Des Moines Partnership **Iowa Finance Authority** ?Board of Directors Joan Johnson, senior vice...

Guest Opinion: Home Matters in Council Bluffs

June 26, 2013 – Council Bluffs Nonpareil

Housing prices are rising, according to national news reports. While that is good news for homeowners and the overall economy, it makes the challenge for buyers finding desirable affordable housing that much harder.

Jasper County communities will benefit from change in State Revolving Fund loans

June 25, 2013 - NewtonDailyNews.com

Jasper County communities will benefit from change in **State Revolving Fund** loans Thanks to a change in policy, 114 **Iowa** communities will benefit...

Bronze Quill Awards

June 24, 2013 – The Des Moines Register

Award of Excellence in Multiaudience Communication.

Iowa Direct Financial Incentives 2012

June 24, 2013 - Area Development

...loan, lease, or installment sales contract. Umbrella bonds The **Iowa Finance Authority's** Economic Development Loan Program and Small Business Program...

Toddler Survives Two-Story Fall

June 24, 2013 – KCCI.com

A Des Moines toddler is recovering after falling two stories out a window to pavement below...

Biz Briefs SUN 6-23

June 23, 2013 - WCFCourier.com

...contest to focus on home projects DES MOINES --- The **Iowa Finance Authority**, Iowa Association of Realtors, Iowa Home Ownership Education Project...

Your home improvement could be worth \$2,500

June 22, 2013 - The Muscatine Journal

...do-it-yourself project could put \$2,500 in your pocket. The **Iowa Finance Authority**, Iowa Association of Realtors, Iowa Home Ownership Education Project...

Iowa Cities Save Money Improving Water Systems

June 22, 2013 - ABC 5 WOI-DT News

...borrow from the State Revolving Fund, a program managed by the **Iowa Finance Authority** and the Iowa Department of Natural Resources. They announced...

Dubuque Regrets Housing Program's Impact on Blacks

June 21, 2013 - KCRG.com

The U-S Department of Housing and Urban Development says changes to a Dubuque low-income housing program negatively impacts black applicants.

Results Homebuyers Offers Solutions to Avoid Des Moines Foreclosures

June 20, 2013 - AllVoices

...possible foreclosure, homeowners are recommended to reach out to the **Iowa Mortgage Help** initiative for assistance. Whether they are falling behind...

Iowans invited to show off their best do-it-yourself project

June 19, 2013 - Newton Independent

...\$2,500 gift card in a statewide social media contest. The **Iowa Finance Authority**, Iowa Association of Realtors, Iowa Home Ownership Education Project...

Homeownership promotion calls for best projects from do-it-yourselfers

June 17, 2013 - Des Moines Register Staff Blogs (AP)

...Lowe's gift card. The contest is being sponsored by the **Iowa Finance Authority**, Iowa Association of Realtors, Iowa Home Ownership Education Project,

IFB Webinar Helps Connect Beginning Farmers to Assistance

June 17, 2013 - USAgNet

-- Steve Ferguson, Iowa Agricultural Development Division of the **Iowa Finance Authority**: Beginning Farmer Loan Program and Beginning Farmer Tax...

Fitch Affirms Pella Regional Health Center (Iowa) Bonds; Outlook Revised to Positive

June 13, 2013 - Financial Technology

-- Fitch Ratings has affirmed the BBB- rating on the following **Iowa Finance Authority** bonds issued on behalf of Pella Regional Health Center:

Hubbell attorney announces Ward 1 run for council

June 12, 2013 - The Des Moines Register

...the seat in the Nov. 4 election. He has worked for the **Iowa Finance Authority** and the Iowa governor's office under Tom Vilsack. He also served...

Local Habitat chapter gets \$50,000 grant for another new home

June 12, 2013 - WCFCourier.com

...of the year, thanks to a \$50,000 grant the **Iowa Finance Authority** board of directors recently approved for Iowa Heartland Habitat for Humanity...

Harrison Lofts developer opens office

June 10, 2013 - QC Business Journal

Sherman Associates, the developer of the new Harrison Lofts in Davenport's Hilltop Campus Village, has opened an office to begin accepting tenants for the new apartments.

Home Buyer Education Series to be offered in Coralville

June 09, 2013 - Topix

Home Buyer Education Series to be offered in Coralville **Iowa Finance Authority** staff will present information and housing counselors will also...

Continue reading this entry »

June 09, 2013 - TheGazette.com

...Quarry Rd., Coralville. The series is sponsored by the **Iowa Finance Authority**, Iowa Association of Realtors and the Iowa Homeownership Education...

Realtors, finance authority partner on homeowner contest

June 06, 2013 - Quad-City Times

...Christensen's north Davenport house as a backdrop, officials with the **Iowa Finance Authority** joined Quad-City area real estate experts and lenders to...

Home buyer seminars scheduled around Iowa

June 05, 2013 - Radio Iowa

...through the home buying process. Ashley Jared, spokesperson for the **Iowa Finance Authority** (IFA), says the sessions are being funded through...

Fitch Affirms UnityPoint Health (IA) (Iowa Health System) Revs at 'AA-'; Outlook Stable

June 05, 2013 - Fort Mill Times

...'AA-' rating on the approximately \$433.1 million of **Iowa Finance Authority** revenue bonds issued on behalf of UnityPoint Health. The Rating Outlook...

Free Home Buyer Education Series coming to the Q-C

June 04, 2013 - Quad-Cities Online (AP)

...coming to the Q-C June 5 Education Series offered by the **Iowa Finance Authority**, Iowa Association of REALTORS® and the Iowa Home Ownership Education...

United Fire Group promotes four

June 02, 2013 - TheGazette.com

...agent with Skogman Realty in Coralville, has been appointed to the **Iowa Finance Authority** board of directors by Gov. Terry Branstad. Appointed...

Groups offer home ownership seminar

May 30, 2013 - Quad-City Times

bmetcalf@qctimes.com Groups offer home ownership seminar: The **Iowa Finance Authority**, Iowa Association of Realtors and the Iowa Home Ownership...

Compromise in Legislature helped farmers

May 30, 2013 - Iowa Farmer Today

House File 599 moves the Iowa Agricultural Development Authority into the **Iowa Finance Authority**. Previously, the authority had operated as a...

Moody's Cuts Alcoa's (AA) Unsecured Rating to Ba1; Assigns CFR Ba1

May 29, 2013 - StreetInsider.com

...1, 2031, Downgraded to Ba1 LGD4, 54% from Baa3 ..Issuer: **Iowa Finance Authority**Senior Unsecured Revenue Bonds Aug 1, 2042, Downgraded to...

Homebuyer education session to be offered June 5 in Bettendorf

May 29, 2013 - Quad-Cities Online (AP)

...to the Quad Cities, June 5 Education Series offered by the **Iowa Finance Authority**, Iowa Association of REALTORS® and the Iowa Home Ownership Education...

Iowa Finance Authority -- Moody's assigns Aaa rating to Iowa Finance Authority Single Family Mortgage Revenue Bonds 2013 Series 4

May 28, 2013 - Finanzen.net

Iowa Finance Authority -- Moody's assigns Aaa rating to **Iowa Finance Authority** Single Family Mortgage Revenue Bonds 2013 Series 4 Federal National...

Fitch Releases Report on Iowa Finance Authority, IA

May 28, 2013 - Fort Mill Times

Fitch Releases Report on **Iowa Finance Authority**, IA CHICAGO -- Fitch Ratings has published a report on **Iowa Finance Authority**, IA. The report...



To: IFA Board of Directors
From: Lori Beary, Community Development Director
Date: 7/1/13
Re: Economic Development & Water Quality

Authorizing/Amending Resolutions

ED Loans #408 Corporate Center Associates, LP Project

This is a resolution to amend the documents related to bonds issued in 1985 for the Corporate Center Associates, LP Project. The original borrower is converting from a Limited Partnership (LP) to a Limited Liability Corporation (LLC). The borrower will change its name to Corporate Center Associates LLC. This resolution allows IFA to execute any documents needed to due to the change in the borrower's name.

- **Need Board action on Resolution ED 408E**

Iowa Agricultural Development Division

The Iowa Agricultural Development Authority (IADA) and its power to issue Individual Agricultural Development Bonds ended on June 30, 2013. As of July 1, IFA now has the authority to issue these bonds. Due to this transition, any projects that were previously approved by the IADA Board but had not closed need to be approved by IFA as the new issuer. There are 14 pending Beginning Farmer Loan Program projects that need to be approved by IFA. These are conduit bonds. All the liability to repay the debt rests with the farmer. The Board can adopt all resolutions with one motion.

**AMENDING RESOLUTION
ED 408E**

Resolution authorizing the execution of an Affirmation of Obligations and Amendment Agreement relating to the Authority's \$6,000,000 Small Business Development Revenue Bonds (Corporate Center Associates L.P. Project), Series 1985

WHEREAS, the Iowa Finance Authority (the "Authority") is a public instrumentality and agency of the State of Iowa established and empowered by the provisions of Chapter 16 of the Code of Iowa, as amended (the "Act") to issue its revenue bonds to be used to pay the costs or defraying the cost of acquiring, constructing, improving and equipping certain projects described in the Act; and

WHEREAS, on September 30, 1985, pursuant to a resolution of the Authority adopted on September 23, 1985, the Authority issued its \$6,000,000 Small Business Development Revenue Bonds (Corporate Center Associates L.P. Project), Series 1985 (the "Bonds") pursuant to an Indenture of Trust dated as of September 1, 1985 (the "Original Indenture") between the Authority and Bankers Trust Company, National Association, as successor trustee (the "Trustee"), as amended and restated as of August 1, 2000 (the "Amended and Restated Indenture"), and as further amended by a First Supplement to Amended and Restated Indenture dated January 6, 2011 (collectively, the "Indenture"), each between the Authority and the Trustee, on behalf of Corporate Center Associates L.P. (the "Original Borrower") for the purpose of financing the cost of the acquisition, construction, improving and equipping a multi-tenant office building located in West Des Moines, Iowa; and

WHEREAS, the proceeds of the Bonds were loaned to the Borrower pursuant to a Loan Agreement dated as of September 1, 1985 between the Authority and the Borrower, as amended by a First Amendment to Loan Agreement dated as of August 1, 2000 (collectively, the "Loan Agreement") between the Authority and the Borrower; and

WHEREAS, the Original Borrower is converting to a limited liability company pursuant to Articles of Conversion of Corporate Center Associates, L.P., and after which articles are filed, the name of the Original Borrower will be changed to "Corporate Center Associates, LLC" (the "New Borrower"); and

WHEREAS, the New Borrower wishes to confirm its obligations under the Loan Agreement and the Indenture and the other documents with respect to the Bonds and has requested the Authority to enter into an Affirmation of Obligations and Amendment Agreement (the "Amendment Agreement");

NOW, THEREFORE, be it resolved by the Iowa Finance Authority, as follows:

Section 1. The Amendment Agreement is hereby approved in substantially the form submitted to the Board, with such variations therein as may be made at the time of execution thereof as approved by the Executive Director and counsel to the Authority, and the Executive Director is hereby authorized and directed to execute, attest, seal and deliver the Amendment Agreement in the name and on behalf of the Authority.

Section 2. The officers, Executive Director and Counsel to the Authority are hereby authorized and directed to take such further actions as may be necessary to effectuate the intent and purpose of this Resolution, including but not limited to, accepting, acknowledging, and consenting to revisions and amendments to the other documents and agreements entered into with respect to the issuance of the Bonds to effectuate the purpose of this Resolution.

Section 4. The Executive Director/Secretary and/or the Chairperson are authorized to execute and deliver for and on behalf of the Authority any and all certificates, documents or other papers and perform all other acts and the execution of all closing documents as may be approved by counsel to the Authority, and the acceptance of any documentation evidencing indemnification of the Authority by the Borrower in connection with the transaction contemplated hereby as they may deem necessary or appropriate in order to implement and carry out the intent and purposes of this Resolution.

Section 5. The Bonds shall remain limited obligations payable solely out of the revenues derived from the debt obligation, collateral, or other security furnished by or on behalf of Borrower pursuant to the Indenture and the Loan Agreement, and the principal and interest thereof shall not constitute an indebtedness of or charge against the State of Iowa or any subdivision thereof, including the Authority, within the meaning of any constitutional or statutory debt limit or give rise to pecuniary liability of the State of Iowa or the Authority or charge against its general credit or general funds.

Section 6. All resolutions, parts of resolutions and prior actions of the Authority in conflict herewith, are hereby repealed to the extent of such conflict and this Resolution shall become effective immediately upon its adoption.

Passed and approved on this 10th day of July, 2013.

David D. Jamison, Secretary

**BOND SUMMARY
BEGINNING FARMER LOAN PROGRAM**

Board Review Date: July 10, 2013	Number of Bonds: 14	Total \$: \$2,846,251
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Project Number: 04765 **Loan Amount: Maximum Principal of:** **\$212,500**
Inducement Resolution Passed (application approval) 12-20-12 **Publication Date:** 12-06-12
Beginning Farmer and Spouse: Mark D. and Andrea S. Ondrashek
3526 Royal Dr SW
Cedar Rapids IA 52404

Project: To purchase approximately 77 acres of agricultural land

Project Location: Section 36, Madison Township, Winneshiek County, Iowa; 3.5 miles south of Decorah on Highway 52, 1/2 mile west on Townline Road

Interest Rate: 3.79% Fixed

Repayment Provisions:

Bond Approval Date: 7/10/2013 **Bond Purchaser:** Luana Savings Bank
22 W Main St, PO Box 306
New Hampton IA 50659

Project Number: 04766 **Loan Amount: Maximum Principal of:** **\$380,000**
Inducement Resolution Passed (application approval) 01-23-13 **Publication Date:** 01-09-13
Beginning Farmer and Spouse: Brock Ferris
21818 J Ave
Iowa Falls IA 50126

Project: To purchase approximately 90.4 acres of agricultural land

Project Location: Section 32, Ellis Township, Hardin County, Iowa; 3 miles southeast of Buckeye, IA on "I" Avenue

Interest Rate: 3.25% Variable

Repayment Provisions: 2.00% above the weekly average of the 1 year US Treasury index as published by the Federal Government

Bond Approval Date: 7/10/2013 **Bond Purchaser:** Green Belt Bank & Trust
616 Washington Ave, PO Box 790
Iowa Falls IA 50126-2217

Project Number: 04776 **Loan Amount: Maximum Principal of:** **\$250,000**
Inducement Resolution Passed (application approval) 04-25-13 **Publication Date:** 04-11-13
Beginning Farmer and Spouse: Ryan Goosen
4934 Redwing Ave
Paullina IA 51046

Project: To construct a 1200 Hd Hog Facility

Project Location: Section 33, Union Township, O'Brien County, Iowa; 5 miles south of Paullina, Iowa on Redwing Avenue

Interest Rate: 4.25% Fixed

Repayment Provisions: Call option after 6 years to determine an adjustment to the interest rate

Bond Approval Date: 7/10/2013 **Bond Purchaser:** First National Bank
180 S Hayes Ave, PO Box 68
Primghar IA 51245-0068

Project Number: 04778 **Loan Amount: Maximum Principal of:** **\$92,569**
Inducement Resolution Passed (application approval) 04-25-13 **Publication Date:** 04-11-13
Beginning Farmer and Spouse: Tyler Klaassen
1165 Ibex Ave
Rock Rapids IA 51246

Project: To purchase approximately 25.83 acres of agricultural land

Project Location: Section 3, Liberal Township, Lyon County, Iowa; 6-1/2 miles east of Rock Rapids, IA on Hwy 9 at the corner of Hwy 9 and Jefferson Avenue

Interest Rate: 4.00% Variable

Repayment Provisions: 2.00% above the weekly average yield on United States Treasury Securities adjusted to a constant maturity of three years; Rate floor 4.00%

Bond Approval Date: 7/10/2013 **Bond Purchaser:** Premier Bank
710 1st Ave, PO Box 591
Rock Rapids IA 51246-0591

Project Number: 04779 **Loan Amount: Maximum Principal of:** **\$87,500**
Inducement Resolution Passed (application approval) 04-25-13 **Publication Date:** 04-11-13
Beginning Farmer and Spouse: Matthew W. and Trisha A. Shannon
4359 Main St
Andover IA 52701

Project: To purchase approximately 10 acres of agricultural land, house and out-buildings

Project Location: Section 12, Elk River Township, Clinton County, Iowa; 6 miles southwest from Sabula, IA on 460th Ave.

Interest Rate: 4.00% Variable

Repayment Provisions: Equal to Citizens State Bank's base rate for IADA Loans

Bond Approval Date: 7/10/2013 **Bond Purchaser:** Citizens State Bank
114 W Main, PO Box 198
Wyoming IA 52362-0198

Project Number: 04782 **Loan Amount: Maximum Principal of:** **\$346,500**
Inducement Resolution Passed (application approval) 05-22-13 **Publication Date:** 05-08-13
Beginning Farmer and Spouse: Thad S. and Amy M. Bosma
6543 Hwy 9
Ocheyedan IA 51354

Project: To purchase approximately 8 acres of agricultural land, house and out-buildings

Project Location: Section 13, Fairview Township, Osceola County, Iowa; From Harris, Iowa go 1-1/2 miles north on M20, then 2 miles east on 120th Street, then 3/4 mile north on 100th Avenue

Interest Rate: 4.00% Variable

Repayment Provisions: 85% of the U.S. Bank real estate rate

Bond Approval Date: 7/10/2013 **Bond Purchaser:** U.S. Bank, N.A.
121 9th St, PO Box 67
Sibley IA 51249-0067

Project Number: 04784 **Loan Amount: Maximum Principal of:** **\$230,500**
Inducement Resolution Passed (application approval) 05-22-13 **Publication Date:** 05-08-13
Beginning Farmer and Spouse: Kevin R. Uthe
2334 220th St
Ames IA 50014

Project: To purchase approximately 48 acres of agricultural land

Project Location: Section 24, Colfax Township, Boone County, Iowa; 4-1/2 miles east of Luther, Iowa on County Road E57 then 1-1/2 miles north on X Avenue

Interest Rate: 3.95% Variable

Repayment Provisions: 85% of 2.50% over the 5 year treasury with a floor of 3.95%

Bond Approval Date: 7/10/2013 **Bond Purchaser:** U.S. Bank, N.A.
724 Story St, PO Box 518
Boone IA 50036-0518

Project Number: 04786 **Loan Amount: Maximum Principal of:** **\$48,223**
Inducement Resolution Passed (application approval) 06-26-13 **Publication Date:** 06-12-13
Beginning Farmer and Spouse: Leon Trappe
22284 120th St
Monona IA 52159-8147

Project: To purchase approximately 112 acres of agricultural land, house and out-buildings

Project Location: Section 12 and 18, Monona Township, Clayton County, Iowa; 1 mile east of Monona, Iowa. Travel out of town on B45 to 120th Street, then take a right. Go approximately 1/2 mile and farmland is on south side of the road.

Interest Rate: 3.75% Variable

Repayment Provisions: 0.50% above Wall Street Prime

Bond Approval Date: 7/10/2013 **Bond Purchaser:** Luana Savings Bank
100 Harvest Dr, PO Box 68
Luana IA 52156-0068

Project Number: 04787 **Loan Amount: Maximum Principal of:** \$146,600
Inducement Resolution Passed (application approval) 06-06-13 **Publication Date:** 06-12-13
Beginning Farmer and Spouse: Wesley R. Gould
14777 295th St
Hedrick IA 52563-8583

Project: To purchase approximately 63 acres of agricultural land

Project Location: Section 13, West Lancaster Township, Keokuk County, Iowa; 2 miles southeast of Sigourney on 215th Avenue

Interest Rate: 4.00% Variable

Repayment Provisions: 0.75% above the New York Prime Rate adjusted to a constant maturity of five years. Rate cannot adjust any more than 2.00% at any one adjustment and no more than 4.00% over the life of the loan

Bond Approval Date: 7/10/2013 **Bond Purchaser:** County Bank
201 S Jefferson, PO Box 607
Sigourney IA 52591-0207

Project Number: 04788 **Loan Amount: Maximum Principal of:** \$200,450
Inducement Resolution Passed (application approval) 06-26-13 **Publication Date:** 06-12-13
Beginning Farmer and Spouse: Aaron J. Gould
304 E 15th St
Washington IA 52353-2727

Project: To purchase approximately 134 acres of agricultural land

Project Location: Section 13, West Lancaster Township, Keokuk County, Iowa; 2 miles southeast of Sigourney on 215th Avenue

Interest Rate: 4.00% Variable

Repayment Provisions: 0.75% above the New York Prime Rate adjusted to a constant maturity of five years. Rate cannot adjust any more than 2.00% at any one adjustment and no more than 4.00% over the life of the loan

Bond Approval Date: 7/10/2013 **Bond Purchaser:** County Bank
201 S Jefferson, PO Box 607
Sigourney IA 52591-0207

Project Number: 04789 **Loan Amount: Maximum Principal of:** **\$139,500**
Inducement Resolution Passed (application approval) 06-26-13 **Publication Date:** 06-12-13
Beginning Farmer and Spouse: Jeremiah D. Gingerich
2324 105th St
Kalona IA 52247-9792

Project: To purchase approximately 80 acres of agricultural land

Project Location: Section 24, Township 77, Washington County, Iowa; 2 miles south of Kalona, IA on Hwy 1 to 140th Street, then 1/2 mile west

Interest Rate: 3.50% Variable

Repayment Provisions: Wall Street Journal Prime plus 0.25%; 2.00% limit at each adjustment and lifetime cap of 9.50%

Bond Approval Date: 7/10/2013 **Bond Purchaser:** Federation Bank
102 E Main St, PO Box 529
Washington IA 52353-2038

Project Number: 04790 **Loan Amount: Maximum Principal of:** **\$462,000**
Inducement Resolution Passed (application approval) 06-26-13 **Publication Date:** 06-12-13
Beginning Farmer and Spouse: David A. and Rebecca L. Kirby
2985 265th St
De Witt IA 52742-9425

Project: To purchase approximately 110 acres of agricultural land

Project Location: Section 10 and 11, Princeton Township, Clinton County, Iowa; Go south on highway 67 turn west on Cherry Street then west onto Locust in the southern part of the city of Princeton, IA

Interest Rate: 3.50% Variable

Repayment Provisions: 80% of First Trust Base Real Estate Rate

Bond Approval Date: 7/10/2013 **Bond Purchaser:** First Trust & Savings Bank
601 Smith St, PO Box 227
Grand Mound IA 52751-0227

Project Number: 04792 **Loan Amount: Maximum Principal of:** **\$106,000**
Inducement Resolution Passed (application approval) 06-26-13 **Publication Date:** 06-12-13
Beginning Farmer and Spouse: Sara A. and Joshua L. Rhamy
640 Evans Blvd
Pleasant Hill IA 50327-1974

Project: To purchase approximately 40 acres of agricultural land

Project Location: Section 32, Township 77, Madison County, Iowa; 8 miles south of 180 on Highway 169, east on 152nd, and south on North River Trail 1/2 mile

Interest Rate: 3.75% Variable

Repayment Provisions: Wall Street Journal Prime plus 0.50%

Bond Approval Date: 7/10/2013 **Bond Purchaser:** Page County State Bank
120 E Washington, PO Box 237
Clarinda IA 51632-0237

Project Number: 04793 **Loan Amount: Maximum Principal of:** **\$143,909**
Inducement Resolution Passed (application approval) 06-26-13 **Publication Date:** 06-12-13
Beginning Farmer and Spouse: Kari A. and Gregory P. Reser-Rausch
3351 110th St
Lamont IA 50650-9743

Project: To purchase approximately 40 acres of agricultural land

Project Location: Section 31, Westfield Township, Fayette County, Iowa; 2 miles south out of the town of Fayette to 130th Street. Turn west and travel approximately 2 miles and property is located on the north side of the road

Interest Rate: 3.95% Variable

Repayment Provisions: 0.70% over Wall Street Prime

Bond Approval Date: 7/10/2013 **Bond Purchaser:** Luana Savings Bank
100 Harvest Dr, PO Box 68
Luana IA 52156-0068

OVERVIEW OF CHANGES FOR THE 2014 QUALIFIED ALLOCATION PLAN

Section 1 - Introduction

- Updates the schedule with the applications due on December 9, 2013 and awards presented at the March 2014 Board Meeting.

Part A: Requirements for 9% Tax Credits

- 2.2 Set-Asides – Reduces the number of set-asides from five to four.
 - Eliminates the Rural Development Demonstration Set-Aside
 - Eliminates the CHDO Set-Aside
 - Establishes a Senior Set-Aside.
 - Increases the Preservation Set-Aside and the Rural Set-Aside from 10% to 15%.
- 3.1 Moves language requiring comparable unit size and distribution of low income units bedroom language to Appendix 1.
- 3.3 Clarifies applicant contact with IFA during the appeal period.
- 3.4.2 Clarifies Application Process
- 3.4.2.1 Removes the entire subsection; eliminated redundant and confusing language.
- 3.4.3 Clarifies language
- 3.4.5 Clarifies language
- 3.4.7 Eliminates fees and references to Special Needs Projects. Adds fees for an Administrative Law Judge and Construction Monitoring Fees.
- 3.4.8 Realigns the set-aside priorities to accommodate the new set-asides.
- 4.1.1 Clarifies how management fees escalate in underwriting.
- 4.1.2 Requires projects to be underwritten at a 7% vacancy rate and projects with 25 units or less, at a 10% vacancy rate.
- 4.1.3 Updates the debt service coverage ratio (DSCR) to an average between 1.2 & 1.5
- 4.3.1 Requires operating reserves to be in place for 15 years, rather than 10 years, caps the maximum amount of the reserve and clarifies language.
 - 4.3.1.1 Eliminates language allowing the project to use the lenders reserve requirements.
 - 4.3.1.3 Requires the letter of credit, if used to fund the operating reserves to be released after 15 years, rather than 10 years.
- 4.3.2 Requires operating reserves to escalate at the same rate as Operating Expenses.
- 4.4 Clarifies language
- 4.5 Clarifies language
- 4.6.1 Lowers the maximum amount of developer fee that can be charges for the acquisition portion of Acq/Rehab, Adaptive Reuse, and Preservation Projects from 8% of the purchase cost of the buildings to 6%.
 - 4.7.1 Requires a minimum contribution from General Partner and removed Investor Services fees.
 - 4.7.2 Clarifies language
 - 4.7.3 Moves language requiring common ownership of all buildings to Appendix 1-A.
- 4.9 Changes unit cost cap to 221(d)(3) limits.
 - 4.9.1 Adds a second cost limitation by limiting the amount of tax credit that can be required per LIHTC Unit.
- 4.10 Adds Section 811 language if IFA is awarded the project-based subsidy from HUD.
- 5 Prohibits scoring and threshold determinations made in previous years from binding IFA during the 2014 round.
 - 5.4.1 Requires an appraiser to be in good standing.

- 5.4.6 Rewrites the ineligibility sections to delineate certain penalties for certain infractions – the majority of the language existed in prior QAP’s but the penalties were all at the discretion of IFA.
- 5.7 Clarifies language to ensure that a minimum of rehabilitation costs are expended.
- 5.16 Requires all projects to implement a plan to target 10% of the units to the Target Population which is Persons with a Disability.

Section 6 - Scoring:

Resident Profile:

- Cat. 1 Adds deep rent skewing scoring option; reduces points from 20 to 15.
- Cat. 2 Reduces the maximum in points that may be awarded for a mixed income project from 25 to 20.
- Cat. 3 Removes the Residents with Special Needs point option. Adds the option of serving Tenant Populations of individuals with children for 5 points.
- Cat. 4 Reduces the points for a ROSE project from 50 to 25.
- Cat. 5 Changes heading from Rent Reasonableness to Rent Reduction with 100% of the LIHTC units at 10% below the allowable LIHTC rent limits
- Cat. 6 Moves Waives Right to a Qualified Contract to Cat.4 under Other.

Location:

- Cat. 1 Adds two more options, workforce training and public library, to receive points under the location near services category.
- Cat. 2 Reduces points for a project located in a Great Place from 5 to 3.
- Cat. 3 Reduces the maximum points for a project that receives local contributions from 50 to 30. Clarifies language.
- Cat. 4 Changes Underserved County to Underserved City and increases the points from 5 to 10.
- Cat. 5 Removes Developer-Owner Contribution (moved to category 2 under Other). Adds 3 points for a project located in a community with a Community Revitalization Plan.

Building Characteristics:

- Cat. 1 Reduces the maximum points that may be received from 35 to 20 for Market Appeal. Eliminates the option of real-time video surveillance, health and wellness program on-site, in-unit microwave (moved to a mandatory item) and in-unit washer and dryer hookups. Adds the following options for points, free wireless internet connectivity, in-unit washer and dryer, storage units (moved from Cat. 4), and built-in dishwasher.
- Cat. 3 Reduces the maximum points that may be received from 40 to 35 for having rent subsidized units. Adds Local Project-Based Rental Assistance as an option.
- Cat. 4 Increases the maximum points available from 20 to 22 for Building Characteristics. Eliminates the option of window sills and storage units (moved to Cat. 1). Adds the following options for points, steel frame doors instead of just doors and safe room.
- Cat. 5 Olmstead Goals – rewrites the language to allow for options for accessible and visitable units. Reduces the maximum points that may be received from 27 to 24.
- Cat. 6 Eliminates the Capital Needs Assessment from the Readiness to Proceed category for points.
- Cat. 7 Increases maximum points available from 10 to 12 for Impact on Environment. Adds a Passive Radon System as an option for points.
- Cat. 8 Reduces the maximum points that may be received from 20 to 8 for the Energy Efficiency Category. Updates the IECC Code to 2012.

Other:

- Cat. 2 Adds Developer-Owner Contribution (moved from Cat. 5 under Location) for a maximum of 10 points, 2 points for each full one percent. Removes points for successfully closing within 9 months.
- Cat. 3 Reduces in points for an experienced Qualified Development Team from 15 to 10.
- Cat. 4 Eliminates points for a Reduced Developer Fee.
- Cat. 5 Eliminates points for Project Costs.
- Cat. 6 Adds Waives Right to Qualified Contract (moved from Cat. 6 under Resident Profile) Reduces the points for a project that waives the right to a qualified contract from 50 to 25.
- 6.1 Adds language allowing IFA to limit the number of units in one county to 40% of the total units. Previous language had number of units by selected cities/MSAs.
- 6.3.1 Clarifies language.
- 6.3.3.1, 6.3.4, 6.3.4.1 Eliminates superfluous language.
- 6.3.4.2 Eliminates language that would allow IFA to deny a project credits if the project was not preferred by other Governmental Entities.
- 7.1 Adds to the requirements that IFA shall consider the analysis of the appropriate Tax Credit amount based on the amount of tax credit per unit.
- 7.2.2 Eliminates language related to the Rural Development Preservation Demonstration Set-Aside.
- 7.2.3 Eliminates language related to a 15% boost for projects, if Congress did not act in time for last year's round.
- 8.6 Clarification of language and the addition of notification of a rental locator service.
- 8.7.1 8.7.2 Removes language regarding Owners certifying roads and utilities.
- 8.10 Requires projects to submit annual audited financials.

Part B: Requirements for 4% Credits

- 9.3 Moves language requiring comparable unit size and distribution of low income units bedroom language to Appendix 1.
- 9.4.13 Adds fees for an Administrative Law Judge and Construction Monitoring Fees.
- 9.4.14 Clarifies language.
- 10.1 Clarifies how management fees escalate in underwriting.
- 10.1.2 Requires projects to be underwritten at a 7% vacancy rate & projects 25units or less, at a 10% vacancy rate.
- 10.1.3 Updates the debt service coverage ratio (DSCR) to an average between 1.2 & 1.5
- 10.3.1.3 Requires operating reserves to be in place for 15 years, rather than 10 years, caps the maximum amount of the reserve and clarifies language.
- 10.3.2 Requires operating reserves to escalate at the same rate as Operating Expenses.
- 10.4.1 Increases the maximum deferred portion of the Deferred Developer Fee from 65% of the projects cost to 50%.
- 10.5 Clarifies language.
- 10.6 Lowers the maximum amount of developer fee that can be charges for the acquisition portion of Acq/Rehab, Adaptive Reuse, and Preservation Projects from 8% of the purchase cost of the buildings to 6%.
- 10.7.1 Requires \$100 minimum contribution from General Partner & removed Investor Services fees.
- 10.8 Changes unit cost cap to 222(d)(3) limits.
- 11.4.1 Requires an appraiser to be in good standing.
- 11.4.3 Clarifies language.
- 11.4.6 Rewrites the ineligibility sections to delineate certain penalties for certain infractions – the majority of the language existed in prior QAP's but the penalties were all at the discretion of IFA.
- 11.14 Adds DHS Referral Network notifications of available Handicap Accessible units.

- 11.15 Adds Lease Addendum language.
- 12.4 Clarifies language and the addition of notification of a rental locator service.
- 12.5.1, 12.5.2 Eliminates language regarding Owners certifying roads and utilities.
- 12.8 Adds Construction Post Reservation requirements.

Appendix 1

- Introduction Clarifies language. Adds language requiring comparable unit size and distribution of low income units' bedroom. Moved from 3.1 and 9.3.
- A-6 Adds language requiring common ownership of all buildings. Moved from 4.7.3. Clarifies language.
- F Updates referenced Code.
- G 5-10, 17, 19-22 Updates requirements.
- J Updates requirements.

Appendix 2

- Amends and adds glossary terms.

DRAFT



**Iowa Finance Authority
Low-Income Housing Tax Credit Program
2014 Qualified Allocation Plan**

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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 16.52. In accordance with Section 42 of the Internal Revenue Code (the Code), IFA has developed this Qualified Allocation Plan (QAP) to establish the criteria and process for the allocation of the housing Tax Credits to Qualified Residential Rental property in Iowa. IFA will implement the QAP following approval of the QAP 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 allocation year 2014 and additional Tax Credits authorized by the Heartland Disaster Tax Relief Act of 2008.

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The QAP consists of three parts and two appendices:

- Part A-requirements for nine percent (9%) Tax Credits.
- Part B-requirements for four percent (4%) Tax Credits with tax-exempt bonds.
- Part C-terms and conditions that apply to all Tax Credit funded Projects.
- Appendix 1-threshold requirements for building, construction, site, and rehabilitation that apply to all Tax Credit funded Projects.
- Appendix 2-glossary of terms.

To the extent possible, the following schedule applies to the Tax Credit Reservation Application process for nine percent (9%) Tax Credits:

Step 1	Rules and QAP become final	Upon adoption and filing of the rules
Step 2	Application and accompanying exhibits available based on 2014 QAP	On or about October 14, 2013
Step 3	Mandatory Developer Application training session	On or about October 14-18, 2013
Step 4	Nonprofit set-aside exhibits due to IFA (if applicable)	On or about November 8, 2013
Step 5	Application due to IFA	December 9, 2013 at 4:30 PM
Step 6	IFA Tax Credit Reservation recommendations presented to Board	March 2014 IFA Board of Directors meeting
Step 7	Issuance of 2014 Carryover Agreements	On or about May 31, 2014
Step 8	10% Test Submission due: Ownership Entity incurs 10% of the Project's reasonably expected basis	10 months following date of Carryover Agreement
Step 9	IRS Form 8609 Application package due to IFA	By November 1 of the first year credit period

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PART A – REQUIREMENTS FOR 9% TAX CREDITS

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 2013, IFA’s Per Capita Tax Credit authority was \$6,916,918. The 2014 Per-Capita Tax Credit amount is yet to be determined. In addition to the Per Capita Tax Credits, IFA may have returned Tax Credits from previous Tax Credit years to allocate. IFA may also elect not to allocate a de minimis amount of Tax Credits. ~~Any remaining credits from the Rural Development Preservation Demonstration set aside will be rolled into the 2014 Allocation.~~

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2.2 Set-Asides. There will be one pool of Tax Credits with ~~four (4)~~ set-asides in 2014. These set-asides are Nonprofit, Preservation, Rural, and Senior. ~~After filling the Nonprofit, Preservation, Rural and Senior set-asides, the remaining Tax Credits will be awarded in the General Pool. All set-asides are available at the opening of the Application period. An Applicant may apply for the Nonprofit, Preservation, Rural, and Senior set-asides, and if those set-asides are filled and the Project remains unfunded, the Project may compete in the General Pool. For 2014, the set-aside percentages are:~~

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~~Deleted: Rural Development Preservation Demonstration.~~
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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 must meet the following requirements:

1. The Nonprofit must have an IRC Section 501(c)(3) or 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 may make a determination as to whether a Nonprofit is Controlled by a for-profit.
3. The Nonprofit and/or parent Nonprofit organization must have as one of its exempt purposes the fostering of low-income housing and must have been so engaged for the two years prior to the Application submission date. The Application must demonstrate that the Nonprofits’ programs include a low-income housing component. The Application must explain how the Nonprofit will accomplish its charitable purposes, as an organization that provides low-income housing, consistent with the safe harbor or the facts and circumstances test set forth in Rev. Proc. 96-32, 1996-1 C.B. 717.
4. The Nonprofit must 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,

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each of the Owner Representatives must be a Nonprofit organization; only one of the Nonprofit Owner Representatives must 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 Application submission date.

5. The Nonprofit must demonstrate its capacity and intention to Materially Participate (regular, continuous and substantial on-site involvement) in the operation of the Project throughout the Compliance Period.

6. The Nonprofit shall receive no less than fifty percent (50%) of the combined total of the Developer and Consultant Fee.

2.2.2 **Reserved.**

2.2.3 Preservation Set-Aside. Fifteen percent (15%) of all available Tax Credits are set aside for preservation of existing affordable properties where more than fifty percent (50%) of the Units are currently income-restricted and rent-restricted to households at or below sixty percent (60%) Area Median Income (AMI) by a Land Use Restrictive Agreement (LURA), Regulatory Agreement, or Section 8 project-based contract; or the entire Project is currently in the Section 515 Rural Rental Housing Program.

2.2.4 Senior Set Aside. Fifteen percent (15%) of all available Tax Credits are set aside for 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: HUD has determined that the dwelling is specifically designed for and occupied by elderly persons under a Federal, State or Local Government program; it is occupied solely by persons who are 62 or older or it houses at least one person who is 55 years or older in at least 80 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.

2.2.5 Rural Set Aside. Fifteen percent (15%) of all available are set aside for Projects located in a non-MSA city or county.

2.3 Tax Credit Cap for Single Developer/Project. IFA shall not allocate more than \$1,200,000 in Tax Credits to Projects being developed by a single Developer. A Developer may submit as many Projects as the Developer chooses. 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. The maximum Tax Credit amount that will be awarded to any one Project is \$800,000.

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.

Deleted: Community Housing Development Organization (CHDO) Set-Aside. Five percent (5%) of the State housing Per Capita Tax Credit is set aside for qualified CHDOs. IFA reserves the right to conduct due diligence to determine whether an entity is a qualified CHDO in the state of Iowa

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2.2.5.1 Rural Development Preservation Demonstration Set-Aside. This set-aside is for USDA-Rural Development Section 515 Rural Rental Housing Program properties that are at risk of losing affordability restrictions. No additional 2013 Per Capita Tax Credit is set aside; however, any credits that have not been awarded from the Rural Development Preservation Demonstration Set-Aside from the 2009 Second Amended Qualified Allocation Plan, the 2010 First Amended Qualified Allocation Plan, or the 2011 Qualified Allocation Plan not to exceed ten percent (10%) of the 2009, 2010, and 2011 State housing Per Capita Tax Credits, shall be carried forward for the purpose of preserving USDA-Rural Development Section 515 properties during the current allocation round. In the event the Board determines that the RD Preservation Demonstration Set-Aside is not performing up to expectations, the Board may, in its discretion, redirect all or a portion of the credits from the set-aside for other uses, including transfer to the general pool.¶

¶ In order to be eligible for consideration of a reservation of LIHTC, IFA staff, USDA-RD staff, and the Applicant must work together to address issues, concerns, and/or additional requirements of the Rural Development Preservation Demonstration Program. Projects will be selected to participate in the Demonstration Program through a Request for Proposal process, and when a Project is selected, the Project team will meet with IFA and USDA Rural Development State office staff to prepare a final Application for the Demonstration Program. The timeline for allocation will be established in the Request for Proposal process, and will be dependent primarily on whether the Project is ready to proceed with a funding request. Those accepted into the Demonstration Program will not be guaranteed a reservation of IFA resources. The Project must meet all QAP threshold items specific to the funding requested, as well as those additional requirements of the Demonstration Program (which additional requirements will be determined by IFA in its sole discretion based on an individualized in-depth analysis of each Project). The Project may be eligible for a 30% basis boost. Once a Project is ready to proceed in all aspects, the Project is eligible to be considered by IFA for an allocation of resources.¶

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SECTION 3. APPLICATION PROCESS

IFA requires the Applicants to submit the Application and exhibits through an on-line Application system; notification will be placed on the website, www.IowaFinanceAuthority.gov, specifying the submission requirements. The Application will include a prescribed Application form and exhibits. All initial and subsequent competitive and noncompetitive LIHTC Applications must be submitted using IFA's prescribed forms and method of Application. The completed Application must contain electronic signature(s) and the initial Application must be accompanied by an electronic payment for the appropriate nonrefundable Application fee(s) specified in Section 3.4.7. In the event it becomes necessary to amend the Application Package, IFA will post the amended version of the Application Package on its website at the above address. Applicants are advised to check IFA's website periodically for any amendments or modifications to the Application Package.

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. In the event IFA obtains information from other sources, in a non-written format, the information shall be reduced to writing. The information will be available for review after the Applications have been evaluated and Tax Credits have been reserved. In the event that additional Federal sources become available, IFA may choose to allow a simultaneous review of both LIHTC and the Federal source.

3.2 Contact with IFA Before the Application is Received. If an Applicant has a question regarding an interpretation or clarification of the QAP, IFA policies, procedures or rules related to the LIHTC Program, the question must be submitted in writing to the attention of the [IFA LIHTC Manager](#), via the IFA 2014 Q&A email box established on the IFA website. The response will be placed on the website at www.IowaFinanceAuthority.gov. 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 New Developer in Iowa. If the Applicant has not submitted an Application to IFA in previous LIHTC rounds, the Applicant shall meet with the [IFA LIHTC Manager](#) to review the QAP and the Application process prior to submitting an Application. The Developer/Co-Developer must provide IFA financial statements from the past three (3) years.

3.2.2 New Tax Credit Developer. A first time Tax Credit recipient must 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. A new Tax Credit Developer Applicant is only eligible to receive an award of Tax Credits for one Project.

3.2.3 Mandatory Developer Training. As part of the Application process and threshold requirements, the Developer or designee shall attend one of the mandatory training sessions as noted in QAP Section 1 Introduction Tax Credit Reservation Schedule.

3.3 Contact with IFA After the Application is Received. Once the Application is received by IFA, in order to expedite the analysis of Applications, IFA will notify the Applicant of any required information for supplemental or clarifying data and specify the date and time by which a response from

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The Tax Credit Cap for a single Developer will not limit a Developer's ability to participate in the Rural Development Preservation Demonstration Program. ¶
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IFA will prepare and make an online Application available on its website at www.IowaFinanceAuthority.gov. T

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the Applicant is expected. For initial Application submission, no changes shall be allowed that maintain or improve the score received by an Applicant. Except when 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 contacted by the Applicant or a party on behalf of the Applicant, then the Application will be withdrawn by IFA from consideration for LIHTC. Following the receipt of an Application, information identifying the Applicant will be placed on the IFA website. During the evaluation period, Applications will not be made available to the public for examination and copying. After the Board approves the selections and awards the Tax Credits, Applications and files are public information and available for inspection and copy in accordance with Iowa Code Chapter 22. IFA shall not be precluded from requesting any and all such information needed to properly evaluate the Application. Contact with IFA staff or Board members is also prohibited under Section 7.8 Appeals.

3.4 Application Process for Market Analysis, Threshold, and Scoring. The complete Application consists of: (1) market study and analysis; (2) threshold review; and (3) scoring determination. Any revisions to the schedule proposed in Section 1, Introduction, will be published on IFA's website at www.IowaFinanceAuthority.gov. IFA will accept Applications on or before the Application deadline that meet the allocation criteria, so long as adequate Tax Credits are available.

Deleted: 3.3.1 During the seven (7) day appeal period following the board award of tax credits, applicants may only contact the IFA LIHTC Manager for information about their project and/or other projects submitted during the tax credit round. Meetings with IFA staff or IFA Board members will not be permitted during the seven (7) day appeal period.¶

3.4.1 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 tenants must be 55 or older, no tenants under age 18), or Older Persons 62 and older (all tenants must be 62 years of age or older).

3.4.1.1 Applicants are encouraged to submit any market information they believe may be helpful in determining market feasibility of their Project, including an independent market study, information from proposed service providers, information from syndicators or any other third party, or other market information the market study analyst should evaluate. All market information provided by the Applicant will be provided to IFA's commissioned market analyst. By submitting this information, Applicants are afforded the opportunity to provide input that may be important in the determination of market feasibility. However, IFA will not be bound by the opinion or conclusions reached in the Applicant's independent market study or other market information provided.

3.4.1.2 Market feasibility for a proposed Project, as measured by the IFA commissioned market analyst, will be based on, but not limited to, the following factors: market capture rate, market penetration rate, absorption rate, market support of Unit mix, stabilized occupancy rate, vacancy rate of comparables, rent comparisons to comparables, the overall housing market, and impact on the market and financial health of comparables in market area. If the market study or IFA's analyses of the market study (which may contain independent information obtained by IFA) do not demonstrate, at the sole discretion of IFA, that the market area will sustain the proposed Project or that additional Units within a market will have a detrimental effect on existing affordable Units, the Project will be rejected at threshold.

3.4.1.3 Following the review of the market study and analysis, IFA may specify elements of the Application that must be changed within 14 calendar days following the initial written deficiency request (or such shorter time as IFA may reasonably require) in order for the Project to be considered feasible within the proposed market area. If the Applicant does not make the requested change(s), then the Project may fail to meet threshold by reason of market feasibility. No other Application changes other than those specified by IFA shall be allowed.

3.4.1.4 In the case of a Scattered Site Project, the market study will evaluate each location. If more than one site is located outside of the primary market area for the first site, an additional fee established in Section 3.4.7 must be paid for each primary market location.

3.4.2 Application for Threshold. This Application will be used by IFA to determine if the Project has met the threshold requirements for an award of Tax Credits. The Applicant must submit the 2014 Low-Income Housing Tax Credit Application, and all required exhibits by the due date published on the website, www.IowaFinanceAuthority.gov.

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3.4.3 HOME Funds. If an Applicant is applying for State HOME funds, the Applicant must complete the HOME sections and attach the appropriate information as more fully described in the HOME Application and instructions. IFA may appoint a Joint Review Team to review Applications applying for HOME funds and Tax Credits. No additional points will 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.

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IFA requires the Applicants to submit the Application and exhibits through an on-line Application system; notification will be placed on the website, www.IowaFinanceAuthority.gov, specifying the submission requirements.¶
- 3.4.2.1 - No amendments to the Application will be accepted after the Application due date, except as provided by the QAP. If the amendment is submitted and causes the IFA staff to re-underwrite the Application resulting in a change to the Tax Credit requested, a change in Application fee will be collected, as specified in Section 3.4.7.

3.4.4 Nonprofit Participation. If a nonprofit organization is Materially Participating in the Project then the Applicant must provide information necessary for the Authority to determine if the Project is in compliance with IRC Section 42(h). If a nonprofit organization is found by the Authority to be Materially Participating, this designation will be recorded in the Carryover Agreement and the LURA.

Deleted: IFA will work jointly with IFA- approved participating Cities that have an allocation of City HOME funds to coordinate the application and allocation process. IFA will accept applications for City HOME funds as part of the 2013 LIHTC Application. IFA will submit the applications to the participating City and a joint review process will be conducted.

3.4.5 Site Visits. IFA may make site visits as it deems necessary to review proposed Projects and verify any of the information provided by the Applicant in the Application. Applicants may or may not be notified of a site visit. If deemed necessary by IFA, Applicants shall provide building access for inspection by Evaluators to, among other things, confirm basic structural soundness.

Deleted: IFA shall prepare a document describing the site and make it available to the Board for review in the consideration of awarding Tax Credits to Projects.

3.4.6 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. The Form 8821 must be provided to IFA for the Ownership Entity, at the time of Carryover Application, at the time the Project is Placed-in-Service, and annually during the Compliance Period. Members of the Qualified Development Team, as determined by IFA, must execute an Authorization to Release Information as part of the on-line application.

3.4.7 Fees. IFA shall collect the fees described below for the LIHTC Program. Electronic payment of the fees must be made payable to the Iowa Finance Authority. 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 date of the Tax Credit Reservation letter. 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 reservation of Tax Credits 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, except **if the Applicant withdraws the Application within three (3) business days of receipt by IFA, the Application fee will be reimbursed.**

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 ¶
 2. - If the Applicant withdraws the Application within three business days of receipt by IFA, the Application fee will be reimbursed.¶
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Deleted: \$6,000 – Resident Population with Special Needs Project¶

Deleted: \$6,000– Scattered Site Project for Resident Population with Special Needs Project for first location, and an additional \$3,000 for each subsequent location not in primary market area of first location¶

Fee Type	All Applicants
Market Study Fee (due with Application)	\$5,000 – Family/Older Persons Project \$5,000 – Scattered Site Project for Family/Older Persons Project for first location, and an additional \$3,000 for each subsequent location not in primary market area of first location
Application Fee	35 Units or fewer: \$1,600 36 to 60 Units: \$2,100 61 to 100 Units: \$2,600 Over 100 Units: \$5,200
Market Study Change(s) Fee	The Applicant will negotiate with the market study analyst and the fee is paid directly to the market study analyst.
Change in Application Fee	\$800 each time the Applicant submits a revised Application that changes the Tax Credit amount requested, or requests amendments or changes to the Application under section 8.2, 8.3 or 8.8.
Reservation Fee	One percent (1%) of the total 10-year Tax Credit amount
IRS Form 8609 Application Fee	One tenth of one percent (.1%) of the total 10-year Tax Credit amount based on the IRS Form 8609 Application will be due prior to IRS Form 8609 issuance.
Compliance Monitoring Fee	\$25 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: \$25 per Unit x 24-Unit Project = \$600.00 paid annually for 30 years.) 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. Annual rate increases may apply. First annual payment must 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 and Extended Use Period if annual rate increases are applied during that time.

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	Other fees as provided in the Compliance Manual
Filing of the LURA	The Applicant will be billed for actual cost for electronic or paper filing (if electronic filing is not available in a particular county) of the LURA with the county that the Property(ies) is/are located.
Late Submission of either the Carryover-10% Test Application or the IRS Form 8609 Application	If a late submission of the Carryover-10% Test or the IRS Form 8609 Application is allowed by IFA, the Applicant will be billed for an additional amount equal to the Application Fee as listed above.
Legal Fees	<p>Legal fees incurred by IFA with respect to the Project will be assessed and billed to the Applicant, including but not limited to the following:</p> <ul style="list-style-type: none"> • Fees for research relating to irregular situations • Ownership agreements • Rental rate questions • Unusual timing situations • Specific technical questions relating to IRC Section 42 • Administrative Law Judge fee in cases of unsuccessful appeals <p>Legal fees of IFA's in-house counsel will be billed at the rate of \$150 per hour. Legal fees of outside counsel will be billed at the rate charged to IFA. If IFA anticipates that legal work on a matter will exceed five hours, IFA will notify the Applicant prior to commencement of the legal work.</p>
<p>Construction Monitoring Fees</p> <p>Inspections:</p> <p>Fees for Failed and Missed Inspections</p>	<p>A \$2,000 Construction monitoring fee will be due at submission of the Carryover-10% Test Application. If a Carryover-10% Test is not necessary, the Construction monitoring fee will be due with the IRS Form 8609 Application.</p> <p>IFA will typically conduct five (5) site visits consisting of four (4) inspections and one (1) preconstruction meeting. IFA may elect to conduct additional inspections at its discretion for larger or more complicated Projects at no cost.</p> <p>There will be an additional \$500 fee for any re-inspections when, in IFA's view, enough items failed inspection to warrant a return visit to the site(s)</p> <p>There will be an additional \$500 charge for any missed inspections where IFA is not notified by email to the Construction Analyst two working days in advance.</p>

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

1. ~~Nonprofit set-aside Applicants for all counties.~~
2. Preservation set-aside Applicants for all counties.
3. Senior set-aside Applicants for all counties.
4. Rural ~~set-aside~~ Applicants in non-MSA cities or counties.
5. General Pool Applicants for all counties.

Deleted: <#>Community Housing Development Organization Applicants for all counties.¶

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Applications will be scored and ranked within each of these categories. If there are insufficient credits to be awarded to all Applicants within a set-aside, the Applicant will be considered in additional set-asides that were applied for in the Application and the General Pool. If a balance remains in one of the set-asides, other than the General Pool, IFA may exceed the set-aside amount in order to award the next qualifying Project within the specific pool. The excess funds needed to complete the set-aside award will be drawn from the General Pool.

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SECTION 4. 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 review of the Application. IFA may adjust the amount of Tax Credits based upon the underwriting. Underwriting shall be completed for a Project prior to the time a reservation is awarded, at submission of the Carryover-10% Test, and before an IRS Form 8609 is issued. The pro forma cash flow is part of the Application. If a gap in financing is discovered, the gap may be filled from no more than fifty percent (50%) of the Developer's fee. No other fee will be used to fill a gap in financing. IFA may require the Applicant to provide annual financial statements for the Project Developer and the Ownership Entity.

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The Applicant shall provide sufficient information to allow IFA to determine whether the Project is financially feasible during the construction phase and the operational phase of the Project. The Applicant shall provide information regarding loans, grants, equity contributions, the anticipated value received from syndicators, equity partners or private funding sources for the Tax Credits, property tax abatements, tax increment financing, enterprise zone benefits and any other type of financing or contributions that are relevant to the economic feasibility of the Project and are available to the Project. 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-10% Test submission date.

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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 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 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. For a Project qualified under Section 2.2.3, 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 (3) years, and is currently occupied at a minimum of ninety-five percent (95%).

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Deleted: and no more than a ten percent (10%) vacancy rate.

Deleted:) between 1.20 and 1.50 for the first 15 years. If the Debt Service Coverage Ratio falls outside of this range, the Applicant must provide a narrative to justify the deviation. If the justification is not acceptable to IFA, the Project may be rejected. A Project may exceed a 1.50 DSCR if the majority of the units of the Project will provide rents targeting extremely low income tenants that meet the Federal definition of Homeless

4.1.3 All Projects must reflect an average Debt Service Coverage Ratio (DSCR) between 1.2 DSCR and 1.5 DSCR. Any one year cannot go below 1.15 DSCR or above 1.8 DSCR for the first 15 years.

4.2 Operating Expenses.

4.2.1 Housing for Older Persons: Minimum of \$2,750 per Unit per year not including taxes and reserves.

Deleted: Also at IFA's discretion, small projects as defined in Section 4.1.4, and special needs housing may exceed the 1.50 DSCR.

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<#>Projects with less than 25 Units must also demonstrate \$150 per Unit per year of net cash flow for the first 15 years. This does not apply to Projects with rental assistance through RD.¶

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4.2.2 Housing for Families: Minimum of \$3,250 per Unit per year not including taxes and reserves.

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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 (6) 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 (8) months of debt service, operating expenses and real estate taxes. The operating reserve must be in place for the first 15 years and be used solely to cover operating deficits. The Applicant must include a narrative explaining how the operating reserve will be established.

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4.3.1.1 Reserved.

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

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4.3.1.3 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. If a letter of credit is used, the proceeds should not be included in the Project costs. The fees associated with obtaining the letter of credit may be included in Project costs.

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4.3.1.4 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 this Section. Applicants are required to 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 must budget replacement reserves of \$400 per Unit per year escalating at the same rate as Operating Expenses. All Older Persons Projects must 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 must 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 this Section. 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.

4.4.1 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 amount as of the full Application. If the deferred Developer fee cannot be paid within 15 years, IFA will consider the unpaid amount to be a Developer contribution to the Project. Each of these will be determined by IFA. Nonprofit organizations must include a resolution from the Board of Directors allowing such a deferred payment obligation to the Project. The deferred Developer fee must be paid from the net cash flow and not be calculated into the minimum Debt Service Coverage Ratio.

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¶
- 3. . Payment projections do not negatively impact the operation of the Project.¶
¶
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4.5 Financing Commitment.

4.5.1 The Applicant must provide a letter of intent for construction and permanent financing from the lending institution on the institution's letterhead. This letter must clearly state the term of the permanent loan, how the interest rate will be indexed and the current rate at the time of the letter, the amortization period, fees, prepayment penalties, anticipated security interest in the Property and lien position. The letter of intent must extend at least six (6) months beyond the Application due at IFA date.

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4.5.2 For all other sources, except state HOME funds and IFA approved participating Cities with allocated HOME funds, a commitment for funding must be made in advance. This includes any other grants, loans, tax credits, tax increment financing, etc. Documentation that specifies the value of the commitment, the purpose the funds can be used for, and time limitations related to the commitment must be provided from the entity making the commitment. A resolution adopted by the city council is an acceptable commitment for providing tax increment financing.

4.5.3 Unless a request is being submitted for a Senior Living Revolving Loan or a Transitional Housing Loan, Applications may only include one set of proposed funding sources. IFA will not consider multiple funding scenarios. A Project shall be ineligible for allocation if any of the listed funding sources will not be available in an amount and under the terms described in the Application. IFA may waive this limitation if the Project otherwise demonstrates financial feasibility. If a loan is being requested from IFA for a revolving loan program, 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).

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4.6 Developer and Builder Fees.

4.6.1 Developer Fees (including overhead and profit and Consultant Fees) shall not exceed the percentages described below. 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. For Acquisition/Rehabilitation or Rehabilitation Projects, the Developer's fee is listed in the schedule below. The fees will be limited as follows:

Project Type	Fee Limit
Developer fee for 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%)
Developer fee for Acquisition/Rehabilitation or Rehabilitation Projects:	
Rehabilitation Portion of Acq/Rehab or Rehab Projects, including Adaptive Reuse, Historic, and Preservation Projects	Not to exceed sixteen percent (16%) of the Total Project Costs minus land, building purchase (existing structures), Developer fee, Developer's overhead and profit, Consultant Fees, and Project reserves.
Acquisition Portion of Acq/Rehab Projects, including Adaptive Reuse, Historic, and Preservation Projects	Not to exceed six percent (6%) of the purchase cost of the buildings (existing structures).

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4.6.2 Builder and general contractor fees shall be limited to a total of twelve percent (12%) of the Hard Construction Costs.

4.6.3 In the event the Developer fee, Consultant Fee or builder fee limits are in excess of the limits imposed, IFA will make the appropriate adjustments during the underwriting phase of the evaluation of the Applications.

4.6.4 When the General Partner of the Ownership Entity is a nonprofit organization, the Nonprofit shall receive no less than fifty percent (50%) of the combined total of the Developer and Consultant Fee.

4.6.5 IFA reserves the right to limit professional and other fees.

Deleted: in Section IV of the Cost and Credit Calculation of the on-line application if deemed excessive.

4.7 Other Fees and Considerations.

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

Deleted: Investor Services Fees. Investor services fees are an allowable expense and shall be calculated into the minimum Debt Service Coverage Ratio.¶

4.7.2 Construction Contingency Funding. All new construction Projects shall have a hard cost Construction Contingency line item of no more than five percent (5%) of total Hard Construction Costs, less Construction Contingency. For Acquisition/Rehabilitation or Preservation 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.

Deleted: 4.7.2 - Construction Contingency Funding. All new construction Projects shall have a hard cost Construction Contingency line item of no more than five percent (5%) of total Hard Construction Costs, including Builder Profit and Builder Overhead, less Construction Contingency. For Acquisition/Rehabilitation or Preservation 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, including Builder Profit and Builder Overhead, less Construction 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

- 4.7.3 Project Ownership. There must be a common ownership between all Units and buildings within a single Project for the duration of the Extended Use Period.¶

SECTION 5. THRESHOLD REQUIREMENTS - ALL DEVELOPERS\OWNERSHIP ENTITIES

To be considered for a reservation of Tax Credits, a Project must demonstrate that it meets the requirements described in this Section. [Scoring and threshold determinations made in prior years are not binding on IFA for the 2014 round.](#)

5.1 Complete Application. In order for IFA to review an Application fairly and accurately, it must 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 14 calendar days to respond to the initial written deficiency notification, as specified in the notice for information. The Applicant may contact the [JFA 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.

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5.2 Legal Ownership Entity. The Ownership Entity must be formed prior to submission of the Application. For the purposes of the Application, the Applicant is the Ownership Entity.

5.3 Location Requirements. The proposed Project must be located in an incorporated city. Applications shall not contain or propose alternate sites. Alternate sites must be presented as separate Projects with separate Applications.

5.4 Readiness to Proceed. The Applicant must be ready to proceed with the Project by documenting site Control, site suitability, adherence to building standards, and a Qualified Development Team. Refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation, for related requirements. In addition, the following [shall](#) be met:

5.4.1 Appraisals

5.4.1.1 Land/Acquisition with an Identity of Interest. For land and buildings which are acquired from a party with an Identity of Interest, the Applicant must provide an appraisal by an MAI certified appraiser who is not a related party [and is currently in good standing.](#) The appraisal must be no more than 180 days old on the date that the Application is submitted to IFA. The appraisal may be submitted to IFA 30 days following the Application due date.

5.4.1.2 State HOME funded Projects. For all Projects that are requesting State HOME funds, the Applicant must provide an appraisal by an MAI certified appraiser who is not a related party [and is in good standing.](#) The HOME program requires the appraisal in order to determine the market value of the acquired land and/or buildings. The appraisal must be no more than 180 days old on the date that the Application is submitted to IFA. The appraisal may be submitted to IFA 30 days following the Application due date.

5.4.2 Qualified Development Team. The Applicant is required to identify the Qualified Development Team, [and to provide a narrative describing the function of each mandatory member of the Qualified Development Team.](#) The narrative shall explain how the Qualified

Deleted: also referred as QDT.

Development Team possesses the necessary experience to successfully complete the proposed Project and all other projects under construction, and that it has developed projects of comparable size and financing complexity. Either the Developer, managing member, General Partner or Development Consultant must have Materially Participated in a LIHTC Project that has received an IRS Form 8609 from any state within the past five (5) years. The qualifications of the QDT will be evaluated again at Carryover and the reservation of Tax Credits may be revoked, at the sole discretion of IFA, if the QDT is not qualified to successfully complete the proposed Project. The Project Developer or Developer representative must attend a mandatory Developer Application training session, as noted in QAP Section 3.2.3. The Management Company/Manager must have at least three (3) years of experience successfully managing a Section 42 Property.

IFA may require a financial background check of the Project Developer, General Partner/managing member, Consultant, 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:

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1. Refuse to allow the Qualified Development Team member to participate in the Tax Credit Program;
2. Reject or disqualify an Application and cancel any Credit reservation and Carryover Allocation; 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).

5.4.3 Capital Needs Assessment (CNA) for Rehabilitation, Preservation and Adaptive Reuse Projects. The Applicant shall acknowledge the CNA requirement and that IFA will require the CNA prior to the start of construction. For the requirements related to the CNA, refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation.

5.4.4 Commitment to Notify Public Housing Authority (PHA) of Vacancies. The Applicant shall acknowledge the Commitment to Notify Public Housing Authority (PHA) of vacancies.

5.4.5 Notification of Chief Executive Officer of Local Jurisdiction. The Applicant shall provide accurate information through the online Application identifying 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, through the online Application.

Deleted: The letter shall include the name, address, and email address of the Chief Executive Officer of the local jurisdiction.

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5.4.6 Ineligibility. Significant Parties are subject to being deemed ineligible to participate in the LIHTC program as set forth below:

5.4.6.1 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period not less than five (5) years from the date of determination of ineligibility; such parties may also be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to five (5) years prior to the effective date hereof):

5.4.6.1.1 Significant Parties who have been convicted of, entered in an agreement for immunity from prosecution for, received a deferred judgment or suspended sentence or judgment for, or pled guilty, including a plea of no contest, to a crime including any of the following:

- fraud,
- tax fraud,
- embezzlement,
- bribery,
- payments of illegal gratuities,
- perjury,
- false statements,
- racketeering,
- blackmail,
- extortion,
- falsification or destruction of records, or
- a crime of violence related to any housing Project .

5.4.6.1.2 Any syndicator, equity partner, private placement originator, limited partner or member of an LLC of a project from which, following the commencement of construction thru the issuance of an IRS Form 8609, the purchaser of Tax Credit equity withdraws.

5.4.6.2 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period of not less than three (3) years from the date of determination of ineligibility; such parties may also be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to three (3) years prior to the effective date hereof):

5.4.6.2.1 Any Significant Party that intentionally or negligently misrepresents or omits any material fact in its LIHTC Application or in any other written communication with IFA.

5.4.6.2.2 Any Significant Party that has an uncorrected default of any agreement between the Significant Party and IFA.

5.4.6.2.3 Any Significant Party who has been removed as a General Partner or managing member by the equity investor from any previously approved LIHTC Project in Iowa or any other state.

5.4.6.3 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period of not less than one (1) year from the date of determination of ineligibility; such parties may also be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to one (1) year prior to the effective date hereof):

5.4.6.3.1 Significant Parties who have Materially Participated in any Project that has had unsatisfactory performance, in Iowa or any other state, with a state-sponsored or housing-related assisted program, as determined by IFA. This includes parties with loans under any IFA program that are 90 days or more delinquent.

5.4.6.3.2 Significant Parties who have served as an officer, director, General Partner, managing member, accountant, architect, engineer, management agent, financial consultant, or any other consultant of any Entity that has unsatisfactory performance, in Iowa or any other state, with a state-sponsored or housing-related assistance program, or under any agreement or loan, as determined by IFA. This includes Entities with loans under any IFA program that are 90 days or more delinquent.

5.4.6.3.3 Significant Parties who have been declared ineligible or otherwise debarred from any housing-related assistance program by any Iowa state agency, by any LIHTC allocating agency of any other state, or by any federal agency.

5.4.6.3.4 Developers, Ownership Entities and the General Partners/Managing Members thereof, and consultants or any other persons determined by IFA to have an Identity of Interest or of personnel with any thereof, who have Materially Participated in a Project for which Tax Credits awarded in a prior nine percent (9%) Tax Credit round were returned to IFA in calendar year 2013 prior to the closing of such Project's equity investment and no subsequent year Tax Credits were issued to replace the returned Tax Credits. An Ownership Entity or Developer, who returns excess Tax Credits at the time of the IRS Form 8609 issuance, or returns four percent (4%) Tax Credits at any time, will not be disqualified from participating in the current Tax Credit funding round.

5.4.6.3.5 Developers, Ownership Entities and the General Partners/managing members thereof, and consultants or any other persons determined by IFA to have an Identity of Interest or of personnel with any thereof, who have Materially Participated in a Project that was awarded

nine percent (9%) Tax Credits in 2011 or 2012 in which the Project costs exceeded the applicable Unit cost cap at the time of the Carryover-10% Test or the IRS Form 8609 Application.

5.4.6.3.6 An Ownership Entity that fails to timely submit to IFA the IRS Form 8609 with Part II completed or that submits an incorrectly completed IRS Form 8609.

5.4.6.4 The following Significant Parties and the Projects with which they are associated may be deemed ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period to be determined by IFA, based upon its review of all relevant facts, up to and including permanent debarment, and such Significant Parties may be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time:

5.4.6.4.1 Significant Parties who have Materially Participated in a Project that has received from IFA or from any other state an IRS Form 8823 on which a box in the column headed “Out of compliance” has been checked (regardless of whether the non-compliance for which the IRS Form 8823 was issued has subsequently been corrected) or who have a history of repeated or significant Tax Credit compliance deficiencies, even if such significant Tax Credit compliance deficiencies have not resulted in an uncorrected IRS Form 8823. IFA may consider as mitigating or aggravating factors, the number of instances of non-compliance, whether the non-compliance has been corrected, the speed with which the Project was brought back into compliance, and the degree of Control of the Significant Party in question over the out-of-compliance Project. Applicants are encouraged to work with the IFA Compliance staff to correct any outstanding issues prior to the Application deadline. If corrections cannot be completed prior to the Application deadline, the Applicant must submit a detailed account, on the exhibit provided in the Application, of any noteworthy compliance issues or uncorrected IRS Form 8823’s that have been issued with respect to properties associated with any Significant Parties. IFA issues a report, similar to an IRS Form 8823, called the “Low Income Housing Tax Credit Notice of Non-Compliance –Land Use Restrictive Agreement (LURA) Extended Use Period”, which addresses issues that are not in compliance with the LURA to the Owner that also must be corrected.

5.4.6.4.2 Significant Parties who fail to disclose any direct or indirect financial or other interest a member of the Project Qualified Development Team may have with another member of the Project Qualified Development Team or with the Project.

5.4.6.4.3 An Applicant who fails to disclose all known members of the Project Qualified Development Team.

5.4.6.4.4 Significant Parties who have voluntarily agreed to be replaced as a General Partner or managing member of any previously approved LIHTC Project in Iowa or any other state as a result of performance issues.

5.4.6.4.5 Significant Parties who, within the past seven (7) years, have filed for bankruptcy, or been a party to an adverse fair housing settlement, or an adverse civil rights settlement.

5.4.6.5 IFA staff may reduce the ineligibility period as to any given Significant Party, under Sections 5.4.6.1.2, 5.4.6.2 and 5.4.6.3 if such reduction is deemed to be in the best interests of IFA and affordable housing.

5.5 Displacement of Tenants. IFA will accept Applications that have displaced (or will displace) tenants, although involuntary 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 must be submitted with the Application if the Project scope requires any form of temporary or permanent relocation of existing tenants. The proposed relocation plan must 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.

5.6 Confirmation of Eligibility—Rehabilitation or Acquisition. 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 must 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).

5.7 Rehabilitation Standards. The Applicant shall provide information regarding Rehabilitation Expenditures for each building as specified in Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation. The Applicant must 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 Application must 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 \$25,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit.

5.8 Building Standards. Preliminary site plan, floor plans and elevations are to be submitted with the Application to IFA for all of the buildings in the proposed development. The Applicant must demonstrate that they have or will 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 Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation.

5.9 Scattered Sites. The Applicant must 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

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¶
- **5.4.6 - Ineligible Applicant/Significant Parties.** For this Section, the term "Significant Parties" includes, but is 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 a commonality of Control or of personnel with any Significant Party.¶

¶
¶
- **5.4.6.1** - The following Significant Parties and the projects with which they are associated may be ineligible to participate in the LIHTC Program and may not receive a Tax Credit Reservation, Tax Credit Allocation at Carryover time or a Form 8609:¶

¶
5.4.6.1.1 - Significant Parties who have Materially Participated in any Project that has had unsatisfactory performance, in Iowa or any other state, with a state sponsored or assisted program, as determined by IFA. This would include parties who have 90-day delinquent loans to any IFA program. Unsatisfactory performance may include, but is not limited to, a default of any obligation owed to IFA in any of its programs or an uncorrected default of any agreement between the Significant Party and IFA.¶

¶
- **5.4.6.1.2** - Significant Parties who have served as an officer, director, General Partner, managing member, accountant, architect, engineer, management agent, financial consultant, or any other consultant of any Entity that has unsatisfactory performance, in Iowa or any other state, with a state sponsored or assisted program, or under any agreement or loan, as determined by IFA. This would include Entities that have one or more 90-day delinquent loans with IFA. Unsatisfactory performance may include, but is not limited to, a default of any obligation owed to IFA in any of its programs or an uncorrected default between the entity and IFA.¶

¶
5.4.6.1.3 Significant Parties who have Materially Participated in a Project that has received from IFA or from any other state a Form 8823 on which a box in the column headed "Out of compliance" has been checked (regardless of whether the non-compliance for which the Form 8823 was issued has subsequently been corrected) or who have a history of repeated or significant Tax Credit compliance deficiencies, even if such significant Tax Credit compliance deficiencies have not resulted in an uncorrected Form 8823. IFA may consider as mitigating or aggravating factors, the number of instances of non-compliance, whether the non-compliance has been corrected, the speed with which the Project was brought back into compliance, and

Deleted: If neither the twenty percent (20%) or the \$25,000 requirement has been met, the Applicant must indicate that all buildings in the Project qualify for the exception provided for in IRC Section 42(e)(3)(B) regarding the twenty percent (20%) basis requirement or that all the buildings qualify for the exception provided for in IRC Section 42(f)(5)(B)(ii)(II) regarding the \$6,200 per Unit requirement or that there are different circumstances for each building as described by the Applicant.

owned by the same party and financed under the same agreement(s), and are located within a 20-mile radius, as determined by Google Maps (www.Googlemaps.com) using driving directions. A Scattered Site Project may be new construction, acquisition, rehabilitation or a combination of these types. For Scattered Site Projects, all Units must be qualified LIHTC Units.

Deleted: Applicants that qualify under Section 2.2.5.1 may request an exception to the 20-mile radius requirement for Scattered Sites.

5.10 Affirmative Fair Housing Marketing Plans. Each Applicant must acknowledge the Affirmative Fair Housing Marketing Plan requirement and that IFA will require the Applicant to submit the plan to IFA no less than 120 days prior to the Placed-in-Service date.

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5.11 Adequate Market. The Market Study and Analysis must 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.

5.12 Project Score. 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 3.4.8.

5.13 Senior Projects. Senior Projects are not allowed anything greater than 2 bedrooms per unit.

5.14 Commitment to Notify DHS Referral Network of Vacancies. The Applicant shall acknowledge the Commitment to Notify the DHS Referral Network of vacancies in Handicapped Accessible Units by notifying each of the following referral sources of any available Handicapped Accessible Units: (1) Iowa's Money Follows the Person Initiative; (2) Iowa Department of Human Services (DHS) Targeted Case Management Bureau; and (3) the DHS Office serving the county in which the Project is located.

5.15 Lease Addendum. In order to comply with Section 8.27 of Section 504 of the Rehabilitation Act of 1973, the Owner must lease Handicapped Accessible Units designed for persons with disabilities to tenants requiring the Accessibility features of the unit. The Applicant must agree to require a Lease Addendum to be executed by a tenant(s) occupying a Handicapped Accessible Unit who does not require such Handicapped Accessible features. In the Lease Addendum, the tenant must agree to move to a comparable non-accessible Unit upon the request of the Owner with moving expenses to be paid by the Owner.

5.16 Targeting Plans. All approved Projects will be required to target ten percent (10%) of the total Project Units to the Target Population (Persons with a Disability). Projects targeting Units under this subsection are not required to provide on-site supportive services or a service coordinator. Owners shall demonstrate a partnership with a Local Lead Agency and submit a Targeting Plan for review and approval by IFA. At a minimum, the Targeting Plan shall include:

(a) A description of how the Project will meet the needs of the targeted tenants including adaptability, Accessibility or assistive technology features, access to supportive services, transportation, rent subsidy and proximity to community amenities.

(b) A description of the experience of the Local Lead Agency and their capacity to provide access to supportive services and to maintain relationships with the Management Company and community service providers for the duration of the compliance period.

- (c) A Memorandum of Understanding (MOU) between the Ownership Entity or Developer, Management Company and the Lead Local Agency must be submitted with the Carryover Package. At a minimum, the MOU shall include the following:
- (i) A commitment from the Local Lead Agency to provide, coordinate and/or act as a referral agent to assure that supportive services will be available to the Target Population.
 - (ii) The referral and screening process that will be used to refer tenants to the Project, the screening criteria that will be used, and the willingness of all parties to negotiate reasonable accommodations to facilitate the admittance of Target Population tenants into the Project.
 - (iii) A communications plan between the Management Company and the Local Lead Agency that will accommodate staff turnover and assure continuing linkages between the Project and the Local Lead Agency for the duration of the compliance period.
- (d) Certification that participation in supportive services will not be a condition of tenancy.
- (e) Commitment to hold throughout the Compliance Period, pursuant to IFA's Held for Occupancy policy, ten percent (10%) of the total Project Units for occupancy by the Target Population.
- (f) Agreement to affirmatively market to the Target Population.
- (g) Agreement to include a section on reasonable accommodation in the Management Company's application for tenancy.
- (h) Agreement to accept Section 8 vouchers or certificates (or other rental assistance) as allowable income as part of property management income requirement guidelines for eligible tenants and not require total income for persons with rental assistance beyond that which is reasonably available to persons with disabilities currently receiving SSI and SSDI benefits.
- (i) A description of how the Project will make the targeted Units affordable to Extremely Low-Income households.
- (j) The Management Company shall agree to show a preference for Persons with a Disability on the waiting list as part of the Project's Affirmative Fair Housing Marketing Plan. The Management Company must also note if the tenant household has a need for a Handicapped Accessible unit.
- (k) The Applicant is responsible for ensuring that all Affirmative Fair Housing requirements are met.
- (l) The Project's Targeting Plan requirements will be specified in the LURA.
- (m) The requirements of this subsection may be fully or partially waived to the extent the Agency determines that they are not feasible. A Targeting Plan template and other documents related to this subsection are included in **Appendix F** (incorporated herein by reference). The Ownership Entity or Developer will agree to complete the requirements of this subsection and **Appendix F** at least 120 days prior to the first Unit being Placed-in-Service. (IFA may set additional interim requirements.) This subsection does not apply to tax-exempt bond Applications.

SECTION 6. SCORING CRITERIA

IFA will award threshold points based on information provided in the Application or Exhibits for the following items, provided adequate evidence supports the award of points for all sites within the Project. Applicants will tentatively self-score a portion of the criteria in the Application. IFA shall make the final determination of the Applicant’s score.

Resident Profile

Category 1. Serves Lowest Income Residents with Deep Rent Skewing 15 points
 In addition to the IRS Minimum Set-Aside Election (20/50 or 40/60), a Project shall meet the deep rent skewed Project requirement as defined in Section 142(d)(4) of the Code if fifteen percent (15%) or more of the Units are occupied by individuals whose income is forty percent (40%) or less of AMI.

This category is not available to an Applicant that elects points in Resident Profile-Category 5, “Rent Reduction” or Building Characteristics-Category 3, “Projects that have Subsidized Project-Based Rental Assistance, HUD-VASH Voucher Assistance or Local Project-Based PHA (Public Housing Authority) Voucher Assistance”.

Category 2. Mixed Income Incentive 0 to 20 points
 Projects that provide market rate Units (not eligible for Tax Credits). On-site staff Units cannot be counted for points.
 1 point for each full one percent (1%) of the Units (15 points maximum)

And serve thirty percent (30%) AMI qualified tenants.
 1 point for each full one percent (1%) of the Units at thirty percent (30%) AMI (5 points maximum)

In order to obtain points in category 2, the Applicant shall commit to providing market rate Units first and then the Applicant may elect to provide 30% AMI Units. These Units shall be in addition to any Units selected in Resident Profile-Category 1, “Serves Lowest Income Residents with Deep Rent Skewing”.

Category 3. Serves Tenant Population of individuals with children 5 points
 At least twenty five percent (25%) of the Units must be four (4) or more bedroom LIHTC Units.

Category 4. Provides an Opportunity for Homeownership 25 points
 Iowa Renter to Ownership Savings Equity (ROSE) Program: 25 points will be awarded to an Applicant who implements a bona fide long-term Iowa ROSE Program. The Iowa ROSE Program provides a savings plan for homeownership for tenants in years 1 through 15, and provides a plan to sell the house to a qualified tenant at the end of the initial 15-year Compliance Period.

This category is not available to an Applicant that elects points in Other-Category 4, “Waives Right to a Qualified Contract”.

Category 5. Rent Reduction 15 points
 Owners shall establish LIHTC rents for one hundred percent (100%) of the Low-Income Units at ten (10%) below the applicable annual LIHTC rent limits.

Example:	Minimum Set-Aside Election	LIHTC Rent Set at AMI %	Initial Tenant Eligibility AMI%
	40/60	50% AMI	60% AMI
	20/50	100% @ 40% AMI	100% @ 50%

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Deleted: Projects that provide Units that are set aside and occupied by tenants with incomes at or below forty percent (40%) AMGI and are rent restricted.

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 1 point for each full one percent (1%) of the total Project Units (20 points maximum)¶

Deleted: Projects that are Subsidized Project-Based Rental Assistance Projects or HUD-VASH voucher

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Deleted: This category is not available to an Applicant that elects points in Building Characteristics-Category 3, “Projects that are Subsidized Project-Based Rental Assistance Projects or HUD-VASH voucher”.¶
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Deleted: Category 3. - Resident Populations with Special Needs. 0 to 20 points¶
 Projects providing service-enriched housing in which a maximum of twenty-five percent (25%) of the total Project Units give preference in tenant selection to Resident Populations with Special Needs. Points will be awarded to an Applicant committing to provide service-enriched housing to the following Minimum Unit Percentage calculated based upon the total number of units to give preference in tenant selection to Resident Populations with Special Needs divided by the total number of Project Units (not the number of Low-Income Units).¶
 ¶
 <#>Ten percent (10%) of the total Project Units give preference in tenant selection to Resident Populations with Special Needs. . 5 points¶
 <#>Fifteen percent (15%) of the total Project Units give preference in tenant selection to Resident Populations with Special Needs . 10 points¶
 <#>Twenty percent (20%) of the total Project Units give preference in tenant selection to Resident Populations with Special Needs . 15 points¶
 <#>Twenty-five percent (25%) of the total Project Units give preference in tenant selection to Resident Populations with Special Needs . 20 points¶
 ¶
 To receive points, services must be actively linked to the Project, not simply provided to the community at-large, and the Applicant must submit all requested documentation on IFA required forms at Applicant(...

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This category is not available to an Applicant that elects points in Resident Profile-Category 1, “Serves Lowest Income Residents with Deep Rent Skewing” or Building Characteristics-Category 3, “Projects that have Subsidized Project-Based Rental Assistance, HUD-VASH Voucher Assistance or Local Project-Based PHA (Public Housing Authority) Voucher Assistance”

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Location

Deleted: **Category 6.** - Waives Right to Qualified Contract - 50 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 Resident Profile-Category 4, “Provides an Opportunity for Homeownership.”¶

Category 1. Location Near Services 0 to 15 points

The calculated distance from the Project’s Primary Address (PA) as shown in the Building Tab of the LIHTC on-line application and the Applicant has clearly defined the PA by listing “True”. The PA address will be used to provide the distance to the services that are available using existing roads that can be traveled by motor vehicle or pedestrian is not greater than 1.0 mile from the (PA) as determined by Google Maps (www.Googlemaps.com) using driving directions. Should the PA not be shown on the Google Map(s), contact the LIHTC Manager via email prior to submission of the Application providing evidence that the PA can’t be shown on the Google Maps(s) and an explanation on why a different map (Yahoo, etc.) should be considered by IFA. The Google Map(s) must list the name of the service and show the mileage between the PA and the existing service location. If a Scattered Site Project, Google Maps must be provided for all building addresses listed at all site locations. Each address of a Scattered Site Project must meet the 1.0 mile or less requirement. All information must be provided and cannot be requested during the deficiency period since it is a scoring item. (www.Googlemaps.com).

The Applicant may select from the following options:

- Full Service Grocery Store 5 points
- Schools (Family Project only) 5 points
- Senior Center (Older Persons Project only) 5 points
- Medical Services 5 points
- Workforce Training 5 points
- Public Library 5 points

Category 2. Great Places 3 points

Projects will be located in and be a part of a Great Place community approved by the Department of Cultural Affairs.

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Category 3. Local Government Contribution 0 to 30 points

A qualified Government Entity or Political Subdivision contributes one percent (1%) of the Total Project Costs, in the form of a cash contribution, gift of land or building, tax abatement (not tax exemption), tax increment financing, enterprise zone credit, waiver of fees, or below market interest rate loan (value calculated on imputed savings). For scoring purposes under this Category, a Government Entity or Political Subdivision contribution to a Project provided through a certified Local Housing Trust Fund (LHTF) will be considered a qualified Local Government Contribution only if the Applicant provides documentation from the LHTF that the Government Entity or Political Subdivision has made contributions to the LHTF during the current fiscal year totaling at least the amount of the proposed Local Government Contribution to the Project. State HOME funds or USDA funds are not eligible sources for this category.

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Deleted: A qualified Government Entity or Political Subdivision contributes one percent (1%), derived from federal or local resources, of the Total Project Costs in the form of a cash contribution, gift of land or building, tax abatement, (not tax exemption authorized by statute), tax increment financing, enterprise zone credit (equity value), enterprise zone sales tax rebate, waiver of fees, or below market interest rate loan (value calculated on imputed savings). - 5 points¶

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Deleted: The source of contributions from the Government Entity or Political Subdivision to the LHTF cannot be from any Federal resources.

5 points for each full one percent (1%) of the Total Project Costs (30 points maximum)

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Category 4. Underserved City

10 points

A Project is located in a city that has not received an award of Low-Income Housing Tax Credits in the last three (3) years.

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Category 5. Community Revitalization Plan

3 points

An existing Project that is part of a community that has a published Community Revitalization Plan, which includes the use of existing housing.

Building Characteristics

Category 1. Market Appeal

0 to 20 points

Projects offer amenities at no cost to tenants that enhance market appeal and promote long-term viability. The applicant may select from the following options:

- Video Security System. The security system shall record activity at the site such that no part of the site can be accessed without that activity being recorded at a level of resolution wherein the persons recorded are recognizable. The recordings must be maintained for a minimum of 30 days. 10 points
- Medical Alert System. The Project must be an senior Project. The system must be available to all tenants of the senior Project. Installation and/or set-up of the system as well as monthly operating costs must be at the expense of the Project ownership. 5 points
- In-Unit laundry space with washer and dryer. 5 points
- Garden Area 5 points
- Bike racks 5 points
- Walking Trails 5 points
- Storage Units 5 points
- Computer Learning Center or free wireless internet connectivity 5 points
- Built in Dishwasher 5 points

Deleted: Developer or Owner Contribution - 0 to 5 points¶

Category 1. Developer or General Partner contributes cash to the Project. A cash contribution does not include a deferral of a developer fee. A commitment for funding must be made in advance and a commitment letter must be provided with the Application.¶

¶ 1 point for each full one percent (1) of the Total Project Costs (5 points maximum)¶

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Deleted: <#>Health and wellness program on-site - 0 to 10 points¶

Deleted: <#>In-Unit microwave - 5 points¶

Deleted: hook-ups

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All of the above must be provided and maintained throughout the Compliance Period at the cost of the Project Ownership.

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<#>Video Security System. The security system must record the activity at all doors that access each unit and all property entrances, hallways, and other common space areas except for restrooms, and at all parking lots or garages, play grounds, and walking paths. The recordings must be maintained for a minimum of 30 days. ¶

- 5 points¶
<#>Monitored Video Security System. Video Security System as described above, but which is monitored in real time by one or more persons who will contact emergency responders as deemed necessary. - 10 points¶

<#>Medical Alert System. The project must be an elderly type or one that serves a resident population with special needs. The system must be available to all tenants of the elderly project or all tenants who have special needs. Installation and/or set-up of the system as well as monthly operating costs must be at the expense of the Project ownership. - 5 points¶

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Category 2. Projects with Historical Significance

10 points

Entire Projects that are on the National Register of Historic Places or that are determined eligible for the National Register by the State Historic Preservation Officer.

Category 3. Projects that have Subsidized Project-Based Rental Assistance, HUD-VASH Voucher Assistance or Local Project-Based PHA (Public Housing Authority) Voucher Assistance. 0 to 35 points

Project-Based Rental Assistance:

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

HUD-VASH Voucher Assistance:

- At least five percent (5%) of the total Project Units are covered by a written commitment for HUD-VASH Voucher assistance. **10 points**
- At least fifteen percent (15%) of the total Project Units are covered by a written commitment for HUD-VASH Voucher assistance. **25 points**
- At least twenty-five percent (25%) or more of the total Project Units are covered by a written commitment for HUD-VASH Voucher assistance. **35 points**

Deleted: <#>One hundred percent (100%) of the Units are LIHTC units, and are covered by a project-based rental assistance contract. 40 points¶

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At least ten percent (10%) of the total Project Units are covered by a written commitment for HUD-VASH Voucher assistance ¶
16 points¶

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At least twenty percent (20%) of the total Project Units are covered by a written commitment for HUD-VASH Voucher assistance ¶ 32 points¶

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Local Project-Based PHA Voucher Assistance:

- At least five percent (5%) of the total Project Units are covered by a written commitment for Local Project-Based PHA Voucher assistance. **10 points**
- At least fifteen percent (15%) of the total Project Units are covered by a written commitment for Local Project-Based PHA Voucher assistance. **25 points**
- At least twenty-five percent (25%) or more of the total Project Units are covered by a written commitment for Local Project-Based PHA Voucher assistance. **35 points**

A written binding commitment from a public housing authority to provide the project-based assistance or HUD-VASH Vouchers will also be acceptable if a contract is not yet in existence for the Project. An Applicant may elect points **for only one (1) of the following:** a project-based rental assistance contract, a commitment for HUD-VASH Voucher assistance **or Local Project-Based PHA voucher assistance.**

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This category is not available to an Applicant that elects points in Resident Profile-Category 1, “Serves Lowest Income Residents **with Deep Rent Skewing**” and Resident Profile-Category **5, “Rent Reduction”.**

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Category 4. Construction/Unit Characteristics 0 to **22 points**
The applicant may select from the following options:

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- Exterior construction: durability **0 to 8 points**
- Steel frame doors **2 points**
- Main entrance areas (Unit main entrance to interior) **OR** covered entry and storm door (Unit main entrance to exterior) Minimum depth and width of coverage is 4 feet by 4 feet **2 points**
- Storm Shelter – Provide a storm shelter designed according to the requirements and guidelines in the ICC/NSSA Standard for the Design and Construction of Storm Shelters (ICC-500). **10 points**

Deleted: <#>Window sills - 2 points¶

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Cost containment: Luxury items i.e. granite or marble countertops, will not be allowed in LIHTC Projects. The intent of the program is to provide moderate housing.

Category 5. Olmstead Goals 0-24 points

Projects advancing the goals of DHS’s 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.

The applicant may select from the following options:

Fully Accessible Units (required for all)	Unit with Accessible Communications Features	Visitable (Type C) Units	Additional Accessible Type A Units	Scoring
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See Appendix 1, G. 17.	(required for all) See Appendix 1, G. 17.	(optional for scoring)	(optional for scoring)	
10%	2%	88%	N/A	3 points
10%	2%	N/A	5%	5 points
10%	2%	83%	5%	8 points
10%	2%	N/A	15%	7 points
10%	2%	73%	15%	10 points
10%	2%	N/A	30%	9 points
10%	2%	58%	30%	12 points

In determining the number of Units, fractional calculations must be rounded up to the next whole Unit number except that fractional calculations made under the VISIBLE optional scoring categories may be rounded down to the nearest whole Unit number so as not to exceed the total number of Project Units. Should an Applicant commit to providing the above Accessible or VISIBLE Units, the Project Architect must acknowledge this commitment at the time of the LIHTC Application submittal. A Unit may be qualified as either Accessible or VISIBLE but cannot be classified as both. All Unit percentages listed in the chart above are specified as minimum thresholds for scoring purposes as percentages of the total number of Project Units. Accessible Units must be dispersed throughout the Property rather than segregated. "Additional Accessible Type A Units" commitments made for scoring purposes must be over and above the Fully Accessible Units required under Appendix 1, Section G of the QAP.

At least fifty percent (50%) of the Fully Accessible and Additional Accessible Type A LIHTC Units will be two-, three-, or four-bedroom Units. Scoring in this section is available only to Projects committing to develop a minimum of fifteen percent (15%) of the total Project Units as Fully Accessible or Accessible Type A. 10 points

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 2 points

Category 6. Readiness to Proceed 0 to 35 points
 The Applicant can demonstrate readiness to proceed (e.g. impact, need, and likelihood of completion). Such determination includes the following factors:

Utilities: The Applicant demonstrates that all of the required Utilities are already available at the Project site, they are adequately sized for the Project, and no extensions are needed. A letter from the applicable utility companies shall be required. 10 points

Paved road: The Applicant demonstrates that the Project has direct access to an existing paved road, with no extensions needed. A letter from the municipality shall be required. 10 points

Zoning: The Applicant provides evidence that the Project site is properly zoned for its proposed use. 15 points

Category 7. Impact on the Environment 0 to 12 points
 All interior paints and primers comply with Green Seal standards for low VOC limits. 2 points

Deleted: Category 5. Olmstead Goals 0 to 27 points¶
 Projects advancing the goals of DHS's 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, where they are provided and by whom. . . . 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.¶
 ¶
 At least twenty-five percent (25%) of the LIHTC units are fully Handicapped Accessible . . . 5 points¶
 At least fifty percent (50%) of the LIHTC units are fully Handicapped Accessible . . . 10 points¶
 At least seventy-five percent (75%) of the LIHTC units are fully Handicapped Accessible . . . 15 points¶
 ¶
 At least fifty percent (50%) of the fully Handicapped Accessible units designated above will be two-, three-, or four-bedroom units. 10 points¶
 ¶
 At least twenty-five percent (25%) of the LIHTC units are VISIBLE . . . 2 points¶
 At least fifty percent (50%) of the LIHTC units are VISIBLE 4 points¶
 At least seventy-five percent (75%) of the LIHTC units are VISIBLE 6 points¶
 100% of the LIHTC units are VISIBLE 8 points¶
 ¶
 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 2 points¶
 ¶
 Points for creating VISIBLE units are not available to an Applicant electing points under the Handicapped Accessible section of this Category. Should an Applicant commit to providing the above Handicapped Accessible or VISIBLE units, the Project Architect must acknowledge this commitment at the time of the LIHTC Application submittal.¶
Deleted: Capital Needs Assessment: The Applicant submits a complete Capital Needs Assessment. 15 points¶
 ¶
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All adhesives comply with Rule 1168 of the South Coast Air Quality Management District. All caulks and sealants comply with Regulation 8, Rule 51 of the Bay Area Air Quality Management District. 2 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. Projects that have HUD financing or HUD subsidy are not eligible. 2 points

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

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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. 2 points

Passive Radon System 2 points
Passive radon-resistant features below the building slab along with vertical vent pipe(s) with junction box(es) following requirements in Appendix F, “Radon Control Methods” in the 2012 International Residential Code.

Category 8. Energy Efficiency 0 to 8 points

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Refer to Appendix 1 – Threshold Requirements for Building, Construction, Site and Rehabilitation Item G.23.

New Construction:
Home Energy Rating Systems (HERS) Index of 64 or less 8 points

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Existing Structures:
2012 International Energy Conservation Code (IECC) exceeded by eight percent (8%) or more. 8 points

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¶

For new construction developments, if a Project elects a lower HERS index, then the Project must submit with the construction documents, before construction starts, a report from an energy Consultant acceptable to IFA, that verifies the proposed design will meet the lower HERS rating and they must obtain that lower index score prior to the issuance of an IRS Form 8609. For existing structures that receive a Tax Credit Reservation, an energy audit conducted by a certified home energy rater must 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.

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Deleted: 2009 International Energy Conservation Code (IECC) exceeded by 15% or more . . . 20 points¶
¶

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. Refer to the minimum energy efficiency standards are stated in Appendix 1, G-22.

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Other

Category 1. Title Guaranty

10 points

The Applicant must certify that the Ownership Entity will obtain a Final Title Guaranty Owner Certificate on the real estate of the Project from the Iowa Finance Authority’s 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.

Category 2. Developer or Owner Contribution

0 to 10 points

Developer or General Partner contributes cash to the Project. A cash contribution does not include a deferral of a Developer Fee. A commitment for funding must be made in advance and a commitment letter must be provided with the Application.

2 points for each full one percent (1%) of the Total Project Costs (10 points maximum)

This is in addition to the threshold requirement of a \$100 contribution by the GP in Section 4.7.1.

Category 3. Qualified Development Team Experience

10 points

The Developer, managing member, or General Partner has 10 or more years of Section 42 experience and has completed at least one (1) LIHTC Project through IRS Form 8609 within the last 5 years.

Category 4. 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 Resident Profile-Category 4, “Provides an Opportunity for Homeownership.”

6.1 Selection Criteria. Applications shall be evaluated using the preference and selection criteria required in IRC Section 42. Aggregate rankings or scoring will in no way guarantee an award of Tax Credits to a particular Applicant. During the Application review 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 favors the Application requesting the least amount of Tax Credits per LIHTC Unit based on IFA’s equity needs analysis.

IFA reserves the right to limit the reservation of Tax Credits to **forty percent (40%) of the total Units per county**.

6.2 Reserved

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

6.3.1 The Board may award the amount of the remaining State Ceiling to the 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 6.3.2 applies. The Applicant can request reasonable revisions to an

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Developer successfully closed in 2009 through 2012 a Tax Credit Project with a third party equity investment, and the syndication or third party equity investor closing was completed within 9 months of the tax credit award. 5 points

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Category 4. Reduced Developer Fee: 0 to 30 points¶
5 points for each full one percent (1%) reduction in Developer fee below the maximum allowed by Section 4.6.1. (30 points maximum)¶

¶
- Refer to the Developer fee Section 4.6.1.¶
- Examples: ¶
- 1) - If the project is new construction and includes 50 units, a full 1% reduction means lowering the percentage on the first 36 units from 14% to 13% and lowering the percentage on the remaining 14 units from 12% to 11%.¶
2) - If the project is acquisition/rehabilitation, a full 1% reduction means lowering the percentage on the rehabilitation portion from 16% to 15% and lowering the percentage on the acquisition portion from 8% to 7%.¶

¶
Category 5 - Project Costs 0 to 5 points¶
- ¶
Percentage of Construction Costs to Total Project Costs (from LIHTC Application):¶
New Construction Projects: 67% or higher 5 points¶
- Acquisition Rehabilitation, Rehabilitation projects, and Historic Projects: ¶
- 50% or higher 5 points¶
¶

Deleted: 144 units in Polk County; 96 units in each of the other Iowa MSA central counties (Black Hawk, Dubuque, Johnson, Linn, Pottawattamie, Scott, Story, and Woodbury), and 48 units in each of the other counties except the non-central counties in an MSA which will be limited to a combined 48 units, unless IFA determines, using its sound and reasonable judgment, to award Tax Credits for a greater number of units

Deleted: A Project shall receive a lower amount of Tax Credit than has been requested if the Project would otherwise have been awarded Tax Credit, but there is an insufficient amount of Tax Credit ceiling available to fully reserve the amount of the Tax Credit requested. The

approved Application in order to address the shortfall of ten percent (10%) of the Tax Credits. IFA, in its sole discretion, can approve or deny the revision request, or may propose alternative revision(s).

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 whose underwritten Tax Credit amount is eligible for a full award or partial tender of Tax Credits, pursuant to this Section.

6.3.2 Acquisition/Rehabilitation, 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%) must be included in all Acquisition/Rehabilitation, 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. No additional Developer's or Consultant Fee will 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 accept Applications for Tax Credits under this section before March 7, 2014. IFA will not allow additional Tax Credits to Projects to exceed the Unit cost caps.

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

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~~6.3.1~~ If the State Ceiling is not fully utilized in any year because of HOME funds being exhausted, IFA may allow the Applicant to find an alternative source (or sources) of funds with similar financing terms. Applicants must inform IFA of the new funding source (or sources) within 30 days of notification. These Projects will be subject to the same Carryover requirements of other Projects awarded in that year.¶

~~6.3.4A~~ Project may not be awarded Tax Credits for any of the reasons described in this Section. In the event IFA elects not to award Tax Credits to a Project for the reasons identified herein, the Board will identify the primary reasons a Project was not funded.¶

~~6.3.4.1~~ The Project is not needed in the community for which it has been proposed. The Board may consider the market study, any independent information IFA has obtained, including but not limited to, vacancy rate and rents in the market and affordable or subsidized housing projects, or population trends in the area.¶

~~6.3.4.2~~ The Project is not preferred by other Governmental Entities. IFA may consider city council resolutions. IFA may also consider whether funding commitments made by other Governmental Entities have been received by a Project.

SECTION 7. 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 Credit period.” In making this determination, IFA will consider, but is not limited to, the following:

- The sources and uses of funds and the total financing planned for the development;
- Any proceeds or receipts expected to be generated by tax benefits;
- Percentage of the housing Tax Credit dollar amount used for development;
- The reasonableness of operating expenses, rent and vacancy assumptions, and proposed debt service coverage, the development and operational costs of the proposed development;
- An analysis of the appropriate Tax Credit amount based on an “equity gap” model;
- An analysis of the appropriate Tax Credit amount based on an Eligible Basis calculation;
- An analysis of the appropriate Tax Credit amount based on the Cost Cap calculation;
- An analysis of the appropriate Tax Credit amount based on the Tax Credit Cap per LIHTC Unit calculation;
- The score derived from the criteria set forth in Section 6, Scoring Criteria;
- The selection of Projects that meet the requirements of Section 2.2, Set-Asides, and
- Adequate Tax Credits are available in the 2014 funding round.

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7.2 Basis Boost

7.2.1 Special Considerations for Projects Located in a Qualified Census Tract. The Code allows the possibility of receiving a Tax Credit Reservation equal to one hundred thirty percent (130%) of Eligible Basis. The increased basis is allowed in areas defined by HUD as “Qualified Census Tracts” (QCT) or “Difficult Development Areas” (DDA). There are currently no HUD designated DDAs in Iowa. 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. The 2014 LIHTC Application will provide a list of Qualified Census Tracts.

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7.2.1.1 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%) of the total Eligible Basis, if the building is located within a Qualified Census Tract. “Community Service Facility” may include childcare, workforce development, healthcare, etc., and must be designed primarily to serve individuals whose income is sixty percent (60%) or less of AMI.

Deleted: , or Projects Applying for Tax Credits under the Rural Development Preservation Demonstration Set-Aside

7.2.2 Special Considerations for Projects Located in a non-MSA City or County. Projects in a non-MSA City or County may be designated by IFA as requiring a thirty percent

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(30%) increase in Eligible Basis in order for such Projects to be financially feasible, as allowed by the HERA.

7.3 Reserved.

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 shall be notified by email that IFA did not select their Project, including an explanation as to why IFA did not select the Project.

An Applicant may not transfer Tax Credits to another [Project](#).

IFA will not allow changes to the [Project](#) that affect scoring after the reservation letter has been issued without its written approval.

All [Projects](#) receiving a reservation of Tax Credits shall be required to erect an IFA construction sign meeting specifications outlined in the [2014 LIHTC Application and appendices](#).

7.5 Second and Third Application, and Credit Allocation. Federal law requires that IFA evaluate the Application three times: 1) At initial Application, 2) at submission of the Carryover-10% test Application, and 3) at the time the building(s) is (are) Placed-in-Service. On each occasion, the Applicant must submit a complete Tax Credit 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 initial 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 that Applicants provide detailed and accurate information concerning all development costs at each evaluation. Applicants with 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.

7.5.1 Second Application for Carryover Agreement. 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)(E)(ii).

7.5.2 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.

7.5.3 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,

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- 7.2.3 Special Considerations for Projects Awarded Tax Credits in the 2013 Round.¶
- IFA may boost the eligible basis of projects awarded in 2013 by up to fifteen percent (15%) if the deadline for the fixed nine percent (9%) Tax Credit rate established in HERA and IRC Section 42(b)(2)(A) is not extended (excluding projects using the DDA or QCT basis increase or any project receiving a thirty percent (30%) increase in eligible basis per Section 7.2.2).¶

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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 are to be allocated. All Ownership Entities requesting an IRS Form 8609 allocation must submit all items described in IFA's current IRS Form 8609 Application Package. Payment of any fees referenced in Section 3.4.7 is due prior to issuance of an IRS Form 8609.

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7.5.3.1 Marketable Title Requirement. As part of the IRS Form 8609 Application Package, the Ownership Entity must 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 Title Guaranty Division of IFA showing the Ownership Entity as the guaranteed. In the case of leased land, a copy of the recorded lease must be provided.

7.5.4 IFA Discretion. If IFA, at any time, has reason to believe that the development: 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.

7.6 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).

7.7 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. 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. An Applicant who files a new Application for substantially the same Project already on IFA's waiting list shall be removed from the waiting list on the date that the new Application is received by the Authority. 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. If Unreserved Tax Credits become available, the Application will be reviewed 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 ranking and set-asides. If the Applicant is in compliance with the QAP, the Board, at its next regular meeting, may make a Tax Credit Reservation award. On December 31, 2014, if Unreserved Tax Credits remain available and no Project listed on the waiting list can be funded in total, then the remaining credits will be combined with the available credits for the 2015 funding round for the purpose of funding the Applicants' Projects submitted in the 2015 funding round, and are no longer available to fund Projects that remain on the waiting list.

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7.7.1 Prioritization of Waiting List. The Board generally shall prioritize Projects on the waiting list as follows:

Deleted: The Board may maintain a waiting list for Projects to be funded from unreserved Tax Credits.

1. Projects seeking additional Tax Credits pursuant to Section 6.3.2.
2. Projects placed on the waiting list following a successful appeal of a denial of Tax Credits by the Board pursuant to Section 7.10.
3. Projects placed on the waiting list as a result of 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 of an inadequate amount of available Tax Credits to fund the Project under Section 6.3.1, provided that the Applicant does not have an outstanding appeal under Section 7.8, or petition for a waiver of one or more administrative rules by the Board.
5. 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 \$1,200,000; provided that the Applicant does not have an outstanding appeal under Section 7.8, 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, in its sole discretion, may deviate from the foregoing guidelines if it determines cause to do so exists.

Within the foregoing categories, Projects on which construction or rehabilitation has begun will be given priority over Projects on which construction or rehabilitation has not begun; and Projects from previous funding rounds will be given priority over Projects funded in the most current funding rounds, in chronological order.

7.8 Appeals. An Applicant whose Application has been timely filed and whose Project did not receive an allocation of Tax Credits may appeal the decision by filing a written notice of appeal within seven (7) days of the award [electronically, by facsimile \(515\)725-4901 or by mail, to the IFA LIHTC Manager at the Iowa Finance Authority, 2015 Grand Avenue, Des Moines, Iowa 50312](#). The notice of appeal must actually be received [by IFA](#) within the time frame specified to be considered timely. The notice of appeal shall state the grounds upon which the Applicant challenges IFA's award. Filing a notice of appeal shall not stay the Tax Credit Reservation awards made by IFA. During the seven (7) day appeal period following the Board award of Tax Credits, Applicants may only contact the IFA LIHTC Manager for information about their Project and/or other Projects submitted during the Tax Credit round. Meetings with IFA staff or IFA Board members will not be permitted during the seven (7) day appeal period.

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7.8.1 Procedures for Applicant Appeal. The filing of an appeal constitutes the initiation of a contested case proceeding. The contested case will be governed by the procedures set forth in this Section, together with the contested case rules set forth in 265 IAC Chapter 7. If the provisions of this Section conflict with any of the provisions in 265 IAC Chapter 7, the provisions of this Section will govern.

7.8.2 Hearing. Upon receipt of a notice of an Applicant appeal, IFA may contact the Department of Inspections and Appeals to arrange for a hearing. A written notice of the date, time and location of the appeal hearing will be sent to the parties to the appeal. IFA shall

select a presiding officer and hold a hearing on the Applicant appeal in conformance with its rules on contested cases.

7.8.3 Discovery. Any discovery requests shall be served simultaneously on the parties within 10 days of the notice of appeal. Responses to any discovery requests must be submitted to all of the parties within 10 days of receiving the discovery request.

7.8.4 Witnesses and Exhibits. Within 20 days following the notice of appeal, the parties shall contact each other regarding witnesses and exhibits. There is no requirement for witness and exhibit lists. However, the parties must meet prior to the hearing regarding the evidence to be presented in order to avoid duplication or the submission of extraneous materials. The parties may request a pre-hearing conference to discuss witnesses, exhibits or other matters relating to the hearing.

7.8.5 Settlements.

7.8.5.1 A contested case may be resolved by an informal settlement. Settlement negotiations may be initiated at any stage of a contested case by the Executive Director, prosecuting attorney, or the aggrieved party. No party is required to participate in the informal settlement process.

7.8.5.2 The Executive Director shall have authority to negotiate on behalf of the Board. No party shall communicate with any Board member about settlement negotiations until a written proposal settlement is submitted to the full Board for approval, unless all parties to the settlement negotiations waive this prohibition. No proposed settlement shall be presented to the full Board for approval until it is in final, written form signed by the aggrieved party.

7.8.5.3 Waiver of notice and opportunity to be heard. The decision to enter into settlement negotiations is voluntary on the part of the parties. By entering into informal settlement negotiations, the respondent waives the right to seek disqualification of the Executive Director from being present during the Board's deliberations and the making of the contested case decision if the appeal goes to a hearing.

7.8.5.4 All proposed settlements are subject to approval of a majority of the full Board. If the Board fails to approve a proposed settlement, it shall be of no force or effect to either party and shall not be admitted into evidence during the hearing on the contested case.

7.8.5.5 A Board member who is presented with a settlement proposal pursuant to Section 7.8.5 that is rejected by the Board shall not be disqualified from adjudicating the contested case due to that participation.

7.9 Evidence for an Electronically held Hearing. If the hearing is held electronically, all exhibits shall be delivered to IFA three (3) days prior to the time the hearing is conducted. Any exhibits which have not been served on the opposing party shall be served at least seven (7) days prior to the hearing.

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7.10 Remedies on Appeal. In the event an Applicant passed the threshold requirements and is successful in demonstrating that the Applicant should have been awarded Tax Credits, the Board may place the Project on a waiting list for Unreserved or returned Tax Credits. In the event an Applicant is successful in demonstrating that a Project was improperly determined by IFA to have not met the threshold requirements, the Board shall cause the Project to be scored. In the event the Project receives a score equal to or greater than the lowest score of any Project receiving credits in the same round, the Board may place the Project on a waiting list for Unreserved or returned Tax Credits.

7.11 Contents of Decision. The presiding officer shall issue a decision in writing that includes finding of fact and conclusions of law stated separately. The decision shall be based on the record of the contested case and shall conform to Iowa chapter 17A. The decision shall be sent to all parties by first-class mail.

7.12 Record Requirements. The record of the contested case shall include all materials specified in Iowa Code subsection 17A.12 (6). The record shall also include any requests for a contested case hearing and other relevant procedural documents regardless of their form.

7.12.1 Oral proceedings in connection with an Applicant appeal shall be recorded either by mechanized means or by certified shorthand reporters. Parties requesting that the hearing be recorded by a certified shorthand report shall bear the cost of the reporter.

7.12.2 Oral proceedings with a hearing in a case or any portion of the oral proceedings shall be transcribed at the request of any party with the expense of the transcription charged to the requesting party.

7.12.3 Copies of the tapes of oral proceedings may be obtained from the Board at the requestor's expense.

7.12.4 The recording or stenographic notes of the oral proceedings or the transcription shall be filed and maintained by the Board for at least two (2) years from the date of the proposed decision.

7.13 Dismissal. A ruling dismissing all of the party's claims or a voluntary dismissal is a decision under Iowa Code Section 17A.15.

7.14 Requests for Rehearing. Requests for rehearing shall be made to IFA within 20 days of issuing a final decision. A rehearing may be granted when new legal issues are raised, new evidence is available, an obvious mistake is corrected, or when the decision fails to include adequate findings or conclusions on all issues. A request for rehearing is not necessary to exhaust administrative remedies.

7.15 Judicial Review. Judicial review of IFA's final decisions may be sought in accordance with Iowa Code Section 17A.19.

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. Construction must begin on a Project within 18 months from the reservation date.

8.1.1 IFA may periodically request a status report on the Project's construction timeline.

8.1.2 An IFA construction sign meeting specifications outlined in the Application and appendices must be erected at the initiation of construction.

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

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

8.1.5 If the site was not zoned appropriately at the time of Application, prior to commencing construction, IFA shall receive a letter or other document from the city that states appropriate zoning has been approved.

8.1.6 If required for the Project in Appendix 1, J, a Capital Need Assessment must be submitted to and approved by IFA prior to commencing construction.

8.1.7 For existing structures, prior to the preparation of the final work rehabilitation order and start of rehabilitation, the Ownership Entity must provide a copy of the energy audit conducted by a certified home energy rater to IFA. The rater, owner, and IFA will determine the feasibility of meeting the requirements of IECC. Appropriate specifications to meet IECC standards or alternate cost-effective energy improvements must be included in the final work rehabilitation order and shall be submitted with the plans and specifications for approval before starting construction.

8.1.8 If the Project meets the criteria set forth in Section 5.5, a copy of the final relocation plan and copy of the notice to existing tenants must be provided to IFA prior to the start of relocation.

8.2 Amendments to the Application after Award. The Ownership Entity may amend, with the IFA LIHTC Manager's consent, the Application after a reservation of Tax Credits is made solely for the purpose of showing changes as described in this Section.

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8.2.1 Sources and uses of funds that do not increase the amount of Tax Credits awarded.

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.

8.2.3 Site changes that are equal to or exceed the site characteristics of the site first described in the Application. A site change will be permitted only if in IFA's sole discretion the substituted site does not reduce the number of points awarded during the evaluation process, it is within the same city, and the request for such site change is submitted sufficiently in advance to permit IFA to approve the site change prior to December 31 of the calendar year in which the Tax Credit allocation is made. 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, or at any other time, 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 Credit Reservation, or the amount of the Tax Credits will be adjusted, or an IRS Form 8823 will be issued. It is expected that the Projects will be the same as were 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.

Deleted: Tax Credit

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 will 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.

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

Deleted: Generally a

8.4 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.

Deleted: change in the Project minimum set-aside requirement from 20-50 to 40-60 is deemed to be material and is not permitted.¶

8.5 Return of Tax Credits. Allocations of Tax Credits may only be returned in accordance with applicable U.S. Treasury Regulations on a date agreed upon by IFA and the Ownership Entity or in accordance with the provisions of Section 7.6.

8.6 Notification of Vacancies. Prior to the Placed-in-Service Date, the Owner shall provide IFA with a copy of the Notification to the Public Housing Authority, as set forth in Section 5.4.4. If IFA enters into a contract with a rental housing locator service, notification to this service will be required of all awarded Projects.

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8.7 IRS Form 8609. All Applicants requesting an IRS Form 8609 allocation shall submit all items described in IFA's current IRS Form 8609 request package. The Ownership Entity shall complete Part B and return a copy of the fully executed IRS Form 8609 to IFA within 60 calendar days of IFA's issuance date of the IRS Form 8609.

Deleted: If IFA enters into a contract with a rental locator service, notification to this service will be required of all awarded Projects.

Deleted: The Ownership Entity must have a written agreement with the PHA, in the form provided by IFA, and signed by both the Ownership Entity and the PHA, and this agreement must be included in the Form 8609 Application Package.

Owners and Management Companies of Projects shall attend a minimum of eight (8) 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 Training on compliance 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.

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8.8 Change in General Partner, Majority Shareholder or Managing Member. In the event there is a proposed change in a General Partner, majority shareholder of a corporation or majority membership of a limited liability company after the reservation of Tax Credits is issued, IFA shall be notified by the partnership, corporation or limited liability company to obtain approval prior to the effective date of such change. The new General Partner or new majority shareholder shall agree to 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 for transfer may not be approved. If IFA is not notified of a change in the General Partner, IFA may deny the issuance of the Carryover Allocation, withhold the IRS Form 8609 or issue an IRS Form 8823.

Deleted: 8.7.1 - Owner must certify that construction of paved road is complete, as set forth in Appendix 1.D.

8.7.2. Owner must certify that Utilities are available at the Project site, as set forth in Appendix 1.E.

8.9 Prior to Placed-in-Service Date. At least 120 days prior to the first Unit Placed-in-Service, a copy of the Affirmative Fair Housing Marketing Plan shall be submitted to IFA.

Deleted: Sixty (60) days

8.9.1 Prior to the Placed-in-Service Date, for new construction Projects with three (3) stories or less, the Owner shall provide IFA a copy of the home energy rating report as performed by a certified HERS rater. The Project shall receive a final HERS index of 70 or less.

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8.9.2 Prior to the Placed-in-Service Date, for new construction Projects with four (4) or more stories, the Owner shall provide IFA documentation by an independent licensed engineer that the Project exceeds ASHRAE 90.1 Appendix G-2007 by at least fifteen percent (15%).

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8.9.3 Prior to the Placed-in-Service Date, for existing structures, the Owner shall provide IFA a copy of the 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.

8.9.4 Prior to the IRS Form 8609 Application, the Owner shall provide IFA verification that the replacement and operating reserves have been established, and the terms and conditions have been met.

8.10 Require Annual Audited Financials. Tax Credit recipients shall submit annual audited financial statements for the Project within ninety (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 must be certified by a Certified Public Accountant (CPA).

Deleted: 8.9.5 - Prior to the Placed-in-Service Date, provide IFA a copy of the Notification to the Public Housing Authority, as set forth in Section 5.4.4. . ¶

¶ **8.9.6** - For Projects receiving points under the scoring criteria for Resident Population with Special Needs, provide a written plan for implementing IFA's eld for ccupancy policy prior to Placed-in-Service Date.

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PART B – REQUIREMENTS FOR 4% TAX CREDITS WITH TAX-EXEMPT BONDS

SECTION 9. TAX-EXEMPT BOND FINANCED PROJECTS CREDIT RESERVATION AND ALLOCATION PROCESS

Under IRC Section 42(h)(4), Projects financed with tax-exempt bonds may be entitled to thirty percent (30%) present value Tax Credits not subject to the State Ceiling and without the need to participate in the competitive round. The requirements for a Project using tax-exempt bond financing are as follows:

9.1. Private Activity Bond Cap. The bonds to finance the Project must have received an allocation of private activity bond cap pursuant to IRC Section 146 and Iowa Code Chapter 7C. Additionally, principal payments on the bonds must be applied within a reasonable period to redeem the bonds. 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 entitled to Tax Credits for up to the full amount of Eligible Basis.

9.2 Allocation through IFA. Projects financed with tax-exempt bonds are required to apply to IFA for an allocation and for a determination that the Project satisfies the requirements of the QAP. If the Project utilizes a federal lending program or a lending program available through Fannie Mae or Freddie Mac, IFA may accept the underwriting and market study information approved by that lending Entity.

9.3 Application Criteria. Except as provided in this Section, a Project using tax-exempt financing shall satisfy all of the underwriting and threshold requirements stated in Part B, Part C-Terms and Conditions, and Appendix 1, Threshold Requirements for Building, Construction, Site, and Rehabilitation to be considered for Tax Credits. A market study, completed within the past six (6) months, is required to be submitted by a disinterested third party analyst. If IFA believes there is inadequate demand or proposed occupancy rates that would impact long-term financial feasibility, IFA may require a written analysis of the market study by a market study analyst of IFA’s choosing. The Applicant shall agree to pay the cost of the written analysis. The Ownership Entity shall fulfill all post-award requirements and keep the Project in compliance for the Extended Use Period. The Project shall be subject to the compliance monitoring requirements of Section 13.14.

9.4 Application Process. Applicants may submit an online Application at any time at www.IowaFinanceAuthority.gov in accordance with the following process. Applicants are advised to check IFA’s website periodically for any amendments or modifications to the Application Package.

9.4.1 The Applicant shall submit a request for Tax Credits to IFA after the issuer of the bonds has approved an “inducement” resolution for the Project. If the Project is seeking mortgage insurance through the Federal Housing Administration (FHA), or credit enhancement from another source, the Applicant shall submit the request to IFA after the FHA or the credit enhancer has approved a preliminary mortgage amount.

9.4.2 The Tax Credit request shall be submitted in accordance with the QAP and Application that is in effect at the time of the request. These QAP and Application requirements, including fees, will also be used in the IRS Form 8609 Application process.

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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.¶

9.4.3 IFA shall review the Application, determine whether the Project is eligible and meets the requirements of the QAP, then make an initial determination of the Project's Tax Credit amount.

9.4.4 If the Project loan will be FHA-insured, IFA shall complete a HUD-required subsidy-layering review to assure that the Project complies with HUD guidelines pursuant to Section 911 of the 1992 Housing and Community Development Act (combining Tax Credits with HUD assistance).

9.4.5 ~~If a Project satisfies the QAP requirements, as determined by IFA, IFA shall provide the Applicant and the bond issuer with a 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. At the time the letter is sent, IFA will request that the issuer confirm IFA's determination of the Tax Credit amount. In the event IFA is the bond issuer, its' own calculations shall be deemed sufficient to fulfill this requirement.~~

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9.4.6 The Project must be Placed-in-Service no later than 24 months following the date of the bond issuance.

9.4.7 The Applicable Percentage 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.

9.4.8 In the year in which the Project is Placed-in-Service, the Ownership Entity shall request a final allocation of Tax Credits in accordance with deadlines posted on IFA's website. IFA will provide an IRS Form 8609 Application Package for final allocation requests.

9.4.9 Tax-exempt Projects are required to enter into a LURA for a 30-year period, which will govern the low-income use and any other QAP requirements, and to follow the same final allocation Application process as Projects awarded Tax Credits in the competitive round.

9.4.10 Special Considerations for Projects Located in a Qualified Census Tract. The Code allows the possibility of receiving a Tax Credit Reservation equal to one hundred thirty percent (130%) of Eligible Basis. The increased basis is allowed in areas defined by HUD as "Qualified Census Tracts" (QCT) or "Difficult Development Areas" (DDA). There are currently no HUD designated DDAs in Iowa. Applicants may request the higher basis, but IFA reserves the right to determine the Tax Credit Allocation amount required for feasible development. A map of the census tract showing the Project location shall be submitted with the Application. ~~The 2014 LIHTC Application will provide a list of Qualified Census Tracts. IFA may, on a case-by-case basis, pursuant to Section 10.8.1 allow a Project in a QCT to exceed the Unit cost cap specified in Section 10.8.~~

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9.4.10.1 Community Service Facility. Tax Credits may be awarded to that portion of the building used as a Community Service Facility, not in excess of ten percent (10%) of the total Eligible Basis, if the building is located within a QCT. "Community Service Facility" may include childcare, workforce development,

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

9.4.11 Site Visits. IFA may make site visits as it deems necessary to review proposed Project and verify any of the information provided in the Application. Applicants may or may not be notified of a site visit. If deemed necessary by IFA, Applicants shall provide building access for inspection by Evaluators to, among other things, confirm basic structural soundness.

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9.4.12 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. The Form 8821 shall be provided to IFA for the Ownership Entity, at the time of Carryover Application, at the time the Project is Placed-in-Service, and annually during the Compliance Period. Members of the Qualified Development Team, as determined by IFA, must execute an Authorization to Release Information as part of the online Application.

9.4.13 Fees. IFA shall collect the fees described below for the LIHTC Program. Electronic payment of the fees shall be made payable to the Iowa Finance Authority. 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 date of the Tax Credit Reservation letter. **If the date that the reservation fee is due falls on a weekend or holiday, the fee is due on the next business day.** If the reservation fee is not received, IFA may withdraw the reservation of Tax Credits 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 except if the Applicant withdraws the Application within three (3) business days of receipt by IFA, the Application fee will be reimbursed.

Fee Type	All Applicants
Application Fee	35 Units or fewer: \$1,600 36 to 60 Units: \$2,100 61 to 100 Units: \$2,600 Over 100 Units: \$5,200
Change in Application Fee	\$800 each time the Applicant submits a revised Application that changes the Tax Credit amount requested, or requests amendments or changes to the Application under section 12.1, 12.2 or 12.6.
Reservation Fee	One percent (1%) of the total 10-year Tax Credit amount
IRS Form 8609 Application Fee	One tenth of one percent (.1%) of the total 10-year Tax Credit amount based on the IRS Form 8609 Application will be due prior to the IRS Form 8609 issuance.

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Compliance Monitoring	<p>\$25 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)</p> <p>(Example: \$25 per Unit x 24-Unit Project = \$600.00 paid annually for 30 years.)</p> <p>Annual rate increases may apply.</p> <p>First annual payment must 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 and Extended Use Period if annual rate increases are applied during that time.</p> <p>Other fees as provided in the Compliance Manual.</p>
Filing of the LURA	<p>The Applicant will be billed for actual cost for electronic or paper filing (if electronic filing is not available in a particular county) of the LURA with the county that the Property(ies) is/are located.</p>
Late Submission of the IRS Form 8609 Application	<p>If a late submission of the IRS Form 8609 Application is allowed by IFA, the Applicant will be billed for an additional amount equal to the Application Fee as listed above.</p>
Legal Fees	<p>Legal fees incurred by IFA with respect to the Project will be assessed and billed to the Applicant, including but not limited to the following:</p> <ul style="list-style-type: none"> • Fees for research relating to irregular situations • Ownership agreements • Rental rate questions • Unusual timing situations • Specific technical questions relating to IRC Section 42 <p>Legal fees of IFA's in-house counsel will be billed at the rate of \$150 per hour. Legal fees of outside counsel will be billed at the rate charged to IFA. If IFA anticipates that legal work on a matter will exceed five hours, IFA will notify the Applicant prior to commencement of the legal work.</p>
<p>Construction Monitoring Fees</p> <p>Inspections:</p>	<p>A \$2,000 Construction monitoring fee will be due with the IRS Form 8609 Application.</p> <p>IFA will typically conduct five (5) site visits consisting of four (4) inspections and one (1) preconstruction meeting.</p>

Fees for Failed and Missed Inspections	<p>IFA may elect to conduct additional inspections at its discretion for larger or more complicated projects at no cost.</p> <p>There will be an additional \$500 fee for any re-inspections when, in IFA's view, enough items failed inspection to warrant a return visit to the site(s)</p> <p>There will be an additional \$500 charge for any missed inspections where IFA is not notified by email to the Construction Analyst two (2) working days in advance.</p>
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9.4.14 Discretion by the Board. The Executive Director, subject to approval by the Board, may determine whether to award Tax Credits to a Project proposing to use tax-exempt financing and 4% Tax Credits pursuant to the QAP.

Deleted: of the use of tax exempt financing, in discretion,

9.4.15 New Developer in Iowa. If the Applicant has not previously submitted an Application to IFA in previous LIHTC rounds, the Applicant shall meet with the JFA LIHTC Manager to review the QAP and the Application process prior to submitting an Application. The Developer/Co-Developer shall provide IFA financial statements from the past three (3) years.

Deleted: Tax Credit Manager

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9.4.16 New Tax Credit Developer. A first time Tax Credit recipient shall complete at least one (1) 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. A new Tax Credit Developer Applicant is only eligible to receive an award of Tax Credits for one (1) Project.

SECTION 10. UNDERWRITING

The Applicant is required to 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. IFA may adjust the amount of Tax Credits based upon the underwriting. Underwriting shall be completed for a Project prior to the time a reservation is awarded and before an IRS Form 8609 is issued. The pro forma cash flow is part of the Application. If a gap in financing is discovered after underwriting the Project, the gap may be filled from **no more than fifty percent (50%)** the Developer's Fee. No other fee will be used to fill a gap in financing. **IFA may require the Applicant to provide annual financial statements for the Project Developer and the Ownership Entity.**

Deleted: if the fee is sufficient

The Applicant is required to supply sufficient information to allow IFA to determine whether the Project is financially feasible during the construction phase and the operational phase of the Project. The Applicant is required to provide information regarding loans, grants, equity contributions, the anticipated value received from syndicators, equity partners or private funding sources for the Tax Credits, property tax abatements, tax increment financing, enterprise zone benefits and any other type of financing or contributions that are relevant to the economic feasibility of the Project and are available to the Project. State Historic Tax Credits (SHTCs) may be **listed as a source of funds**, provided that the Applicant can demonstrate that the equity received from these credits will be received prior to the issuance of the IRS Form 8609. SHTCs may not be used in underwriting if a gap in financing would exist beyond the issuance of the IRS Form 8609.

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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.

10.1 Underwriting Standards.

10.1.1 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.**

10.1.2 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. For a Project qualified under Section 2.2.3, 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 (3) years, and is currently occupied at a minimum of ninety-five percent (95%).

Deleted: Projects will be underwritten assuming no less than a five percent (5%) vacancy rate and no more than a ten percent (10%) vacancy rate.

10.1.3 All Projects must reflect an average Debt Service Coverage Ratio (DSCR) between 1.2 DSCR and 1.5 DSCR. Any one year cannot go below 1.15 DSCR or above 1.8 DSCR for the first 15 years.

Deleted: All Projects must reflect a Debt Service Coverage Ratio (DSCR) between 1.20 and 1.50 for the first 15 years. If the Debt Service Coverage Ratio falls outside of this range, the Applicant must provide a narrative to justify the deviation. If the justification is not acceptable to IFA, the Project may be rejected. A Project may exceed a 1.50 DSCR if the majority of the units of the Project will provide rents targeting extremely low income tenants that meet the Federal definition of Homeless. Also at IFA's discretion, small projects as defined in Section 4.1.4, and special needs housing may exceed the 1.50 DSCR.¶

10.2 Operating Expenses.

10.2.1 Housing for Older Persons: Minimum of \$2,750 per Unit per year not including taxes and reserves.

Deleted: and resident support services

10.2.2 Housing for Families: Minimum of \$3,250 per Unit per year not including taxes and reserves,

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10.3 Operating and Replacement Reserves.

10.3.1 Operating Reserve. The operating reserve will be the greater of 1) \$1,500 per Unit or 2) six (6) 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 (8) months of debt service, operating expenses and real estate taxes. The operating reserve shall be in place for the first fifteen (15) years and be used solely to cover operating deficits. The Applicant must include a narrative explaining how the operating reserve will be established.

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10.3.1.1 Reserved.

10.3.1.2 The operating reserve can be funded by deferring the Developer's Fees of the Project

Deleted: The Applicant may use 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 this Section.

10.3.1.3 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 fifteen (15)-year period described in Section 10.3.1. If a letter of credit is used, the proceeds should not be included in the Project costs. The fees associated with obtaining the letter of credit may be included in the Project costs.

Deleted: or, the Developer may provide a personal guarantee. In order to support the guarantee, the Developer must demonstrate financial capacity and liquidity, its track record as it relates to developing a successful Project and the number of other guarantees it has outstanding. Adequate evidence of this item will be a financial statement showing assets, liabilities, contingent liabilities and other information necessary to demonstrate financial capacity to perform the guarantee and a narrative description of the Developer's record relating to successful Project development.

10.3.1.4 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 this Section. Applicants are required to 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 is required.

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10.3.2 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.

10.3.2.1 The Applicant is required to 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.

10.3.2.2 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 this Section. 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.

10.4 Deferred Developer Fees.

10.4.1 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 amount as of the full Application. If the deferred Developer Fee cannot be paid within 15 years, IFA will consider the unpaid amount to be a Developer contribution to the Project. Each of these will be determined by IFA. Nonprofit organizations must include a resolution from the Board of Directors allowing such a deferred payment obligation to the Project. The deferred Developer Fee must be paid from the net cash flow and not be calculated into the minimum Debt Service Coverage Ratio.

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. 3. . Payment projections do not negatively impact the operation of the Project.¶

10.5 Financing Commitment.

10.5.1 The Applicant must provide a letter of intent for construction and permanent financing from the lending institution on the institution's letterhead. This letter must clearly state the term of the permanent loan, how the interest rate will be indexed, the current rate at the time of the letter, the amortization period, fees, and any prepayment penalties, anticipated security interest in the Property and lien position. The letter of intent must extend at least six (6) months beyond the Application due at IFA date.

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10.5.2 For all other sources, except state HOME funds and IFA approved participating Cities with allocated HOME funds, a commitment for funding must be made in advance. This includes any other grants, loans, tax credits, tax increment financing, etc. Documentation that specifies the value of the commitment, the purpose the funds can be used for, and time limitations related to the commitment must be provided from the entity making the commitment. A resolution adopted by the city council is an acceptable commitment for providing tax increment financing.

10.5.3 Applications may only include one set of proposed funding sources. IFA will not consider multiple funding scenarios. A Project shall be ineligible for allocation if any of the listed funding sources will not be available in an amount and under the terms described in the Application. IFA may waive this limitation if the Project otherwise demonstrates financial feasibility.

10.6 Developer and Builder Fees.

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10.6.1 Developer Fees (including overhead and profit and Consultant Fees) shall not exceed the percentages described below. 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. For Acquisition/Rehabilitation or Rehabilitation Projects, the Developer's Fee is listed in the schedule below. The fees shall be limited as follows:

Project Type	Fee Limit
Developer Fee for New Construction Projects:	
First 36 Units within the Project	Not to exceed 14%
Remaining Units within the Project above 36	Not to exceed 12%
Developer Fee for Acquisition/Rehabilitation or Rehabilitation Projects:	
Rehabilitation Portion of Acq/Rehab or Rehab Projects, including Adaptive Reuse, Historic, and Preservation Projects	Not to exceed 16% of the Total Project Costs minus land, building purchase (existing structures), Developer' Fee, Developer's overhead and profit, Consultant Fees, and Project reserves.
Acquisition Portion of Acq/Rehab Projects, including Adaptive Reuse, Historic, and Preservation Projects	Not to exceed 6% of the purchase cost of the buildings (existing structures).

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10.6.2 Builder and general contractor fees will be limited to a total of twelve percent (12%) of the Hard Construction Costs.

10.6.3 In the event the Developer Fee, Consultant Fee or builder fee limits are in excess of the limits imposed, IFA will make the appropriate adjustments during the underwriting phase of the evaluation of the Applications.

10.6.4. When the General Partner of the Ownership Entity is a nonprofit organization, the Nonprofit shall receive no less than fifty percent (50%) of the combined total of the Developer and Consultant Fee.

10.6.5 IFA reserves the right to limit professional fees and other fees.

10.7 Other Fees and Considerations.

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

10.8 Unit Cost Cap. IFA shall not award LIHTC to a Project in which the cost per Unit is greater than the HUD 221(d)(3) limits listed in Appendix D. Enterprise Zone sales tax rebates and utility company rebates for energy efficiency measures will be included in the calculation of Total Project Costs. Projects receiving State and/or Federal Historic rehabilitation Tax Credits will be allowed to deduct the residential portion of the Historic Tax Credit from the Project costs to allow for stricter rehabilitation standards.

Please refer to Appendix D for the HUD 221(d)(3) limits.

Unit cost caps are maximum amounts. IFA provides no guarantee that Projects at or below the Unit cost caps will be deemed financially feasible.

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Deleted: Investor Services Fees. Investor services fees are an allowable expense and shall be calculated into the minimum Debt Service Coverage Ratio.

Deleted: 10.7.2 Project Ownership. There must be a common ownership between all Units and buildings within a single Project for the duration of the Extended Use Period.

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Deleted: IFA shall not award LIHTC to a Project in which the cost per unit is greater than the amounts listed below less the costs of off-site land improvements. Enterprise Zone sales tax rebates and utility company rebates for energy efficiency measures will be included in the calculation of total project costs.
 The ROSE Program and Assisted Living Projects will be allowed to exceed the unit cost caps listed below by ten percent (10%).
 All projects except those with Federal or State historic tax credits

SECTION 11. THRESHOLD REQUIREMENTS - ALL DEVELOPERS\OWNERSHIP ENTITIES

To be considered for a reservation of Tax Credits, a Project must demonstrate that it meets the requirements described in this Section. [Scoring and threshold determinations made in prior years are not binding on IFA for the 2014 round.](#)

11.1 Complete Application. In order for IFA to review an Application fairly and accurately, it must 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 Applicant will be notified by email [or through the online Application](#). The Applicant will have a reasonable amount of time to submit the requested information, as specified in the notice for information. The Applicant may contact the [IFA LIHTC Manager](#) at any time to request clarification.

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11.2 Legal Ownership Entity. The Ownership Entity must be formed prior to submission of the Application. For the purposes of the Application, the Applicant is the Ownership Entity.

11.3 Location Requirements. The proposed Project must be located in an incorporated city. Applications shall not contain or propose alternate sites. Alternate sites must be presented as separate Projects with separate Applications.

11.4 Readiness to Proceed. The Applicant must be ready to proceed with the Project by documenting site Control, site suitability, adherence to building standards, and a Qualified Development Team. Refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation for related requirements. In addition, the following shall be met:

11.4.1 Appraisals.

11.4.1.1 Land/Acquisition with an Identity of Interest. For land and buildings which are acquired from a party with an Identity of Interest, the Applicant must provide an appraisal by an MAI certified appraiser who is not a related party [and is currently in good standing](#). The appraisal must be no more than 180 days old on the date that the Application is submitted to IFA. The appraisal may be submitted to IFA 30 days following the Application due date.

11.4.1.2 State HOME funded Projects. For all Projects that are requesting State HOME funds, the Applicant must provide an appraisal by an MAI certified appraiser who is not a related party [and is currently in good standing](#). The HOME program requires the appraisal in order to determine the market value of the acquired land and/or buildings. The appraisal must be no more than 180 days old on the date that the Application is submitted to IFA. The appraisal may be submitted to IFA 30 days following the Application due date.

11.4.2 Qualified Development Team. The Applicant is required to identify the Qualified Development Team and to provide a narrative describing the function of each mandatory member of the Qualified Development Team. The narrative shall explain how the Qualified Development Team possesses the necessary experience to successfully complete the proposed

Project and all other projects under construction, and that it has developed projects of comparable size and financing complexity. Either the Developer, managing member, General Partner or Development Consultant must have Materially Participated in a LIHTC Project that has received an IRS Form 8609 from any state within the past five (5) years. The qualifications of the QDT will be evaluated again at Carryover and the reservation of Tax Credits may be revoked, at the sole discretion of IFA, if the QDT is not qualified to successfully complete the proposed Project. The Project Developer or Developer representative must attend a mandatory Developer Application training session, as noted in QAP Section 3.2.3. The Management Company/Manager must have at least three (3) years of experience successfully managing a Section 42 Property.

IFA may require a financial background check of the Project Developer, General Partner/managing member, Consultant, 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 Qualified Development Team member to participate in the Tax Credit Program;
2. Reject or disqualify an Application and cancel any Credit reservation and Carryover Allocation; 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).

11.4.3 Capital Needs Assessment (CNA) for Rehabilitation, Preservation and Adaptive Reuse Projects. The Applicant shall acknowledge the CNA requirement and that IFA will require the CNA prior to the start of construction. For the requirements related to the CNA refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation.

11.4.4 Commitment to Notify Public Housing Authority (PHA) of Vacancies. The Applicant shall acknowledge the Commitment to Notify Public Housing Authority (PHA) of vacancies.

11.4.5 Notification of Chief Executive Officer of Local Jurisdiction. The Applicant shall provide accurate information through the online Application identifying 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 through the online Application.

11.4.6 Ineligibility. Significant Parties are subject to being deemed ineligible to participate in the LIHTC program as set forth below:

11.4.6.1 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not

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receive a Tax Credit Reservation for a period not less than five (5) years from the date of determination of ineligibility; such parties may also be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to five (5) years prior to the effective date hereof):

11.4.6.1.1 Significant Parties who have been convicted of, entered an agreement for immunity from prosecution for, received a deferred judgment or suspended sentence or judgment for, or pled guilty, including a plea of no contest, to a crime including any of the following:

- fraud,
- tax fraud,
- embezzlement,
- bribery,
- payments of illegal gratuities,
- perjury,
- false statements,
- racketeering,
- blackmail,
- extortion,
- falsification or destruction of records, or
- a crime of violence related to any housing Project .

11.4.6.1.2 Any syndicator, equity partner, private placement originator, limited partner or member of an LLC of a project from which, following the commencement of construction thru the issuance of an IRS Form 8609, the purchaser of Tax Credit equity withdraws.

11.4.6.2 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period of not less than three (3) years from the date of determination of ineligibility; such parties may also be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to three (3) years prior to the effective date hereof):

11.4.6.2.1 Any Significant Party that intentionally or negligently misrepresents or omits any material fact in its LIHTC Application or in any other written communication with IFA.

11.4.6.2.2 Any Significant Party that has an uncorrected default of any agreement between the Significant Party and IFA.

11.4.6.2.3 Any Significant Party who has been removed as a General Partner or managing member by the equity investor from any previously approved LIHTC Project in Iowa or any other state.

11.4.6.3 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period of not less than one (1) year from the date of determination of ineligibility; such parties may also be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to one (1) year prior to the effective date hereof):

11.4.6.3.1 Significant Parties who have Materially Participated in any Project that has had unsatisfactory performance, in Iowa or any other state, with a state-sponsored or housing-related assisted program, as determined by IFA. This includes parties with loans under any IFA program that are 90 days or more delinquent.

11.4.6.3.2 Significant Parties who have served as an officer, director, General Partner, managing member, accountant, architect, engineer, management agent, financial consultant, or any other consultant of any Entity that has unsatisfactory performance, in Iowa or any other state, with a state-sponsored or housing-related assistance program, or under any agreement or loan, as determined by IFA. This includes Entities with loans under any IFA program that are 90 days or more delinquent.

11.4.6.3.3 Significant Parties who have been declared ineligible or otherwise debarred from any housing-related assistance program by any Iowa state agency, by any LIHTC allocating agency of any other state, or by any federal agency.

11.4.6.3.4 Developers, Ownership Entities and the General Partners/Managing Members thereof, and consultants or any other persons determined by IFA to have an Identity of Interest or of personnel with any thereof, who have Materially Participated in a Project for which Tax Credits awarded in a prior nine percent (9%) Tax Credit round were returned to IFA in calendar year 2013 prior to the closing of such Project's equity investment and no subsequent year Tax Credits were issued to replace the returned Tax Credits. An Ownership Entity or Developer, who returns excess Tax Credits at the time of the IRS Form 8609 issuance, or returns four percent (4%) Tax Credits at any time, will not be disqualified from participating in the current Tax Credit funding round.

11.4.6.3.5 Developers, Ownership Entities and the General Partners/managing members thereof, and consultants or any other persons determined by IFA to have an Identity of Interest or of personnel with any thereof, who have Materially Participated in a Project that was awarded

nine percent (9%) Tax Credits in 2011 or 2012 in which the Project costs exceeded the applicable Unit cost cap at the time of the Carryover-10% Test or the IRS Form 8609 Application.

11.4.6.3.6 An Ownership Entity that fails to timely submit to IFA the IRS Form 8609 with Part II completed or that submits an incorrectly completed IRS Form 8609.

11.4.6.4 The following Significant Parties and the Projects with which they are associated may be deemed ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period to be determined by IFA, based upon its review of all relevant facts, up to and including permanent debarment, and such Significant Parties may be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time:

11.4.6.4.1 Significant Parties who have Materially Participated in a Project that has received from IFA or from any other state an IRS Form 8823 on which a box in the column headed “Out of compliance” has been checked (regardless of whether the non-compliance for which the IRS Form 8823 was issued has subsequently been corrected) or who have a history of repeated or significant Tax Credit compliance deficiencies, even if such significant Tax Credit compliance deficiencies have not resulted in an uncorrected IRS Form 8823. IFA may consider as mitigating or aggravating factors, the number of instances of non-compliance, whether the non-compliance has been corrected, the speed with which the Project was brought back into compliance, and the degree of Control of the Significant Party in question over the out-of-compliance Project. Applicants are encouraged to work with the IFA Compliance staff to correct any outstanding issues prior to the Application deadline. If corrections cannot be completed prior to the Application deadline, the Applicant must submit a detailed account, on the exhibit provided in the Application, of any noteworthy compliance issues or uncorrected IRS Form 8823’s that have been issued with respect to properties associated with any Significant Parties. IFA issues a report, similar to an IRS Form 8823, called the “Low Income Housing Tax Credit Notice of Non-Compliance –Land Use Restrictive Agreement (LURA) Extended Use Period” which addresses issues that are not in compliance with the LURA to the Owner that also must be corrected.

11.4.6.4.2 Significant Parties who fail to disclose any direct or indirect financial or other interest a member of the Project Qualified Development Team may have with another member of the Project Qualified Development Team or with the Project.

11.4.6.4.3 An Applicant who fails to disclose all known members of the Project Qualified Development Team.

11.4.6.4.4 Significant Parties who have voluntarily agreed to be replaced as a General Partner or managing member of any previously approved LIHTC Project in Iowa or any other state as a result of performance issues.

11.4.6.4.5 Significant Parties who, within the past seven (7) years, have filed for bankruptcy, or been a party to an adverse fair housing settlement, or an adverse civil rights settlement.

11.4.6.5 IFA staff may reduce the ineligibility period as to any given Significant Party, under Sections 11.4.6.1.2, 11.4.6.2 and 11.4.6.3 if such reduction is deemed to be in the best interests of IFA and affordable housing.

11.5 Displacement of Tenants. IFA will accept Applications that have displaced (or will displace) tenants, although involuntary 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 must be submitted with the Application if the Project scope requires any form of temporary or permanent relocation of existing tenants. The proposed relocation plan must 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.

11.6 Confirmation of Eligibility—Rehabilitation or Acquisition. The Applicant is required to confirm eligibility under IRC Section 42(d) (2) (B) (ii) (the 10-year rule) by listing each building 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 must 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).

11.7 Rehabilitation Standards. The Applicant is required to provide information regarding Rehabilitation Expenditures for each building as specified in Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation. The Applicant must 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 Application must 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 \$25,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit.

11.8 Building Standards. Preliminary site plan, floor plans and elevations are to be submitted with the Application to IFA for all of the buildings in the proposed development. The Applicant must demonstrate that they have or will 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 Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation.

Deleted: 11.4.6 Ineligible Applicant/Significant Parties. For this Section, the term "Significant Parties" includes, but is 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, accountant, architect, engineer, financial consultant, any other consultant, management agent and the general contractor, other Persons identified on the Project Qualified Development Team or determined to be Significant Parties by IFA. ¶

¶ - - **11.4.6.1** - The following Significant Parties and the Projects with which they are associated may be ineligible to participate in the LIHTC Program and may not receive a Tax Credit Reservation, Tax Credit Allocation at Carryover time or a Form 8609. ¶

¶ **11.4.6.1.1** Significant Parties who have Materially Participated in any Project that has had unsatisfactory performance in Iowa or any other state, with a state sponsored or assisted program, as administered by IFA. This would include parties who have 90-day delinquent loans to any IFA program. Unsatisfactory performance may include, but is not limited to, a default of any obligation owed to IFA in any of its programs or an uncorrected default of any agreement between the Significant Party and IFA. ¶

¶ - - **11.4.6.1.2** Significant Parties who have served as an officer, director, General Partner, or managing member of any Entity that has unsatisfactory performance in Iowa or any other state, with a state sponsored or assisted program, or under any agreement with or loan from IFA, as determined by IFA. This would include entities that have one or more 90-day delinquent loans with IFA. Unsatisfactory performance may include, but is not limited to, a default of any obligation owed to IFA in any of its programs or an uncorrected default between the Entity and IFA. ¶

¶ - - **11.4.6.1.3** Significant Parties who have Materially Participated in a Project that has received from IFA or from any other state a Form 8823 on which a box in the column headed "Out of compliance" has been checked (regardless of whether the non-compliance for which the Form 8823 was issued has subsequently been corrected) or who have a history of repeated or significant Tax Credit compliance deficiencies, even if such significant Tax Credit compliance deficiencies have not resulted in an uncorrected Form 8823. IFA may consider as mitigating or aggravating factors, the number of instances of non-compliance, whether ...

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Deleted: If neither the 20% or the \$25,000 requirement has been met, the Applicant must indicate that all buildings in the Project qualify for the exception provided for in IRC Section 42(e)(3)(B) regarding the twenty percent (20%) basis requirement or that all the buildings qualify for the exception provided for in IRC Section 42(f)(5)(B)(ii)(I) regarding the \$6,200 per Unit requirement or that there are different circumstances for each building as described by the Applicant.

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11.9 Scattered Sites. The Applicant must 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 party and financed under the same agreement(s), and are located within a 20-mile radius, as determined by Google Maps (www.Googlemaps.com) using driving directions. A Scattered Site Project may be new construction, acquisition, rehabilitation or a combination of these types. For Scattered Site Projects, all Units must be qualified LIHTC Units.

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11.10 Affirmative Fair Housing Marketing Plans. Each Applicant must acknowledge the Affirmative Fair Housing Marketing Plan requirement and to submit the plan to IFA at least 120 days prior to Placed-in-Service date.

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11.11 Adequate Market. The Market Study and Analysis shall demonstrate 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.

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11.12 Minimum Scoring Met. As a threshold requirement upon submission, the Project must obtain a score of at least 140 points under the criteria set forth in Section 6 Scoring Criteria.

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11.13 Senior Projects. Senior Projects are not allowed anything greater than 2 bedrooms per unit.

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11.14 Commitment to Notify DHS Referral Network of Vacancies. The Applicant shall acknowledge the Commitment to Notify the DHS Referral Network of vacancies in Handicapped Accessible Units by notifying each of the following referral sources of any available Handicapped Accessible Units: (1) Iowa's Money Follows the Person Initiative, (2) Iowa Department of Human Services (DHS) Targeted Case Management Bureau, and (3) the DHS Office serving the county in which the Project is located.

11.15 Lease Addendum. In order to comply with Section 8.27 of Section 504 of the Rehabilitation Act of 1973, the Owner must lease Handicapped Accessible Units designed for persons with disabilities to tenants requiring the Accessibility features of the Unit. The Applicant must agree to require a Lease Addendum to be executed by a tenant(s) occupying a Handicapped Accessible Unit who does not require such Handicapped Accessible features. In the Lease Addendum, the tenant must agree to move to a comparable non-accessible Unit upon the request of the Owner with moving expenses to be paid by the Owner.

SECTION 12. POST RESERVATION REQUIREMENTS

Once a Tax Credit Reservation has been awarded, the following additional requirements will apply. 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.

12.1 Amendments to the Application after Award. The Ownership Entity may amend, with ~~the~~ IFA LIHTC Manager's consent, the Application after a reservation of Tax Credits is made, solely for the purpose of showing changes as described in this Section.

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12.1.1 A minor change in the nature of the Project or changes in partnership members, shareholders, or limited liability members.

12.1.2 Site changes that are equal to or exceed the site characteristics of the site first described in the Application. A site change will be permitted at IFA's sole discretion. The substituted site must be within the same city.

12.2 Material Changes. If, upon the submission of the IRS Form 8609 Application, or at any other time, 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 Credit Reservation, or the amount of the Tax Credits will be adjusted or an IRS Form 8823 will be issued.

12.2.1 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 are not permitted.

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12.2.2 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.

12.2.3 Failure to notify IFA of a material change will result in revocation of the Tax Credit Reservation, withholding of the IRS Form 8609, or issuance of an IRS Form 8823.

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

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12.3 Transfers. A Tax Credit Reservation is not transferable. IRS Form 8609 allocations will be issued only in the name of the Ownership Entity. Transfers subsequent to the issuance of the IRS Form 8609 allocation are subject to the LURA and to the provisions of IRC Sections 42(d)(7) and 42(j) of the Code.

Deleted: change in the Project minimum set-aside requirement from 20-50 to 40-60 is deemed to be material and is not permitted.¶

12.4 Notification of Vacancies. Prior to the Placed-in-Service Date, the Ownership Entity shall provide IFA a copy of the Notification to the Public Housing Authority, as set forth in Section 5.4.4.

If IFA enters into a contract with a rental housing locator service, notification to this service will be required of all awarded Projects.

12.5 IRS Form 8609. All Applicants requesting an IRS Form 8609 allocation shall submit all items described in IFA's current IRS Form 8609 request package. The Ownership Entity shall complete Part B and return a copy of the fully executed IRS Form 8609 to IFA within 60 calendar days of IFA's issuance date of the IRS Form 8609. Owners and Management Companies of Projects shall attend a minimum of eight (8) 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 Training on compliance 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.

Deleted: Agreement with PHA. The Ownership Entity must have a written agreement with the PHA, in the form provided by IFA, and signed by both the Ownership Entity and the PHA, and this agreement must be included in the Form 8609 Application Package.¶

12.6 Change in General Partner, Majority Shareholder or Managing Member. In the event there is a proposed change in a General Partner, majority shareholder of a corporation or majority membership of a limited liability company after the reservation of Tax Credits is issued, IFA shall be notified by the partnership, corporation or limited liability company to obtain approval prior to the effective date of such change. The new General Partner or new majority shareholder shall agree to 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 for transfer may not be approved. If IFA is not notified of a change in the General Partner, IFA may withhold the IRS Form 8609 or issue an IRS Form 8823. IFA will not allow any change in the General Partner, majority shareholder or managing member prior to the issuance of the Projects IRS Form 8609.

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12.5.1 . . . Owner must certify that construction of paved road is complete, as set forth in Appendix I.D.¶
¶
12.5.2 . Owner must certify that utilities are available at the Project site, as set forth in Appendix I.E.¶

12.7 Prior to Placed-in-Service Date. Sixty (60) days prior to the Placed-in-Service Date, a copy of the Affirmative Fair Housing Marketing Plan must be submitted to IFA.

12.7.1 Prior to the Placed-in-Service Date, for new construction Projects with three stories or less, the Owner must provide IFA a copy of the home energy rating report as performed by a certified HERS rater. The Project must receive a final HERS index of 70 or less.

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12.7.2 Prior to the Placed-in-Service Date, for new construction Projects with four stories or more, the Owner must provide IFA documentation by an independent licensed engineer that the Project exceeds ASHRAE 90.1 Appendix G-2007 by at least fifteen percent (15%).

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12.7.3 Prior to the Placed-in-Service Date, for existing structures, the Owner must provide IFA a copy of the 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.

12.7.4 Prior to the IRS Form 8609 Application, provide IFA verification that the replacement and operating reserves have been established, and the terms and conditions have been met. A binding commitment from the syndicator or direct investor to fund the replacement and operating reserves from the final Tax Credit equity installment will be allowed.

12.8 Construction. Construction must begin on a Project within 18 months from the reservation date.

12.8.1 IFA may periodically request a status report on the Project’s construction timeline.

12.8.2 An IFA construction sign meeting specifications outlined in the Application and appendices must be erected at the initiation of construction.

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

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

12.8.5 If the site was not zoned appropriately at the time of Application, prior to commencing construction, IFA shall receive a letter or other document from the city that states appropriate zoning has been approved.

12.8.6 If required for the Project in Appendix 1, J, a Capital Need Assessment must be submitted to and approved by IFA prior to commencing construction.

12.8.7 For existing structures, prior to the preparation of the final work rehabilitation order and start of rehabilitation, the Ownership Entity must provide a copy of the energy audit conducted by a certified home energy rater to IFA. The rater, owner, and IFA will determine the feasibility of meeting the requirements of IECC. Appropriate specifications to meet IECC standards or alternate cost-effective energy improvements must be included in the final work rehabilitation order and shall be submitted with the plans and specifications for approval before starting construction.

12.8.8 If the Project meets the criteria set forth in Section 5.5, a copy of the final relocation plan and copy of the notice to existing tenants must be provided to IFA prior to the start of relocation.

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12.7.5 . Prior to the Placed-in-Service Date, provide IFA a copy of the Notification to the Public Housing Authority, as set forth in Section 11.4.4. . ¶
¶
12.7.6 . For Projects receiving points under the scoring criteria for Resident Population with Special Needs, provide a written plan for implementing IFA’s eld for ccupancy policy prior to Placed-in-Service Date.
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PART C – TERMS AND CONDITIONS

The following terms and conditions apply to all Applicants and Projects that receive a reservation of either four percent (4%) or nine percent (9%) Tax Credits, Carryover Allocation (nine percent (9%) Tax Credits only), and IRS Form 8609 allocation.

SECTION 13: TERMS AND CONDITIONS

13.1 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.

13.1.1 26 USC Section 42 as amended and the related Treasury regulations in effect as of January 1, 2014.

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13.1.2 Iowa Code Section 16.52 and the rules promulgated by IFA to govern the LIHTC Program in effect as of the effective date hereof.

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13.1.3 The Compliance Manual adopted by IFA pursuant to 265 IAC 12.3.

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

13.1.4.1 First, by giving preference to IRC Section 42 and the related Treasury regulations.

13.1.4.2 Second, by giving preference to Iowa Code Sections 16.4, 16.52 and the rules governing the QAP; and

13.1.4.3 Third, by giving preference to the QAP.

13.2 Binding Obligations. The representations made in the Application shall bind the Applicant and 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 QAP and Application with any permitted amendments either prior to the reservation of Tax Credits or after the Carryover Allocation, issuance of the IRS Form 8609 or during the Compliance Period and any other agreements executed between IFA and the Ownership Entity shall constitute the agreement between the parties.

13.3 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 15-year Compliance Period and the required 15-year Extended Low-Income Housing Commitment, 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. In the event an Applicant receives HOME funding for a Project, the Ownership Entity must enter into a LURA with IFA for the longest Compliance Period required either by the LIHTC Program or HOME regulations. 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 must be recorded before an IRS Form 8609 is issued. The LURA must 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 (3) years. As a result, all other lenders or prior lien holders must 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 must 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, then the original LURA requirements, in addition to the Project LURA requirements, will be enforced by IFA.

13.4 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 reservation of Tax Credits 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 must 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.

13.5 Document Timeliness. All supporting documentation required by the Application shall not be more than 180 days old 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).

Deleted: Documents that must be timely will be designated on the Application additional documentation checklist.

13.6 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 must 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 must be in the form specified by IFA. The certifications shall be made under penalty of perjury.

13.7 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.

13.8 Costs Associated with Application Preparation. IFA is not responsible for any costs incurred by the Applicant.

13.9 Ownership of Applications. By submitting an Application, the Applicant agrees that IFA shall become the owner of the Application and that the Application shall not be returned to the Applicant even in the event that no Tax Credits are awarded.

13.10 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 inspection 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 must be included in a cover letter with the Application and must enumerate the specific grounds in Iowa Code Chapter 22 or other provisions of law that support treatment of the material as confidential and must indicate why disclosure is not in the best interest of the public. The request must 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.

13.11 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.

13.12 IFA Policy on Civil Rights Compliance. IFA is an equal opportunity concern. 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.

13.13 Qualified Residential Rental Property. The Project must be a Qualified Residential Rental Property. The Applicant must 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.

13.14 Compliance. IFA shall establish procedures for monitoring compliance with the provisions of IRC Section 42 and for notifying the Internal Revenue Service of any noncompliance. Each Ownership Entity is required to comply with the requirements described in this Section, the Treasury Regulations governing Section 42, and the compliance manual adopted by IFA pursuant to 265 IAC 12.3.

13.14.1 Record Keeping. For each year in the Compliance 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 must 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 of the building.

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

13.14.3 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 will provide 48 hours' advance notice to the Ownership Entity to inspect any individual Units in a Project. 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 inspections and tenants files reviews shall be made once every three (3) years covering the 15-year 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.

13.14.4 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.

13.14.5 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 must supply any missing certifications and bring the Project into compliance with the provisions of IRC Section 42.

13.14.6 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.

13.14.7 IFA Retention of Records. IFA shall retain records of noncompliance or failure to certify for six (6) years beyond IFA's filing of the respective IRS Form 8823. In all other cases, IFA will retain the certifications and records described in the QAP for a period of three (3) years from the end of the calendar year in which IFA receives the certification and records.

13.14.8 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.

13.14.9 Liability. Compliance with the requirements of IRC Section 42 is the responsibility of the Ownership Entity of the building 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.

**APPENDIX 1 – THRESHOLD REQUIREMENTS FOR BUILDING, CONSTRUCTION, SITE
AND REHABILITATION**

The terms of this Appendix 1 are the minimum requirements for any Project awarded Tax Credits under the 2014 QAP. Required documents for Sections B, F, G, H, and I must be prepared by a duly licensed engineer or architect authorized to do business in Iowa except for item G22. HERS ratings shall be submitted by a RESNET certified rating agent.

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Once final plans, specifications, the energy audit or analysis and, if applicable, the CNA's have been completed; the Applicant must submit them to IFA and receive written approval before commencing site work or construction.

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At all times after award, the Applicant shall promptly inform IFA of any changes or alterations which deviate from the final plans and specifications approved by IFA. In particular, the Applicant must not take action on any material change in the site layout, floor plan, elevations or amenities without written authorization from IFA, as specified in Section 8.3 and Section 12.2. This includes changes required by local governments to receive building permits.

Requirement for Handicapped Accessibility must be met regardless of the building type and include single family or duplex designs. All rooms and floors within a multi-level Handicapped Accessible Unit must be accessible.

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, the Applicant shall have site control. The Applicant shall show evidence of site control by providing executed documents. The following may be proper evidence of site control:

1. The Applicant holds title to the Property on which the Project will be located by a properly executed and recorded warranty deed or a title opinion showing title in the name of the Applicant or a title guaranty certificate showing title in the name of the Applicant; or
2. The Applicant has an executed and exclusive purchase option agreement or other binding agreement that is valid for six months following the date of the Application deadline. Evidence of site ownership must be submitted with the Carryover Package; or
3. The Applicant has an executed purchase contract; or
4. The Applicant has an executed lease or an option on a lease, which lease has a term not less than the longer of: 1) the entire period during which the proposed Project will be subject to the LURA, 2) 50 years, or 3) the expected useful life of the buildings comprising the proposed Project.
5. A site including any building located thereon or Project acquired or used for rental activities, must be held in fee simple title by the recipient upon the disbursement of HOME funds and throughout the contract term with IFA. An installment contract or leasehold interest is not an acceptable recipient interest.
6. There must be a common ownership between all Units and buildings within a single Project for the duration of the initial Compliance Period and the Extended Use Period, if applicable.

B. Site Suitability. The site must be suitable for the proposed Project and should 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. Existing sites shall not be native prairie land, lowland flood plains and wet lands, or endangered habitats.

C. Zoning. The Applicant shall demonstrate that the zoning for each site on which the Project will be located allows for the use(s) proposed by the Applicant. A letter from the city regarding zoning must be submitted with the Application. The city zoning department shall provide a statement that the official plat is properly zoned. Site plans submitted with the application must show that the Project will have the proper number of parking stalls. It must also show that it will be located on a paved road; the Property is not landlocked and has a legal easement, and right of ways have been granted if applicable. If the proposed Project location does not have zoning regulations, a letter from the city must be submitted attesting to the fact that no zoning regulations are in effect. **If the site is not zoned appropriately at Threshold Application, the Applicant must certify in the LIHTC Application that the site will be zoned appropriately by the Carryover-10% Test Application due date.** ~~If proper zoning is ultimately not possible,~~ a substitute site may be submitted in accordance with Section 8.2.3 and Section 12.1.2 of the QAP.

Deleted: If the site is not zoned appropriately at Application, the Applicant must provide a letter stating that the site will be zoned appropriately by Carryover.

D. Access to Paved Roads. All sites proposed must 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 must not be included in the Project costs, and the construction of the paved road must 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 must supply adequate evidence that demonstrates that the Utilities will be available by start of construction. This evidence must 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 must be available at the site prior to the issuance of an IRS Form 8609.

F. Building Standards. Preliminary site plan and floor plans are to be submitted with the Application to IFA. The Applicant shall demonstrate that they have or will meet local, state and federal standards that apply to the Project, except for any portions thereof the deletion of which has been approved by the Department of Public Safety, the Department of Public Health, or other implementing State agency (see, e.g., Note following Iowa Administrative Code 661 – 301.8(103A) (2010)), unless a local building code is more restrictive. The current standards are:

1. ~~2012~~ International Building Code adopted and published by the International Code Council.
2. ~~2012~~ International Existing Building Code adopted and published by the International Code Council.
3. ~~2012~~ International Residential Code adopted and published by the International Code Council.
4. ~~2012~~ International Fire Code adopted and published by the International Code Council.
5. ~~2012~~ International Mechanical Code adopted and published by the International Code Council.
6. ~~2009~~ Uniform Plumbing Code adopted by the International Association of Plumbing and Mechanical Officials.

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7. 2012 National Electric Code adopted by the National Electrical Code Committee and published by the National Fire Protection Association, Inc.
8. 2012 International Energy Conservation Code adopted by the International Code Council.
9. Iowa Administrative Code Chapters: 300 (Administration), 301 (General Provisions), 302 (Accessibility of Building), 303 (Energy Conservation), and 350 (State Historic Building), and 25 (State Plumbing Code).
10. Uniform Federal Accessibility Standards provided in 24 CFR Part 8 and delineated in the American National Standards Institute Standard 2007 A117.1.
11. The Americans with Disabilities Act 1990 provided by the Federal Department of Justice.
12. The Federal Fair Housing Act of 1988 including 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, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973.
13. 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.
14. For adaptive reuse/rehabilitation, 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.

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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. For nine percent (9%) Tax Credits, installations that exceed the minimum standards may be awarded extra points in the Application as described in Section 6, Scoring Criteria.

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The following minimum development characteristics shall be utilized in all construction:

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1. Exterior Construction: Air infiltration barrier building wrap required on all new siding Applications.
2. Roofs: If shingles will be installed, then the use of a minimum of 25-year shingles with 30 pound roofing 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.
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. 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.
5. 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.
6. Overhead Doors: Embossed steel panel doors without insulation to non-heated areas.
7. Appliances: The kitchen must have a cook top, an oven, a microwave, a cooling/freezing unit, and a sink. A Family Unit must have a two bowl kitchen sink. See the Single Room Occupancy definition in Appendix 2-Glossary of Terms for exceptions.
8. 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.

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Minimum Weight and Density Requirements for Carpet			
		Nylon	Nylon /Olefin Blend
Location:		Face Weight	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.

*Carpet should contain minimum 45% recycled content. Polyester carpet is not allowed.

Deleted: 7. Carpeting: Within dwelling Unit, 26 oz. minimum face weight, low level loop Olefin or Nylon/Olefin blend. In common areas, 28 oz. minimum face weight, low level loop one hundred percent (100%) Nylon 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. Products labeled with the CRI Green Label Plus also meet this requirement. ¶

9. 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.

10. Resilient Flooring: Bathrooms – sheet vinyl with wear surface of 20 mils or greater, with underlayment product on second or higher floors. Resilient flooring should 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, must be a sheet product.

Deleted: either 1/8 inch vinyl composition tile, color and pattern full thickness or sheet vinyl complying with bathroom specification 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.¶

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

12. 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. Laminate countertops are required, at a minimum.

Deleted: sheet vinyl with wear surface of 20 mils or greater, with underlayment product on second or higher floors. Resilient flooring should 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.¶

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

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14. 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.

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15. 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.

16. Heating and Air Conditioning: All Units shall be heated and air conditioned. Air conditioning equipment should be at least 13 SEER and use R-410a refrigerant that is charged according to manufacturer specifications. Thru-wall A/C units must be at least 10.7 EER. Heating equipment should be at least 90 AFUE for furnaces and 85 AFUE for boilers. Window units are not allowed.

17. Accessible Units: In new, as well as rehab construction, a minimum of ten percent (10%) of all Units supplied must 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 must be adaptable, (Type B Units per the International Building Code, (IBC)), upon reasonable tenant request for special needs. A minimum of two percent (2%) of all Units supplied must 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. When an

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17. Handicap Accessibility: In new as well as rehab construction, a minimum of five percent (5%) of all Units supplied must be fully handicap accessible on the building accessible routes which includes all floors if an elevator is provided. All Units on the accessible routes must be adaptable upon reasonable tenant request for special needs. A minimum of two percent (2%) of all Units supplied must be adapted for hearing and/or vision impairments. The two percent (2%) cannot be included in the five percent (5%) of the accessible Units. ¶

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.

18. Construction Warranty: Obtain a minimum of one-year construction blanket warranty that is enforceable. The warranty will stipulate that the General Contractor is responsible to do or have done any and all required warranty repair work at its expense.

19. High-Speed Internet Access: Provide high speed internet access to each Unit by wiring for broadband cable, satellite cable or digital subscriber lines (DSL) that can provide a minimum bit 1.5gbits/s. Provide a minimum of one cable TV outlet and two phone outlets in each unit. Service provider is the responsibility of tenant, unless Applicant requested scoring points for providing this service in each Unit to be paid by the owner.

20. Bedrooms: A closet with a door (2 foot x 5 foot minimum) must be provided in each bedroom. The minimum complement of closets per Unit include: 1 linen, 1 coat, 1 broom, all 2 foot x 3 foot minimum; 1 in each bedroom 2 foot x 5 foot minimum.

21. Energy Efficiency: New construction developments with three (3) stories of residential space or less, in addition to meeting Iowa State Code and the IECC, must meet or exceed Energy Star 3.0 standards 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 (5) Units with different floor plans and orientations for complexes of less than 50 Units and five percent (5%) or at least ten (10) Units in complexes of 50 or more Units must be rated. The contract for the determination of the HERS index must 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 must be taken by the Ownership Entity to obtain the HERS index of 70 prior to issuance of the IRS Form 8609.

For existing structures that receive a Tax Credit Reservation, an energy audit conducted by a certified home energy rater or firm specializing in energy efficiency that is acceptable to IFA, must be provided on each building prior to the preparation of the final work rehabilitation order. At the credit reservation stage, IFA requires an engineer or architect to certify that the design meets the 2012 IECC. The review must be documented with a letter from the engineer or architect to IFA indicating whether the proposed construction meets the IECC. In the event that the proposed construction does not meet the code requirements, the engineer or architect will provide suggestions for corrections to plans and specifications that will ensure that IECC will be met. At the completion of the rehabilitation, an energy audit by a certified energy rater is required to verify that the rehabilitation work on each building meets the standards of IECC. The contract for the determination of the energy audit must 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 must be taken by the Ownership Entity prior to the issuance of the IRS Form 8609.

22. Minimum Unit Square Footage for New Construction and Adaptive/Reuse:

Unit Type	Minimum Unit Square Footage
Efficiency	450
1 Bedroom	625
2 Bedroom	800
3 Bedroom	1000
4 Bedroom	1175

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 19. Computer Learning Center: A Computer Learning Center is required. In lieu of a Computer Learning Center, the Owner may provide and maintain a computer in each Unit. The Computer Learning Center must be provided onsite, must provide a minimum of one computer per 24 units, be in a location suitable for the use as designated by IFA. The Computer Learning Center provided in a previous or subsequent phase cannot be substituted. ¶

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Deleted: Provide high speed internet access to each Unit by wiring for broadband, wireless, or digital subscriber line (DSL). Service provider is the responsibility of tenant, unless Applicant requested scoring points for providing this service in each Unit to be paid by owner.

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Deleted: Energy Efficiency: New construction developments with three stories of residential space or less must meet or exceed Energy Star 2.0 standards and receive a Home Energy Rating Systems (HERS) Index of 80 or less from a certified rater in Iowa based on the 2009 International Energy Conservation Code (IECC). At the credit reservation stage, IFA requires an energy rater to confirm, in a report acceptable to IFA, that the design meets the HERS rating indicated in the application. 80,74 or 68. A follow up 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 (5) Units with different floor plans and orientations for complexes of less than 50 Units and five percent (5%) or at least ten (10) Units in complexes of 50 or more Units must be rated. The contract for the determination of the HERS index must be between the certified rater and the Ownership Entity. If upon completion, a Project does not meet the HERS index of 80 or less, additional steps must be taken by the Ownership Entity to obtain the HERS index of 80 prior to issuance of Form 8609. ¶

¶
 New construction developments with four stories or more must exceed ASHRAE 90.1 Appendix G-2007 by at least fifteen percent (15%). Supporting documentation shall be provided by an independent licensed engineer. If upon completion, a Project does not exceed ASHRAE 90.1 Appendix G-2007 by at least 15%, additional steps must be taken by the Ownership Entity to exceed the standard by 15% prior to issuance of Form 8609. ¶

¶
 For existing structures that receive a Tax Credit Reservation, an energy audit conducted by a certified home energy rater must be provided on each building prior to the preparation of the final work rehabilitation order. The rater, the owner and IFA will determine the feasibility of meeting the requirements of IECC prior to the start of the rehabilitation. If it is determined to be feasible to meet the IECC standards, appropriate specifications will be written into the work order. If it is not feasible to meet the requirements of IECC, the rater will provide information indicating effective and ...

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23. **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 should be taken to provide energy efficient lighting that is not excessive or intrusive to the neighborhood. Areas covered by security cameras should 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

H. Submission of Site Characteristics. 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 must 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 replating map of the site must be submitted. If the site(s) includes any detrimental characteristics, the Applicant must 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 may represent some, but not all, detrimental site characteristics:

1. Sites located within a 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 a 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, at or on a 100-year flood plain as determined by the Iowa Department of Natural Resources, FEMA map, FIRMA map, or a designated wetland;
6. Sites that are located within 500 feet of an airport runway clear zone or accident potential zone;
7. Sites that are landlocked.

I. Rehabilitation Standards. For all Preservation and Rehabilitation Projects, IFA requires the Applicant to provide information regarding Rehabilitation Expenditures for each building. The information must address how the Applicant will meet all of the Building Standards and Minimum Construction Characteristics. The Applicant must 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 \$25,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit. The Scope of Work shall, at a minimum, address activities related to:

1. Making common areas handicap 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.

Deleted: Exceptions to the minimum unit square footage requirements may be granted for rehabilitation of existing housing projects or for historic preservation projects; or if the majority of the units of the Project will provide rents targeting extremely low income tenants that meet the Federal definition of Homeless. At least 10 business days prior to the Application due date, the Applicant must provide a narrative to the Tax Credit Manager requesting prior approval.¶

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Deleted: If neither the twenty percent (20%) or the \$25,000 requirement has been met, the Applicant must indicate that all buildings in the Project qualify for the exception provided for in IRC Section 42(e)(3)(B) regarding the twenty percent (20%) basis requirement or that all the buildings qualify for the exception provided for in IRC Section 42(f)(5)(B)(ii)(II) regarding the \$6,200 per Unit requirement or that there are different circumstances for each building as described by the Applicant. The Applicant must complete and submit a Scope of Work in the required format to describe the proposed rehabilitation activities.¶

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 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 above.
- Drawings shall show the location of the work indicated in the Scope of Work.

J. Capital Needs Assessment (CNA) for Rehabilitation, Preservation and Adaptive Reuse

Projects. The Applicant shall acknowledge the CNA requirement and that IFA will use it prior to commencing construction. The CNA must be prepared by a competent 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.

Deleted: such as licensed architect or engineer.

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Deleted: The assessment must include a site visit and physical inspection of the interior and exterior of Units and structures, as well as an interview with available on-site Property management and maintenance personnel to inquire about past repairs/improvements, pending repairs, and existing or chronic physical deficiencies. The assessment must also consider the presence of hazardous materials on the site. The assessment must include an opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. When a Capital Needs Assessment is completed, all of the IFA minimum development characteristics and Applicant-elected scoring criteria must be addressed.

APPENDIX 2 – GLOSSARY OF TERMS

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

Accessibility means buildings used by the public, accessible to, and functional for, the physically handicapped to, through and within their doors, without loss of function, space, or facility where the general public is concerned. An accessible route means a continuous unobstructed path connecting all accessible elements and spaces in a building or facility that can be negotiated by a severely disabled person using a wheelchair and that is also safe for and usable by people with other disabilities. Interior accessible routes may include corridors, floors, ramps, elevators, lifts, and clear floor space at fixtures. Exterior accessible routes may include parking, access aisles, curb ramps, walks, ramps and lifts.

Accessible Units means the following:

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

Affiliates means with respect to any Person, (i) any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person, (ii) any other Person directly or indirectly Controlling fifty percent (50%) or more of the voting securities of such Person, or (iii) any officer, director, manager, member, or partner acts in any such capacity.

Affirmative Fair Housing Marketing Plan means 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 Marketing Plan the proposed activities to be carried out during advance marketing, where applicable, and during all rent ups. The affirmative marketing program also should 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 means 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 means 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 means the Ownership Entity.

Application or Application Package means 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 must include all information required by the QAP and as may be subsequently required by IFA.

Assisted Living Program/Facility means housing with services, as defined in Chapter 231C of the Iowa Code. The Developer must have successfully obtained an Assisted Living certification for at least one Project from the State of Iowa and is currently in good standing with the Iowa Dept. of Inspections and Appeals.

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

Board means the Board of Directors of IFA.

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

Builder Profit means 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.

Capital Needs Assessment (CNA) means an assessment of the rehabilitation needs of an existing structure. The assessment must include a site visit and physical inspection of the interior and exterior of Units and structures, as well as an interview with on-site Property management and maintenance personnel to inquire about past repairs/improvements, pending repairs, and existing or chronic physical deficiencies. The assessment must also consider the presence of hazardous materials on the site. The assessment must include a detailed opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. The assessment must include a projection of recurring probable expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, to determine the appropriate replacement reserve deposits on a per Unit per annual basis. The following components should 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;

Deleted: that is prepared by a competent third party, such as a licensed architect or engineer. The third party may be a member of the Qualified Development Team with prior approval by IFA, but may not be the Ownership Entity/Developer.

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- 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.
- The CNA should 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 means 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.

Carryover Agreement Date means the date that the Carryover Allocation Agreement is executed by IFA and the Ownership Entity.

Code or IRC means 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 Low-Income Housing Tax Credit 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 Revitalization Plan means a plan that is (1) a published document, approved and adopted by the local governmental body, by ordinance, resolution, or other legal action; and (2) targets funds or tax incentives to specific geographical areas for either of the following: economic and business development, including economic related initiatives; and/or commercial/retail development, including infrastructure (streets, street lighting, trees, water, sewer, green initiatives, etc.) and community facility improvement (parks, playgrounds, activity centers, etc.).

Community Room means a defined space 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. The size of the Community Room shall equal or exceed 20 square feet per residential Unit.

Community Service Facility means any facility designed to serve primarily individuals whose income is sixty percent (60%) or less of Area Median Gross Income within the meaning of in Section 42(g)(1)(B). It must meet the following criteria: (1) The facility must be used to provide services that will improve the quality of life for community residents; (2) The Ownership Entity must 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 must 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 must be affordable to individuals whose income is sixty percent (60%) or less of AMI; and (5) The Community Service Facility must be located in a QCT.

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CHDO: Community Housing Development Organization as defined in 24 CFR Part 92 is a nonprofit organization that is organized under State or local laws; has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual; is neither controlled by, nor under the direction of, individuals, or entities seeking to derive profit or gain from the organization; has a tax exemption ruling from the Internal Revenue Service under Section 501(c)(3) or (4) of the IRC of 1986; doesn't include a public body; has standards of financial accountability that conform to 24 CFR 84.21, "Standards for Financial Management Systems"; has among its purposes the provision of decent housing that is affordable to low income and moderate-income persons as evidenced in its charter, articles of incorporation, resolutions, or by-laws; maintains accountability to low-income community residents; has a demonstrated capacity for carrying out activities assisted with HOME funds; has a history of serving the community within which housing to be assisted with HOME funds is to be located. ¶

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Compliance Period means 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.

Computer Learning Center means a physical space or room designated within the Project for the purpose of providing access and education related to computers. The following information must be provided: 1) Description of the center's purpose and its intended customers/clients, 2) Equipment (hardware, software, training materials) and 3) staffing of the center.

Deleted: The Applicant may, in lieu of a Computer Learning Center, provide and maintain a computer in each Unit.

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Construction Contingency means a set percentage of Hard Construction Costs that is budgeted for unforeseen emergencies or shortfalls identified after construction commencement.

Consultant Fee means 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 must be directed exclusively towards serving the specific Project being proposed.

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Construction Costs: Is defined by Iowa's tax credit on-line application under the "Cost and Credit Calc" tab, item III. Construction. ¶

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 a managing General Partner or the managing member of a limited liability company.

DHS means The Iowa Department of Human Services.

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

Deep Rent Skew means that in addition to the minimum set-aside election, a project will meet the deep rent skewed Project requirements as defined in Section 142(d)(4) of the Code: (1) 15% or more of the Units are occupied by individuals whose income is 40% or less of the AMI; (2) the gross rent, with respect to each low-income Unit in the Project, does not exceed 30% of the applicable income limit which applies to individuals occupying the Unit and; (3) the gross rent with respect to each low-income Unit in the Project, does not exceed 1/2 of the average gross rent, with respect to Units of comparable size which are not occupied by individuals who meet the applicable income limit (if market rate Units are included). Annual certification is required for any deep rent skewed Project, whether it consists of 100% LIHTC Units or a mix of LIHTC and market rate Units. Mixed income levels are required to be monitored for compliance. The next available Unit rule applies to deep rent skewed properties. The owner shall rent to low-income tenants all the comparable Units that are available or that subsequently become available in the same building. Situations where: (1) an initially qualified household's income rises above 170% of the current income limit, in deep rent skewed Projects; or (2) a household that is not income qualified moves into a Unit of comparable or smaller size in the low-income building evokes the next available Unit rule (see Chapter 11i in the IRS Form 8823 guide).

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 mean 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 means 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.

Disaster Relief Tax Credits means low-income housing Tax Credits for Disaster Recovery Assistance housing in the amount of \$8.00 per capita authorized pursuant to the Heartland Disaster Tax Relief Act of 2008.

Eligible Basis means, 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 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 must be reduced by the portion of the grant.

Eligible Basis for Rehabilitation Project includes the definition of Eligible Basis with the adjustments described in this Section. 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; (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 used building is rehabilitated in a manner which is eligible for Tax Credits.

Entity means any General Partnership, limited partnership, corporation, joint venture, trust, Limited Liability Company, limited liability partnership, business trust, cooperative or other business association.

Evaluators mean members of IFA Staff, temporary staff hired to evaluate the Tax Credit Applications, or staff from municipalities, or other state or federal agencies, including but not limited to the Department of Human Services, Department of Cultural Affairs, IEDA, and USDA.

Extended Use Period or Extended Low Income Housing Commitment means 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 Compliance Period, or the date specified by IFA in the LURA.

Family means 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.

Free Internet Connectivity means the project will provide, at no cost to the tenant, broadband internet access to each unit. The term broadband includes a broad range of technologies, all of which provide high data rate access to the internet. These technologies include those using telephone wires (DSL), fiber optic, cable TV and wireless satellite cable TV.

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

General Partner means 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 means 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 means federal or state agencies, departments, boards, bureaus, commissions, authorities, and political subdivisions, special districts and other similar entities, their employees, board members or agents.

Hard Construction Costs mean the following items: site improvements or work, new construction, accessory buildings, garages, general requirements, Construction Contingency, asbestos abatement, lead based paint measures, builder's overhead, builder's profit, builder bond fee, other fees, architect's and engineering fees—design, architect's and engineering fees—supervisory, rehabilitation.

Held for Occupancy means the percentage of the total Project Units specified in the approved Application must be designed and Held for Occupancy by members of the Target Population, with IFA's "Held for Occupancy Policy" that states the following: (1) During initial lease-up, priority must be given in the tenant screening process to income-qualified households in the Target Population. A minimum of the percentage of total Project Units committed in the approved Application for occupancy by the Target Population (the "Minimum Unit Percentage") up to a maximum of twenty-five percent (25%) of the total Project Units must be Held for Occupancy by qualified Target Population households until the lesser of such time as the minimum unit commitment has been met or for a period of 60 days from the Placed-in-Service date; (2) Once a Unit occupied by a Target Population household has vacated, that Unit must be held for a minimum of 30 days for occupancy by another qualified Target Population household unless the Project otherwise complies with the Minimum Unit Percentage. Efforts to market the available Unit to the Target Population must be demonstrated during this time period; (3) If after a 30-day period the Unit is leased to a household that does not meet the Target Population commitment and the Project does not

Deleted: Frail Older Persons mean Older Persons requiring assistance with three or more activities of daily living.¶

Deleted: ¶ Handicapped Accessible means meeting the construction standards for the Unit set forth in Chapter 11 of the International Building Code 2006, or the local building code related to Accessibility of Units if more stringent.¶

otherwise meet the Minimum Unit Percentage, the next subsequent available Unit must be marketed to and Held for Occupancy by the Target Population for 30 days. This subsequent unoccupied Unit rule will continue to apply until the Project has once again met its Minimum Unit Percentage requirement; (4) Any household that qualified as a member of the Target Population at initial occupancy or at any time during occupancy will be counted as occupying a qualified service plan Unit when calculating the Project's compliance with the Minimum Unit Percentage; (5) The Project must comply with the Minimum Unit Percentage and all other Target Population requirements at initial lease-up and throughout the 15-year Compliance Period and the Extended Use Period, if applicable. In addition, the Target Population commitments will be specified in the LURA.

Implementation of the Held for Occupancy policy's required 30-day hold period shall begin on the date the tenant gives notice to vacate. In theory, the 30-day hold marketing of the available Unit to the Target Population will be done while the Unit is still occupied. Once the tenant leaves the Project at the end of the 30-day notice period, the Project will rent the Unit to the next eligible applicant, giving priority to members of the Target Population.

If the tenant does not provide a 30-day notice to vacate, the 30-day hold period will begin on the day Property Management becomes aware of the tenant household's intent to vacate or becomes aware that the tenant has already moved out of the Unit. Compliance with the 30-day hold period must be demonstrated whether or not the tenant provides a full 30-day notice to vacate.

HERA means the Housing and Economic Recovery Act of 2008

Homeless means the term as defined by The McKinney-Vento Homeless Assistance Act as amended by S. 896 The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act; the reference for the regulatory definition is 24 CFR Part 91.5.

Housing Credit Agency means IFA. Pursuant to Iowa Code Section 16.52, IFA is charged with the responsibility of allocating Tax Credits pursuant to IRC Section 42(h)(8)(A) and pursuant to Iowa Code Section 16.52.

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

IEDA means the Iowa Economic Development Authority.

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

Identity of Interest means 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.

IFA means the Iowa Finance Authority.

Deleted: Held for Occupancy means the percentage of the total Project units specified in the approved Application must be designed and held for occupancy by members of the selected Resident Populations with Special Needs Target Population(s) (the Target Population), with IFA's "held for occupancy policy" that states the following: (1). During Initial Lease-up, priority must be given in the tenant screening process to income-qualified households in the selected Target Population. A minimum of the percentage of total Project units committed in the approved Application for occupancy by the selected Target Population (the "Minimum Unit Percentage") up to a maximum of twenty-five (25%) percent of the total Project units must be held for occupancy by qualified Target Population households until the lesser of such time as the minimum unit commitment has been met or for a period of 60 days from the Placed-in-Service date; (2). Once a unit occupied by a Target Population household has vacated, that unit must be held for a minimum of 30 days for occupancy by another qualified Target Population household unless the Project otherwise complies with the Minimum Unit Percentage. Efforts to market the available unit to the selected Target Population must be demonstrated during this time period; (3). If after a 30-day period the unit is leased to a household that doesn't meet the Target Population commitment and the Project does not otherwise meet the Minimum Unit Percentage, the next subsequent available unit must be marketed to and held for occupancy by the Target Population for 30 days. This subsequent unoccupied unit rule will continue to apply until the Project has once again met its Minimum Unit Percentage requirement; (4). Any household that qualified as a member of the Target Population at initial occupancy or at any time during occupancy will be counted as occupying a qualified service plan unit when calculating the Project's compliance with the Minimum Unit Percentage; (5). The Project must comply with the Minimum Unit Percentage and all other Resident Populations with Special Needs scoring requirements at initial lease-up and throughout the 15-year Compliance Period. In addition, the Project's Residential Populations with Special Needs scoring commitments will be specified in the Land Use Restriction Agreement (LURA).¶

IRS means the Internal Revenue Service, or its successor.

Joint Review Team means representatives of IFA, IEDA, USDA, or the City of Des Moines to review Projects that have requested funding by IFA’s LIHTC Program and the state HOME funds, and city HOME funds. Staff for the respective agency (ies) will make recommendations regarding Tax Credit awards and HOME awards to their respective decision makers. A decision by one agency or department within an agency to fund a Project does not bind the other department or agency to fund a Project. The failure to provide funds is a financial feasibility issue that could ultimately disqualify the Project from consideration.

Land Use Restrictive Covenants a/k/a Land Use Restrictive Agreement (LURA) means 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 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 must encumber the land where the Project is located for the life of the agreement. The LURA must conform to the requirements of IRC Section 42(h), Iowa Code Section 16.52 and the QAP.

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

Local Government Contribution means contributions by a city or county, or an agency, department or similar subunit thereof, in the form of a cash contribution, gift of land, tax abatement (not tax exemption), tax increment financing, enterprise zone credit, waiver of fees, or below market interest rate loan (value calculated on imputed savings). A HOME loan or funds provided to a city or county with the understanding or express agreement that such funds will be contributed to a Low Income Housing Tax Credit Project shall not qualify as a Local Government Contribution

Local Housing Trust Fund (LHTF) means 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 means a nonprofit organization, an Aging and Disability Resource Center, or a governmental or quasi-governmental entity 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 improve the quality of life of Persons with Disabilities. The Local Lead Agency or its direct predecessor entity must have a minimum of two years of experience in serving Persons with Disabilities in the state of Iowa.

Low-Income Unit means 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.

Manager’s Unit means 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.

Materially Participating means the participant is involved in the development and operation of the activity on a basis which it is regular, continuous, and substantial, throughout the compliance period as defined in IRC Section 42 and the regulations promulgated thereunder.

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Lead Service Provider means 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 provision of social services to improve the quality of life of low-income households or Resident Populations with Special Needs and has a minimum of two years of experience in providing such services in the market area. ¶

Deleted: The following shall not qualify as a Local Government Contribution: ¶
¶
A

Deleted: Managers Unit means it is a residential property (common space) to benefit the tenants and not considered a residential unit; the employee must be a full-time employee. The unit is considered necessary for the property and used exclusively for the property. ¶

Medical Alert System means a system that provides monitoring center communication with limited physical effort by the tenant. The monitoring center will communicate with the tenant and determine if emergency help is needed and will contact emergency responders if necessary.

Medical Services means a clinic or 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.

Metropolitan Statistical Area (MSA) means (as defined by the U.S. Office of Management and Budget (OMB), Federal Register Doc. 2010-15605, dated June 25, 2010) a Core Based Statistical Area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties that have a high degree of social and economic integration with the central county or counties as measured through commuting. A listing of Iowa MSA's will be available in the on-line application.

New Developer means a Developer that has not been allocated Low-Income Housing Tax Credits in the last five years.

Non-Metropolitan Statistical Area (MSA) means an area not identified as a MSA as defined by the U.S. Office of Management and Budget (OMB), Federal Register Doc. 2010-15605, dated June 25, 2010.

Older Persons means 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 80 percent of the occupied Units, and adheres to a policy that demonstrates intent to house Persons who are 55 or older.

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

Owner Representative means the General Partner(s) or managing member(s) of the Ownership Entity.

Ownership Entity Agreement means a written, legally binding agreement describing the rights, duties, and obligations of the owners in the Ownership Entity.

Deleted: Ownership Entity means the Entity to which Tax Credits will be or have been awarded.¶

Passive Radon System (Sub-slab Depressurization System (Passive)) means Passive radon-resistant features below the building slab along with vertical vent pipe(s) with junction box(es) following requirements in Appendix F, "Radon Control Methods" in the 2012 International Residential Code. Find technical guidance at www.epa.gov/iaq/radon/pubs/index.html.

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

Person means 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.

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

Project means 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 means 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 means 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 (study times, quiet study areas, etc.).

Qualified Allocation Plan (QAP) means an allocation plan used to select and award Tax Credits to qualified recipients. The requirements of the QAP also apply to any tax-exempt bond financed Project.

Deleted: Tax-exempt bond financed Projects must pay particular attention to the Sections of the QAP relating to these Projects.

Qualified Basis means, 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 means 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 means 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 means the individuals or companies that develop the Project including but not limited to the Project Developer (mandatory), General Partner/managing member (mandatory), Development Consultant, Architect (mandatory), Engineer, Energy Consultant (mandatory), Contractor, Tax Accountant (mandatory), Tax Attorney (mandatory), Management Company (mandatory), Lead Service Provider (mandatory) and Syndicator.

Qualified Nonprofit Organization or Nonprofit means 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 shall have the same meaning as defined in IRC Section 42(d).

Rehabilitation Expenditure(s) means 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 \$6,000 per Unit. See also, IRC Section 42(e)(2). The Application must 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 \$25,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit.

Deleted: ¶ RD means the United States Department of Agriculture (USDA) Rural Development Program.¶

¶ **Real** the actual time during which something takes place, on a twenty four (24) hour, seven (7) day a week basis.¶

ROSE Program means Renter to Ownership Savings Equity (ROSE) Program. For each month that the tenant resides in a Unit, at least \$50 will be placed in an account to be used by the tenant, at the completion of a lease term, for the purpose of securing homeownership. If a tenant leaves a Property without securing homeownership, the residual of the deposits made on behalf of the tenant are to be shared among the remaining tenants. Interest earned on the account shall go to the tenant, or be used by the Owner to assist with the cost of providing homeownership education and credit counseling. Only detached single family homes qualify for the ROSE program and must be new construction without an existing LURA. At the completion of the 15-year Compliance Period, the Unit shall be offered to the current tenant. Prior to sale of the Unit, any reserves available shall be used to make improvements as determined by a Capitol Needs Assessment performed by a third-party contractor. If the reserves are not sufficient, the Owner will provide other sources of funds to make repairs. The owner must provide documentation illustrating how the purchase price is being determined, and evidencing the tenants' monthly anticipated mortgage payment, and tenant-paid Utilities.

Deleted: ¶ **Resident Population with Special Needs** means one of the following: ¶

- ¶ <#>Homeless Persons, including homeless individuals, families, youth, and/or veterans¶
- ¶ <#>Persons with a physical or mental, and/or developmental Disability, which may include persons with brain injury, mental illness, or co-occurring disorders¶
- ¶ <#>Victims of domestic violence¶
- ¶ <#>Frail Older Persons¶
- ¶ <#>Older Persons 62 and older¶
- ¶ <#>Persons living with HIV/AIDS¶
- ¶ <#>Persons in recovery from chemical dependency¶

Rural means a non-MSA city or county.

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 party and financed under the same agreement(s), and are located within a 20-mile radius, as determined by Google Maps (www.Googlemaps.com) using driving directions.

Schools mean an elementary, junior high or high school accredited by the Iowa Department of Education. The school(s) selected must be in the school district which would serve the Project and the school must be tuition free for those attending.

Scope of Work means 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 means 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 means 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, State or Local Government program; (2) it is occupied solely by persons who are 62 or older; or it houses at least one person who is 55 years or older in at least 80 percent 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 definition to require facilities or communities claiming the exemption 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 must 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 should 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 means housing consisting of single room dwelling Units that is the primary residence of its occupant or occupants. The Unit must 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 must contain sanitary facilities that are shared by tenants. SRO does not include facilities for students.

State Ceiling means 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).

Storage Unit means a lockable, solid, floor to ceiling room that is at least twenty (20) square feet. The Storage Unit must be in addition to and excess of the standard two feet (2 ft.) by five feet (5 ft.) required closet. Storage rooms must be maintained in compliance with the manufacturer’s installation requirements for fire safety and Uniform Fire Code, which limits flammable and combustible materials.

Storm Shelter means a shelter designed according to requirements and guidelines in the ICC/NSSA Standard for the Design and Construction of Storm Shelters (ICC-500). This document is incorporated by reference into the 2012 International Building Code (IBC®) as Section 423 and the International Residential Code (IRC®) as Section R323. Design for the shelter will be signed and stamped by a structural engineer licensed to practice in Iowa. Design criteria for a tornado safe room can be found in FEMA publication 361, *Design Construction for Community Safe Rooms, 2nd edition*. Please refer to Appendix C for link.

Target Population means Persons with a physical or mental, and/or developmental Disability, which may include persons with brain injury, mental illness, or co-occurring disorders.

Tax Credit means the Low-Income Housing Tax Credits issued pursuant to the program, IRC Section 42 and Iowa Code Section 16.52. 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 amount means, with respect to a Project or a building within a Project, the amount of Tax Credits IFA allocates to a Project 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.

Tax Credit Period means, 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 means the date that the notice of Tax Credit Reservation was emailed to an approved Applicant.

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

Transitional Housing means housing with the purpose of facilitating the movement of individuals and families experiencing homelessness to permanent housing within 24 months.

Underserved City means a city that has not received an allocation of Low-Income Housing Tax Credits in the last three (3) years.

Unit means 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 means 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.

Utilities mean gas, electricity, water and sewer service.

Visitable (Type C) Unit means a dwelling Unit designed and constructed for Accessibility in accordance with the provisions for Type C Units in ICC A117.1. Please refer to Accessible Units for all Unit type definitions.

Workforce Training means a federally-funded Workforce Investment Act (WIA) training program with a course of study that upon successful completion leads to a certificate, an associate degree, baccalaureate degree, or competency skill. The workforce training must be provided by certified eligible training providers that include; (1) Post-Secondary educational institutions eligible to receive funds under Title IV of the Higher Education Act of 1965 and provide a program that leads to an associate degree, baccalaureate degree or certificate; (2) Entities that carry out programs under the National Apprenticeship Act, or; (3) Other public or private providers of a training services program. Refer to Appendix C for list of certified training providers.

Deleted: Transitional Housing for Homeless means a Unit shall be considered to be used other than on a transient basis if the Unit contains sleeping accommodations and kitchen and bathroom facilities and is located in a building which is used exclusively to facilitate the transition of Homeless individuals (within the meaning of section 103 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302), as in effect on the date of the enactment of this clause) to independent living within 24 months, and in which a governmental entity or qualified nonprofit organization (as defined in IRC Section 42 (h)(5)) provides such individuals with temporary housing and supportive services designed to assist such individuals in locating and retaining permanent housing.¶

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Deleted: . The kitchen must have a cook top, an oven or microwave, a cooling/freezing unit, and a sink. A Family Unit must have a two bowl kitchen sink.¶

Deleted: Visitable means housing that has a very basic level of accessibility that enables persons with disabilities to visit friends, relatives, and neighbors in their homes within a community through the use of two simple design standards: (1) providing a 32-inch clear opening in all interior and bathroom doorways and (2) providing at least one accessible means of egress/ingress for each unit.

Tax Credit Allocation or Reservation amount means, with respect to a Project or a building within a Project, the amount of Tax Credits IFA allocates to a Project 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.

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Unreserved Tax Credits means 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.

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RESOLUTION
HI 13-12

WHEREAS, the Iowa Finance Authority (the “Authority”) is the housing credit agency for the State of Iowa in connection with the Low-Income Housing Tax Credit Program administered under Section 42 of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, pursuant to Section 42 of the Code and Iowa Code section 16.52, the Authority must draft a qualified allocation plan (the “QAP”) which governs the allocation of tax credits under Section 42 of the Code; and

WHEREAS, the Board’s proposed 2014 Low Income Housing Tax Credit Qualified Allocation Plan (“QAP”) is attached as Exhibit A hereto; and

WHEREAS, the Authority now wishes to adopt the QAP.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Iowa Finance Authority as follows:

SECTION 1. The Board hereby approves the QAP set forth as Exhibit A hereto.

SECTION 2. The Board approves the publication of a Notice of Intended Action as set forth on Exhibit B attached hereto for the amendments to chapter 12 of the Authority’s administrative rules.

PASSED AND APPROVED this 10th day of July, 2013.

David D. Jamison, Secretary



**Iowa Finance Authority
Low-Income Housing Tax Credit Program
2014 Qualified Allocation Plan**

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 16.52. In accordance with Section 42 of the Internal Revenue Code (the Code), IFA has developed this Qualified Allocation Plan (QAP) to establish the criteria and process for the allocation of the housing Tax Credits to Qualified Residential Rental property in Iowa. IFA will implement the QAP following approval of the QAP 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 allocation year 2014 and additional Tax Credits authorized by the Heartland Disaster Tax Relief Act of 2008.

The QAP consists of three parts and two appendices:

- Part A-requirements for nine percent (9%) Tax Credits.
- Part B-requirements for four percent (4%) Tax Credits with tax-exempt bonds.
- Part C-terms and conditions that apply to all Tax Credit funded Projects.
- Appendix 1-threshold requirements for building, construction, site, and rehabilitation that apply to all Tax Credit funded Projects.
- Appendix 2-glossary of terms.

To the extent possible, the following schedule applies to the Tax Credit Reservation Application process for nine percent (9%) Tax Credits:

Step 1	Rules and QAP become final	Upon adoption and filing of the rules
Step 2	Application and accompanying exhibits available based on 2014 QAP	On or about October 14, 2013
Step 3	Mandatory Developer Application training session	On or about October 14-18, 2013
Step 4	Nonprofit set-aside exhibits due to IFA (if applicable)	On or about November 8, 2013
Step 5	Application due to IFA	December 9, 2013 at 4:30 PM
Step 6	IFA Tax Credit Reservation recommendations presented to Board	March 2014 IFA Board of Directors meeting
Step 7	Issuance of 2014 Carryover Agreements	On or about May 31, 2014
Step 8	10% Test Submission due: Ownership Entity incurs 10% of the Project's reasonably expected basis	10 months following date of Carryover Agreement
Step 9	IRS Form 8609 Application package due to IFA	By November 1 of the first year credit period

PART A – REQUIREMENTS FOR 9% TAX CREDITS

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 2013, IFA’s Per Capita Tax Credit authority was \$6,916,918. The 2014 Per-Capita Tax Credit amount is yet to be determined. In addition to the Per Capita Tax Credits, IFA may have returned Tax Credits from previous Tax Credit years to allocate. IFA may also elect not to allocate a de minimis amount of Tax Credits. Any remaining credits from the Rural Development Preservation Demonstration set aside will be rolled into the 2014 Allocation.

2.2 Set-Asides. There will be one pool of Tax Credits with four (4) set-asides in 2014. These set-asides are Nonprofit, Preservation, Rural, and Senior. After filling the Nonprofit, Preservation, Rural and Senior set-asides, the remaining Tax Credits will be awarded in the General Pool. All set-asides are available at the opening of the Application period. An Applicant may apply for the Nonprofit, Preservation, Rural, and Senior set-asides, and if those set-asides are filled and the Project remains unfunded, the Project may compete in the General Pool. For 2014, the set-aside percentages are:

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 must meet the following requirements:

1. The Nonprofit must have an IRC Section 501(c)(3) or 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 may make a determination as to whether a Nonprofit is Controlled by a for-profit.
3. The Nonprofit and/or parent Nonprofit organization must have as one of its exempt purposes the fostering of low-income housing and must have been so engaged for the two years prior to the Application submission date. The Application must demonstrate that the Nonprofits’ programs include a low-income housing component. The Application must explain how the Nonprofit will accomplish its charitable purposes, as an organization that provides low-income housing, consistent with the safe harbor or the facts and circumstances test set forth in Rev. Proc. 96-32, 1996-1 C.B. 717.
4. The Nonprofit must 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 must be a Nonprofit organization; only one of the Nonprofit Owner Representatives must 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 Application submission date.

5. The Nonprofit must demonstrate its capacity and intention to Materially Participate (regular, continuous and substantial on-site involvement) in the operation of the Project throughout the Compliance Period.

6. The Nonprofit shall receive no less than fifty percent (50%) of the combined total of the Developer and Consultant Fee.

2.2.2 Reserved.

2.2.3 Preservation Set-Aside. Fifteen percent (15%) of all available Tax Credits are set aside for preservation of existing affordable properties where more than fifty percent (50%) of the Units are currently income-restricted and rent-restricted to households at or below sixty percent (60%) Area Median Income (AMI) by a Land Use Restrictive Agreement (LURA), Regulatory Agreement, or Section 8 project-based contract; or the entire Project is currently in the Section 515 Rural Rental Housing Program.

2.2.4 Senior Set Aside. Fifteen percent (15%) of all available Tax Credits are set aside for 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: HUD has determined that the dwelling is specifically designed for and occupied by elderly persons under a Federal, State or Local Government program; it is occupied solely by persons who are 62 or older or it houses at least one person who is 55 years or older in at least 80 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.

2.2.5 Rural Set Aside. Fifteen percent (15%) of all available are set aside for Projects located in a non-MSA city or county.

2.3 Tax Credit Cap for Single Developer/Project. IFA shall not allocate more than \$1,200,000 in Tax Credits to Projects being developed by a single Developer. A Developer may submit as many Projects as the Developer chooses. 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. The maximum Tax Credit amount that will be awarded to any one Project is \$800,000.

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.

SECTION 3. APPLICATION PROCESS

IFA requires the Applicants to submit the Application and exhibits through an on-line Application system; notification will be placed on the website, www.IowaFinanceAuthority.gov, specifying the submission requirements. The Application will include a prescribed Application form and exhibits. All initial and subsequent competitive and noncompetitive LIHTC Applications must be submitted using IFA's prescribed forms and method of Application. The completed Application must contain electronic signature(s) and the initial Application must be accompanied by an electronic payment for the appropriate nonrefundable Application fee(s) specified in Section 3.4.7. In the event it becomes necessary to amend the Application Package, IFA will post the amended version of the Application Package on its website at the above address. Applicants are advised to check IFA's website periodically for any amendments or modifications to the Application Package.

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. In the event IFA obtains information from other sources, in a non-written format, the information shall be reduced to writing. The information will be available for review after the Applications have been evaluated and Tax Credits have been reserved. In the event that additional Federal sources become available, IFA may choose to allow a simultaneous review of both LIHTC and the Federal source.

3.2 Contact with IFA Before the Application is Received. If an Applicant has a question regarding an interpretation or clarification of the QAP, IFA policies, procedures or rules related to the LIHTC Program, the question must be submitted in writing to the attention of the IFA LIHTC Manager, via the IFA 2014 Q&A email box established on the IFA website. The response will be placed on the website at www.IowaFinanceAuthority.gov. 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 New Developer in Iowa. If the Applicant has not submitted an Application to IFA in previous LIHTC rounds, the Applicant shall meet with the IFA LIHTC Manager to review the QAP and the Application process prior to submitting an Application. The Developer/Co-Developer must provide IFA financial statements from the past three (3) years.

3.2.2 New Tax Credit Developer. A first time Tax Credit recipient must 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. A new Tax Credit Developer Applicant is only eligible to receive an award of Tax Credits for one Project.

3.2.3 Mandatory Developer Training. As part of the Application process and threshold requirements, the Developer or designee shall attend one of the mandatory training sessions as noted in QAP Section 1 Introduction Tax Credit Reservation Schedule.

3.3 Contact with IFA After the Application is Received. Once the Application is received by IFA, in order to expedite the analysis of Applications, IFA will notify the Applicant of any required information for supplemental or clarifying data and specify the date and time by which a response from

the Applicant is expected. For initial Application submission, no changes shall be allowed that maintain or improve the score received by an Applicant. Except when 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 contacted by the Applicant or a party on behalf of the Applicant, then the Application will be withdrawn by IFA from consideration for LIHTC. Following the receipt of an Application, information identifying the Applicant will be placed on the IFA website. During the evaluation period, Applications will not be made available to the public for examination and copying. After the Board approves the selections and awards the Tax Credits, Applications and files are public information and available for inspection and copy in accordance with Iowa Code Chapter 22. IFA shall not be precluded from requesting any and all such information needed to properly evaluate the Application. Contact with IFA staff or Board members is also prohibited under Section 7.8 Appeals.

3.4 Application Process for Market Analysis, Threshold, and Scoring. The complete Application consists of: (1) market study and analysis; (2) threshold review; and (3) scoring determination. Any revisions to the schedule proposed in Section 1, Introduction, will be published on IFA's website at www.IowaFinanceAuthority.gov. IFA will accept Applications on or before the Application deadline that meet the allocation criteria, so long as adequate Tax Credits are available.

3.4.1 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 tenants must be 55 or older, no tenants under age 18), or Older Persons 62 and older (all tenants must be 62 years of age or older).

3.4.1.1 Applicants are encouraged to submit any market information they believe may be helpful in determining market feasibility of their Project, including an independent market study, information from proposed service providers, information from syndicators or any other third party, or other market information the market study analyst should evaluate. All market information provided by the Applicant will be provided to IFA's commissioned market analyst. By submitting this information, Applicants are afforded the opportunity to provide input that may be important in the determination of market feasibility. However, IFA will not be bound by the opinion or conclusions reached in the Applicant's independent market study or other market information provided.

3.4.1.2 Market feasibility for a proposed Project, as measured by the IFA commissioned market analyst, will be based on, but not limited to, the following factors: market capture rate, market penetration rate, absorption rate, market support of Unit mix, stabilized occupancy rate, vacancy rate of comparables, rent comparisons to comparables, the overall housing market, and impact on the market and financial health of comparables in market area. If the market study or IFA's analyses of the market study (which may contain independent information obtained by IFA) do not demonstrate, at the sole discretion of IFA, that the market area will sustain the proposed Project or that additional Units within a market will have a detrimental effect on existing affordable Units, the Project will be rejected at threshold.

3.4.1.3 Following the review of the market study and analysis, IFA may specify elements of the Application that must be changed within 14 calendar days following the initial written deficiency request (or such shorter time as IFA may reasonably require) in order for the Project to be considered feasible within the proposed market area. If the Applicant does not make the requested change(s), then the Project may fail to meet threshold by reason of market feasibility. No other Application changes other than those specified by IFA shall be allowed.

3.4.1.4 In the case of a Scattered Site Project, the market study will evaluate each location. If more than one site is located outside of the primary market area for the first site, an additional fee established in Section 3.4.7 must be paid for each primary market location.

3.4.2 Application for Threshold. This Application will be used by IFA to determine if the Project has met the threshold requirements for an award of Tax Credits. The Applicant must submit the 2014 Low-Income Housing Tax Credit Application, and all required exhibits by the due date published on the website, www.IowaFinanceAuthority.gov.

3.4.3 HOME Funds. If an Applicant is applying for State HOME funds, the Applicant must complete the HOME sections and attach the appropriate information as more fully described in the HOME Application and instructions. IFA may appoint a Joint Review Team to review Applications applying for HOME funds and Tax Credits. No additional points will 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.

3.4.4 Nonprofit Participation. If a nonprofit organization is Materially Participating in the Project then the Applicant must provide information necessary for the Authority to determine if the Project is in compliance with IRC Section 42(h). If a nonprofit organization is found by the Authority to be Materially Participating, this designation will be recorded in the Carryover Agreement and the LURA.

3.4.5 Site Visits. IFA may make site visits as it deems necessary to review proposed Projects and verify any of the information provided by the Applicant in the Application. Applicants may or may not be notified of a site visit. If deemed necessary by IFA, Applicants shall provide building access for inspection by Evaluators to, among other things, confirm basic structural soundness.

3.4.6 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. The Form 8821 must be provided to IFA for the Ownership Entity, at the time of Carryover Application, at the time the Project is Placed-in-Service, and annually during the Compliance Period. Members of the Qualified Development Team, as determined by IFA, must execute an Authorization to Release Information as part of the on-line application.

3.4.7 Fees. IFA shall collect the fees described below for the LIHTC Program. Electronic payment of the fees must be made payable to the Iowa Finance Authority. 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 date of the Tax Credit Reservation letter. 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 reservation of Tax Credits 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, except if the Applicant withdraws the Application within three (3) business days of receipt by IFA, the Application fee will be reimbursed.

Fee Type	All Applicants
Market Study Fee (due with Application)	\$5,000– Family/Older Persons Project \$5,000 – Scattered Site Project for Family/Older Persons Project for first location, and an additional \$3,000 for each subsequent location not in primary market area of first location
Application Fee	35 Units or fewer: \$1,600 36 to 60 Units: \$2,100 61 to 100 Units: \$2,600 Over 100 Units: \$5,200
Market Study Change(s) Fee	The Applicant will negotiate with the market study analyst and the fee is paid directly to the market study analyst.
Change in Application Fee	\$800 each time the Applicant submits a revised Application that changes the Tax Credit amount requested, or requests amendments or changes to the Application under section 8.2, 8.3 or 8.8.
Reservation Fee	One percent (1%) of the total 10-year Tax Credit amount
IRS Form 8609 Application Fee	One tenth of one percent (.1%) of the total 10-year Tax Credit amount based on the IRS Form 8609 Application will be due prior to IRS Form 8609 issuance.
Compliance Monitoring Fee	<p>\$25 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)</p> <p>(Example: \$25 per Unit x 24-Unit Project = \$600.00 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.</p> <p>First annual payment must 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 and Extended Use Period if annual rate increases are applied during that time.</p>

	Other fees as provided in the Compliance Manual
Filing of the LURA	The Applicant will be billed for actual cost for electronic or paper filing (if electronic filing is not available in a particular county) of the LURA with the county that the Property(ies) is/are located.
Late Submission of either the Carryover-10% Test Application or the IRS Form 8609 Application	If a late submission of the Carryover-10% Test or the IRS Form 8609 Application is allowed by IFA, the Applicant will be billed for an additional amount equal to the Application Fee as listed above.
Legal Fees	<p>Legal fees incurred by IFA with respect to the Project will be assessed and billed to the Applicant, including but not limited to the following:</p> <ul style="list-style-type: none"> • Fees for research relating to irregular situations • Ownership agreements • Rental rate questions • Unusual timing situations • Specific technical questions relating to IRC Section 42 • Administrative Law Judge fee in cases of unsuccessful appeals <p>Legal fees of IFA's in-house counsel will be billed at the rate of \$150 per hour. Legal fees of outside counsel will be billed at the rate charged to IFA. If IFA anticipates that legal work on a matter will exceed five hours, IFA will notify the Applicant prior to commencement of the legal work.</p>
Construction Monitoring Fees	A \$2,000 Construction monitoring fee will be due at submission of the Carryover-10% Test Application. If a Carryover-10% Test is not necessary, the Construction monitoring fee will be due with the IRS Form 8609 Application.
Inspections:	IFA will typically conduct five (5) site visits consisting of four (4) inspections and one (1) preconstruction meeting. IFA may elect to conduct additional inspections at its discretion for larger or more complicated Projects at no cost.
Fees for Failed and Missed Inspections	<p>There will be an additional \$500 fee for any re-inspections when, in IFA's view, enough items failed inspection to warrant a return visit to the site(s)</p> <p>There will be an additional \$500 charge for any missed inspections where IFA is not notified by email to the Construction Analyst two working days in advance.</p>

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

1. Nonprofit set-aside Applicants for all counties.
2. Preservation set-aside Applicants for all counties.
3. Senior set-aside Applicants for all counties.
4. Rural set-aside Applicants in non-MSA cities or counties.
5. General Pool Applicants for all counties.

Applications will be scored and ranked within each of these categories. If there are insufficient credits to be awarded to all Applicants within a set-aside, the Applicant will be considered in additional set-asides that were applied for in the Application and the General Pool. If a balance remains in one of the set-asides, other than the General Pool, IFA may exceed the set-aside amount in order to award the next qualifying Project within the specific pool. The excess funds needed to complete the set-aside award will be drawn from the General Pool.

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SECTION 4. 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 review of the Application. IFA may adjust the amount of Tax Credits based upon the underwriting. Underwriting shall be completed for a Project prior to the time a reservation is awarded, at submission of the Carryover-10% Test, and before an IRS Form 8609 is issued. The pro forma cash flow is part of the Application. If a gap in financing is discovered, the gap may be filled from no more than fifty percent (50%) of the Developer's fee. No other fee will be used to fill a gap in financing. IFA may require the Applicant to provide annual financial statements for the Project Developer and the Ownership Entity.

The Applicant shall provide sufficient information to allow IFA to determine whether the Project is financially feasible during the construction phase and the operational phase of the Project. The Applicant shall provide information regarding loans, grants, equity contributions, the anticipated value received from syndicators, equity partners or private funding sources for the Tax Credits, property tax abatements, tax increment financing, enterprise zone benefits and any other type of financing or contributions that are relevant to the economic feasibility of the Project and are available to the Project. 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-10% Test submission date.

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 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 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. For a Project qualified under Section 2.2.3, 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 (3) years, and is currently occupied at a minimum of ninety-five percent (95%).

4.1.3 All Projects must reflect an average Debt Service Coverage Ratio (DSCR) between 1.2 DSCR and 1.5 DSCR. Any one year cannot go below 1.15 DSCR or above 1.8 DSCR for the first 15 years.

4.2 Operating Expenses.

4.2.1 Housing for Older Persons: Minimum of \$2,750 per Unit per year not including taxes and reserves.

4.2.2 Housing for Families: Minimum of \$3,250 per Unit per year not including taxes and reserves.

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 (6) 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 (8) months of debt service, operating expenses and real estate taxes. The operating reserve must be in place for the first 15 years and be used solely to cover operating deficits. The Applicant must include a narrative explaining how the operating reserve will be established.

4.3.1.1 Reserved.

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

4.3.1.3 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. If a letter of credit is used, the proceeds should not be included in the Project costs. The fees associated with obtaining the letter of credit may be included in Project costs.

4.3.1.4 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 this Section. Applicants are required to 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 must budget replacement reserves of \$400 per Unit per year escalating at the same rate as Operating Expenses. All Older Persons Projects must 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 must 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 this Section. 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.

4.4.1 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 amount as of the full Application. If the deferred Developer fee cannot be paid within 15 years, IFA will consider the unpaid amount to be a Developer contribution to the Project. Each of these will be determined by IFA. Nonprofit organizations must include a resolution from the Board of Directors allowing such a deferred payment obligation to the Project. The deferred Developer fee must be paid from the net cash flow and not be calculated into the minimum Debt Service Coverage Ratio.

4.5 Financing Commitment.

4.5.1 The Applicant must provide a letter of intent for construction and permanent financing from the lending institution on the institution's letterhead. This letter must clearly state the term of the permanent loan, how the interest rate will be indexed and the current rate at the time of the letter, the amortization period, fees, prepayment penalties, anticipated security interest in the Property and lien position. The letter of intent must extend at least six (6) months beyond the Application due at IFA date.

4.5.2 For all other sources, except state HOME funds and IFA approved participating Cities with allocated HOME funds, a commitment for funding must be made in advance. This includes any other grants, loans, tax credits, tax increment financing, etc. Documentation that specifies the value of the commitment, the purpose the funds can be used for, and time limitations related to the commitment must be provided from the entity making the commitment. A resolution adopted by the city council is an acceptable commitment for providing tax increment financing.

4.5.3 Unless a request is being submitted for a Senior Living Revolving Loan or a Transitional Housing Loan, Applications may only include one set of proposed funding sources. IFA will not consider multiple funding scenarios. A Project shall be ineligible for allocation if any of the listed funding sources will not be available in an amount and under the terms described in the Application. IFA may waive this limitation if the Project otherwise demonstrates financial feasibility. If a loan is being requested from IFA for a revolving loan program, 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).

4.6 Developer and Builder Fees.

4.6.1 Developer Fees (including overhead and profit and Consultant Fees) shall not exceed the percentages described below. 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. For Acquisition/Rehabilitation or Rehabilitation Projects, the Developer's fee is listed in the schedule below. The fees will be limited as follows:

Project Type	Fee Limit
Developer fee for 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%)
Developer fee for Acquisition/Rehabilitation or Rehabilitation Projects:	
Rehabilitation Portion of Acq/Rehab or Rehab Projects, including Adaptive Reuse, Historic, and Preservation Projects	Not to exceed sixteen percent (16%) of the Total Project Costs minus land, building purchase (existing structures), Developer' fee, Developer's overhead and profit, Consultant Fees, and Project reserves.
Acquisition Portion of Acq/Rehab Projects, including Adaptive Reuse, Historic, and Preservation Projects	Not to exceed six percent (6%) of the purchase cost of the buildings (existing structures).

4.6.2 Builder and general contractor fees shall be limited to a total of twelve percent (12%) of the Hard Construction Costs.

4.6.3 In the event the Developer fee, Consultant Fee or builder fee limits are in excess of the limits imposed, IFA will make the appropriate adjustments during the underwriting phase of the evaluation of the Applications.

4.6.4. When the General Partner of the Ownership Entity is a nonprofit organization, the Nonprofit shall receive no less than fifty percent (50%) of the combined total of the Developer and Consultant Fee.

4.6.5 IFA reserves the right to limit professional and other fees.

4.7 Other Fees and Considerations.

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

4.7.2 Construction Contingency Funding. All new construction Projects shall have a hard cost Construction Contingency line item of no more than five percent (5%) of total Hard Construction Costs, less Construction Contingency. For Acquisition/Rehabilitation or Preservation 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.

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 must follow when undertaking the subsidy layering review. Generally, the fee limits for Developer’s fee, overhead, builder’s profit and other fee limits set forth in this QAP in Sections 4.6 and 4.7 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 Unit Cost Cap. IFA shall not award LIHTC to a Project in which the cost per Unit is greater than the HUD 221(d)(3) limits listed in Appendix D. Enterprise Zone sales tax rebates and utility company rebates for energy efficiency measures will be included in the calculation of Total Project Costs. Projects receiving State and/or Federal Historic rehabilitation Tax Credits will be allowed to deduct the residential portion of the Historic Tax Credit from the Project costs to allow for stricter rehabilitation standards.

Please refer to Appendix D for the HUD 221(d)(3) limits.

Unit cost caps are maximum amounts. IFA provides no guarantee that Projects at or below the Unit cost caps will be deemed financially feasible

4.9.1 Tax Credit Cap per LIHTC Unit. In addition to the Unit Cost Cap stated in Section 4.9, all Projects will be subject to the following Tax Credit per Unit limits:

Acquisition/Rehab	Studio	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
	\$6,500	\$7,500	\$9,000	\$11,500	\$12,500
New Construction	Studio	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
	\$8,500	\$9,750	\$11,750	\$15,000	\$16,500

Projects that are eligible for the basis boost, as defined in Section 7.2, will be allowed to exceed the Tax Credit Cap per LIHTC Unit listed above by 30%.

4.10 Section 811. The Section 811 Project Rental Assistance Demonstration Program 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 the Section 811 Project Rental Assistance Program and the Project is selected for participation in the Section 811 program by IFA, the Project shall be required to accept an allocation of this project-based subsidy and comply with all applicable program restrictions. If IFA is not approved to participate in the Section 811 Project Rental Assistance Demonstration Program, no Section 811 project rental assistance 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 reservation of Tax Credits, a Project must demonstrate that it meets the requirements described in this Section. Scoring and threshold determinations made in prior years are not binding on IFA for the 2014 round.

5.1 Complete Application. In order for IFA to review an Application fairly and accurately, it must 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 14 calendar days to respond to the initial written deficiency notification, as specified in the notice for information. 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 must be formed prior to submission of the Application. For the purposes of the Application, the Applicant is the Ownership Entity.

5.3 Location Requirements. The proposed Project must be located in an incorporated city. Applications shall not contain or propose alternate sites. Alternate sites must be presented as separate Projects with separate Applications.

5.4 Readiness to Proceed. The Applicant must be ready to proceed with the Project by documenting site Control, site suitability, adherence to building standards, and a Qualified Development Team. Refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation, for related requirements. In addition, the following shall be met:

5.4.1 Appraisals

5.4.1.1 Land/Acquisition with an Identity of Interest. For land and buildings which are acquired from a party with an Identity of Interest, the Applicant must provide an appraisal by an MAI certified appraiser who is not a related party and is currently in good standing. The appraisal must be no more than 180 days old on the date that the Application is submitted to IFA. The appraisal may be submitted to IFA 30 days following the Application due date.

5.4.1.2 State HOME funded Projects. For all Projects that are requesting State HOME funds, the Applicant must provide an appraisal by an MAI certified appraiser who is not a related party and is in good standing. The HOME program requires the appraisal in order to determine the market value of the acquired land and/or buildings. The appraisal must be no more than 180 days old on the date that the Application is submitted to IFA. The appraisal may be submitted to IFA 30 days following the Application due date.

5.4.2 Qualified Development Team. The Applicant is required to identify the Qualified Development Team and to provide a narrative describing the function of each mandatory member of the Qualified Development Team. The narrative shall explain how the Qualified

Development Team possesses the necessary experience to successfully complete the proposed Project and all other projects under construction, and that it has developed projects of comparable size and financing complexity. Either the Developer, managing member, General Partner or Development Consultant must have Materially Participated in a LIHTC Project that has received an IRS Form 8609 from any state within the past five (5) years. The qualifications of the QDT will be evaluated again at Carryover and the reservation of Tax Credits may be revoked, at the sole discretion of IFA, if the QDT is not qualified to successfully complete the proposed Project. The Project Developer or Developer representative must attend a mandatory Developer Application training session, as noted in QAP Section 3.2.3. The Management Company/Manager must have at least three (3) years of experience successfully managing a Section 42 Property.

IFA may require a financial background check of the Project Developer, General Partner/managing member, Consultant, 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 Qualified Development Team member to participate in the Tax Credit Program;
2. Reject or disqualify an Application and cancel any Credit reservation and Carryover Allocation; 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).

5.4.3 Capital Needs Assessment (CNA) for Rehabilitation, Preservation and Adaptive Reuse Projects. The Applicant shall acknowledge the CNA requirement and that IFA will require the CNA prior to the start of construction. For the requirements related to the CNA, refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation.

5.4.4 Commitment to Notify Public Housing Authority (PHA) of Vacancies. The Applicant shall acknowledge the Commitment to Notify Public Housing Authority (PHA) of vacancies.

5.4.5 Notification of Chief Executive Officer of Local Jurisdiction. The Applicant shall provide accurate information through the online Application identifying 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, through the online Application.

5.4.6 Ineligibility. Significant Parties are subject to being deemed ineligible to participate in the LIHTC program as set forth below:

5.4.6.1 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period not less than five (5) years from the date of determination of ineligibility; such parties may also be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to five (5) years prior to the effective date hereof):

5.4.6.1.1 Significant Parties who have been convicted of, entered in an agreement for immunity from prosecution for, received a deferred judgment or suspended sentence or judgment for, or pled guilty, including a plea of no contest, to a crime including any of the following:

- fraud,
- tax fraud,
- embezzlement,
- bribery,
- payments of illegal gratuities,
- perjury,
- false statements,
- racketeering,
- blackmail,
- extortion,
- falsification or destruction of records, or
- a crime of violence related to any housing Project .

5.4.6.1.2 Any syndicator, equity partner, private placement originator, limited partner or member of an LLC of a project from which, following the commencement of construction thru the issuance of an IRS Form 8609, the purchaser of Tax Credit equity withdraws.

5.4.6.2 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period of not less than three (3) years from the date of determination of ineligibility; such parties may also be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to three (3) years prior to the effective date hereof):

5.4.6.2.1 Any Significant Party that intentionally or negligently misrepresents or omits any material fact in its LIHTC Application or in any other written communication with IFA.

5.4.6.2.2 Any Significant Party that has an uncorrected default of any agreement between the Significant Party and IFA.

5.4.6.2.3 Any Significant Party who has been removed as a General Partner or managing member by the equity investor from any previously approved LIHTC Project in Iowa or any other state.

5.4.6.3 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period of not less than one (1) year from the date of determination of ineligibility; such parties may also be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to one (1) year prior to the effective date hereof):

5.4.6.3.1 Significant Parties who have Materially Participated in any Project that has had unsatisfactory performance, in Iowa or any other state, with a state-sponsored or housing-related assisted program, as determined by IFA. This includes parties with loans under any IFA program that are 90 days or more delinquent.

5.4.6.3.2 Significant Parties who have served as an officer, director, General Partner, managing member, accountant, architect, engineer, management agent, financial consultant, or any other consultant of any Entity that has unsatisfactory performance, in Iowa or any other state, with a state-sponsored or housing-related assistance program, or under any agreement or loan, as determined by IFA. This includes Entities with loans under any IFA program that are 90 days or more delinquent.

5.4.6.3.3 Significant Parties who have been declared ineligible or otherwise debarred from any housing-related assistance program by any Iowa state agency, by any LIHTC allocating agency of any other state, or by any federal agency.

5.4.6.3.4 Developers, Ownership Entities and the General Partners/Managing Members thereof, and consultants or any other persons determined by IFA to have an Identity of Interest or of personnel with any thereof, who have Materially Participated in a Project for which Tax Credits awarded in a prior nine percent (9%) Tax Credit round were returned to IFA in calendar year 2013 prior to the closing of such Project's equity investment and no subsequent year Tax Credits were issued to replace the returned Tax Credits. An Ownership Entity or Developer, who returns excess Tax Credits at the time of the IRS Form 8609 issuance, or returns four percent (4%) Tax Credits at any time, will not be disqualified from participating in the current Tax Credit funding round.

5.4.6.3.5 Developers, Ownership Entities and the General Partners/managing members thereof, and consultants or any other persons determined by IFA to have an Identity of Interest or of personnel with any thereof, who have Materially Participated in a Project that was awarded

nine percent (9%) Tax Credits in 2011 or 2012 in which the Project costs exceeded the applicable Unit cost cap at the time of the Carryover-10% Test or the IRS Form 8609 Application.

5.4.6.3.6 An Ownership Entity that fails to timely submit to IFA the IRS Form 8609 with Part II completed or that submits an incorrectly completed IRS Form 8609.

5.4.6.4 The following Significant Parties and the Projects with which they are associated may be deemed ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period to be determined by IFA, based upon its review of all relevant facts, up to and including permanent debarment, and such Significant Parties may be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time:

5.4.6.4.1 Significant Parties who have Materially Participated in a Project that has received from IFA or from any other state an IRS Form 8823 on which a box in the column headed “Out of compliance” has been checked (regardless of whether the non-compliance for which the IRS Form 8823 was issued has subsequently been corrected) or who have a history of repeated or significant Tax Credit compliance deficiencies, even if such significant Tax Credit compliance deficiencies have not resulted in an uncorrected IRS Form 8823. IFA may consider as mitigating or aggravating factors, the number of instances of non-compliance, whether the non-compliance has been corrected, the speed with which the Project was brought back into compliance, and the degree of Control of the Significant Party in question over the out-of-compliance Project. Applicants are encouraged to work with the IFA Compliance staff to correct any outstanding issues prior to the Application deadline. If corrections cannot be completed prior to the Application deadline, the Applicant must submit a detailed account, on the exhibit provided in the Application, of any noteworthy compliance issues or uncorrected IRS Form 8823’s that have been issued with respect to properties associated with any Significant Parties. IFA issues a report, similar to an IRS Form 8823, called the “Low Income Housing Tax Credit Notice of Non-Compliance –Land Use Restrictive Agreement (LURA) Extended Use Period”, which addresses issues that are not in compliance with the LURA to the Owner that also must be corrected.

5.4.6.4.2 Significant Parties who fail to disclose any direct or indirect financial or other interest a member of the Project Qualified Development Team may have with another member of the Project Qualified Development Team or with the Project.

5.4.6.4.3 An Applicant who fails to disclose all known members of the Project Qualified Development Team.

5.4.6.4.4 Significant Parties who have voluntarily agreed to be replaced as a General Partner or managing member of any previously approved LIHTC Project in Iowa or any other state as a result of performance issues.

5.4.6.4.5 Significant Parties who, within the past seven (7) years, have filed for bankruptcy, or been a party to an adverse fair housing settlement, or an adverse civil rights settlement.

5.4.6.5 IFA staff may reduce the ineligibility period as to any given Significant Party, under Sections 5.4.6.1.2, 5.4.6.2 and 5.4.6.3 if such reduction is deemed to be in the best interests of IFA and affordable housing.

5.5 Displacement of Tenants. IFA will accept Applications that have displaced (or will displace) tenants, although involuntary 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 must be submitted with the Application if the Project scope requires any form of temporary or permanent relocation of existing tenants. The proposed relocation plan must 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.

5.6 Confirmation of Eligibility—Rehabilitation or Acquisition. 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 must 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).

5.7 Rehabilitation Standards. The Applicant shall provide information regarding Rehabilitation Expenditures for each building as specified in Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation. The Applicant must 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 Application must 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 \$25,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit.

5.8 Building Standards. Preliminary site plan, floor plans and elevations are to be submitted with the Application to IFA for all of the buildings in the proposed development. The Applicant must demonstrate that they have or will 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 Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation.

5.9 Scattered Sites. The Applicant must 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 party and financed under the same agreement(s), and are located within a 20-mile radius, as determined by Google Maps (www.Googlemaps.com) using driving directions. A Scattered Site Project may be new construction, acquisition, rehabilitation or a combination of these types. For Scattered Site Projects, all Units must be qualified LIHTC Units.

5.10 Affirmative Fair Housing Marketing Plans. Each Applicant must acknowledge the Affirmative Fair Housing Marketing Plan requirement and that IFA will require the Applicant to submit the plan to IFA no less than 120 days prior to the Placed-in-Service date.

5.11 Adequate Market. The Market Study and Analysis must 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.

5.12 Project Score. 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 3.4.8.

5.13 Senior Projects. Senior Projects are not allowed anything greater than 2 bedrooms per unit.

5.14 Commitment to Notify DHS Referral Network of Vacancies. The Applicant shall acknowledge the Commitment to Notify the DHS Referral Network of vacancies in Handicapped Accessible Units by notifying each of the following referral sources of any available Handicapped Accessible Units: (1) Iowa's Money Follows the Person Initiative; (2) Iowa Department of Human Services (DHS) Targeted Case Management Bureau; and (3) the DHS Office serving the county in which the Project is located.

5.15 Lease Addendum. In order to comply with Section 8.27 of Section 504 of the Rehabilitation Act of 1973, the Owner must lease Handicapped Accessible Units designed for persons with disabilities to tenants requiring the Accessibility features of the unit. The Applicant must agree to require a Lease Addendum to be executed by a tenant(s) occupying a Handicapped Accessible Unit who does not require such Handicapped Accessible features. In the Lease Addendum, the tenant must agree to move to a comparable non-accessible Unit upon the request of the Owner with moving expenses to be paid by the Owner.

5.16 Targeting Plans. All approved Projects will be required to target ten percent (10%) of the total Project Units to the Target Population (Persons with a Disability). Projects targeting Units under this subsection are not required to provide on-site supportive services or a service coordinator. Owners shall demonstrate a partnership with a Local Lead Agency and submit a Targeting Plan for review and approval by IFA. At a minimum, the Targeting Plan shall include:

- (a) A description of how the Project will meet the needs of the targeted tenants including adaptability, Accessibility or assistive technology features, access to supportive services, transportation, rent subsidy and proximity to community amenities.
- (b) A description of the experience of the Local Lead Agency and their capacity to provide access to supportive services and to maintain relationships with the Management Company and community service providers for the duration of the compliance period.

- (c) A Memorandum of Understanding (MOU) between the Ownership Entity or Developer, Management Company and the Lead Local Agency must be submitted with the Carryover Package. At a minimum, the MOU shall include the following:
- (i) A commitment from the Local Lead Agency to provide, coordinate and/or act as a referral agent to assure that supportive services will be available to the Target Population.
 - (ii) The referral and screening process that will be used to refer tenants to the Project, the screening criteria that will be used, and the willingness of all parties to negotiate reasonable accommodations to facilitate the admittance of Target Population tenants into the Project.
 - (iii) A communications plan between the Management Company and the Local Lead Agency that will accommodate staff turnover and assure continuing linkages between the Project and the Local Lead Agency for the duration of the compliance period.
- (d) Certification that participation in supportive services will not be a condition of tenancy.
- (e) Commitment to hold throughout the Compliance Period, pursuant to IFA's Held for Occupancy policy, ten percent (10%) of the total Project Units for occupancy by the Target Population.
- (f) Agreement to affirmatively market to the Target Population.
- (g) Agreement to include a section on reasonable accommodation in the Management Company's application for tenancy.
- (h) Agreement to accept Section 8 vouchers or certificates (or other rental assistance) as allowable income as part of property management income requirement guidelines for eligible tenants and not require total income for persons with rental assistance beyond that which is reasonably available to persons with disabilities currently receiving SSI and SSDI benefits.
- (i) A description of how the Project will make the targeted Units affordable to Extremely Low-Income households.
- (j) The Management Company shall agree to show a preference for Persons with a Disability on the waiting list as part of the Project's Affirmative Fair Housing Marketing Plan. The Management Company must also note if the tenant household has a need for a Handicapped Accessible unit.
- (k) The Applicant is responsible for ensuring that all Affirmative Fair Housing requirements are met.
- (l) The Project's Targeting Plan requirements will be specified in the LURA.
- (m) The requirements of this subsection may be fully or partially waived to the extent the Agency determines that they are not feasible. A Targeting Plan template and other documents related to this subsection are included in **Appendix F** (incorporated herein by reference). The Ownership Entity or Developer will agree to complete the requirements of this subsection and **Appendix F** at least 120 days prior to the first Unit being Placed-in-Service. (IFA may set additional interim requirements.) This subsection does not apply to tax-exempt bond Applications.

SECTION 6. SCORING CRITERIA

IFA will award threshold points based on information provided in the Application or Exhibits for the following items, provided adequate evidence supports the award of points for all sites within the Project. Applicants will tentatively self-score a portion of the criteria in the Application. IFA shall make the final determination of the Applicant's score.

Resident Profile

Category 1. Serves Lowest Income Residents with Deep Rent Skewing 15 points
In addition to the IRS Minimum Set-Aside Election (20/50 or 40/60), a Project shall meet the deep rent skewed Project requirement as defined in Section 142(d)(4) of the Code if fifteen percent (15%) or more of the Units are occupied by individuals whose income is forty percent (40%) or less of AMI.

This category is not available to an Applicant that elects points in Resident Profile-Category 5, "Rent Reduction" or Building Characteristics-Category 3, "Projects that have Subsidized Project-Based Rental Assistance, HUD-VASH Voucher Assistance or Local Project-Based PHA (Public Housing Authority) Voucher Assistance."

Category 2. Mixed Income Incentive 0 to 20 points
Projects that provide market rate Units (not eligible for Tax Credits). On-site staff Units cannot be counted for points.

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

And serve thirty percent (30%) AMI qualified tenants.

1 point for each full one percent (1%) of the Units at thirty percent (30%) AMI (5 points maximum)

In order to obtain points in category 2, the Applicant shall commit to providing market rate Units first and then the Applicant may elect to provide 30% AMI Units. These Units shall be in addition to any Units selected in Resident Profile-Category 1, "Serves Lowest Income Residents with Deep Rent Skewing".

Category 3. Serves Tenant Population of individuals with children 5 points
At least twenty five percent (25%) of the Units must be four (4) or more bedroom LIHTC Units.

Category 4. Provides an Opportunity for Homeownership 25 points
Iowa Renter to Ownership Savings Equity (ROSE) Program: 25 points will be awarded to an Applicant who implements a bona fide long-term Iowa ROSE Program. The Iowa ROSE Program provides a savings plan for homeownership for tenants in years 1 through 15, and provides a plan to sell the house to a qualified tenant at the end of the initial 15-year Compliance Period.

This category is not available to an Applicant that elects points in Other-Category 4, "Waives Right to a Qualified Contract".

Category 5. Rent Reduction 15 points
Owners shall establish LIHTC rents for one hundred percent (100%) of the Low-Income Units at ten (10%) below the applicable annual LIHTC rent limits.

Example:	Minimum Set-Aside Election	LIHTC Rent Set at AMI %	Initial Tenant Eligibility AMI%
	40/60	50% AMI	60% AMI
	20/50	100% @ 40% AMI	100% @ 50%

This category is not available to an Applicant that elects points in Resident Profile-Category 1, “Serves Lowest Income Residents with Deep Rent Skewing” or Building Characteristics-Category 3, “Projects that have Subsidized Project-Based Rental Assistance, HUD-VASH Voucher Assistance or Local Project-Based PHA (Public Housing Authority) Voucher Assistance”..

Location

Category 1. Location Near Services 0 to 15 points

The calculated distance from the Project’s Primary Address (PA) as shown in the Building Tab of the LIHTC on-line application and the Applicant has clearly defined the PA by listing “True”. The PA address will be used to provide the distance to the services that are available using existing roads that can be traveled by motor vehicle or pedestrian is not greater than 1.0 mile from the (PA) as determined by Google Maps (www.Googlemaps.com) using driving directions. Should the PA not be shown on the Google Map(s), contact the LIHTC Manager via email prior to submission of the Application providing evidence that the PA can’t be shown on the Google Maps(s) and an explanation on why a different map (Yahoo, etc.) should be considered by IFA. The Google Map(s) must list the name of the service and show the mileage between the PA and the existing service location. If a Scattered Site Project, Google Maps must be provided for all building addresses listed at all site locations. Each address of a Scattered Site Project must meet the 1.0 mile or less requirement. All information must be provided and cannot be requested during the deficiency period since it is a scoring item. (www.Googlemaps.com).

The Applicant may select from the following options:

- Full Service Grocery Store 5 points
- Schools (Family Project only) 5 points
- Senior Center (Older Persons Project only) 5 points
- Medical Services 5 points
- Workforce Training 5 points
- Public Library 5 points

Category 2. Great Places 3 points

Projects will be located in and be a part of a Great Place community approved by the Department of Cultural Affairs.

Category 3. Local Government Contribution 0 to 30 points

A qualified Government Entity or Political Subdivision contributes one percent (1%) of the Total Project Costs, in the form of a cash contribution, gift of land or building, tax abatement (not tax exemption), tax increment financing, enterprise zone credit, waiver of fees, or below market interest rate loan (value calculated on imputed savings). For scoring purposes under this Category, a Government Entity or Political Subdivision contribution to a Project provided through a certified Local Housing Trust Fund (LHTF) will be considered a qualified Local Government Contribution only if the Applicant provides documentation from the LHTF that the Government Entity or Political Subdivision has made contributions to the LHTF during the current fiscal year totaling at least the amount of the proposed Local Government Contribution to the Project. State HOME funds or USDA funds are not eligible sources for this category.

5 points for each full one percent (1%) of the Total Project Costs (30 points maximum)

Category 4. Underserved City 10 points
A Project is located in a city that has not received an award of Low-Income Housing Tax Credits in the last three (3) years.

Category 5. Community Revitalization Plan 3 points
An existing Project that is part of a community that has a published Community Revitalization Plan, which includes the use of existing housing.

Building Characteristics

Category 1. Market Appeal 0 to 20 points
Projects offer amenities at no cost to tenants that enhance market appeal and promote long-term viability. The applicant may select from the following options:

- Video Security System. The security system shall record activity at the site such that no part of the site can be accessed without that activity being recorded at a level of resolution wherein the persons recorded are recognizable. The recordings must be maintained for a minimum of 30 days. 10 points
- Medical Alert System. The Project must be an senior Project. The system must be available to all tenants of the senior Project. Installation and/or set-up of the system as well as monthly operating costs must be at the expense of the Project ownership. 5 points
- In-Unit laundry space with washer and dryer 5 points
- Garden Area 5 points
- Bike racks 5 points
- Walking Trails 5 points
- Storage Units 5 points
- Computer Learning Center or free wireless internet connectivity 5 points
- Built in Dishwasher 5 points

All of the above must be provided and maintained throughout the Compliance Period at the cost of the Project Ownership.

Category 2. Projects with Historical Significance 10 points
Entire Projects that are on the National Register of Historic Places or that are determined eligible for the National Register by the State Historic Preservation Officer.

Category 3. Projects that have Subsidized Project-Based Rental Assistance, HUD-VASH Voucher Assistance or Local Project-Based PHA (Public Housing Authority) Voucher Assistance. 0 to 35 points

Project-Based Rental Assistance:

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

HUD-VASH Voucher Assistance:

- At least five percent (5%) of the total Project Units are covered by a written commitment for HUD-VASH Voucher assistance. 10 points
- At least fifteen percent (15%) of the total Project Units are covered by a written commitment for HUD-VASH Voucher assistance. 25 points
- At least twenty-five percent (25%) or more of the total Project Units are covered by a written commitment for HUD-VASH Voucher assistance. 35 points

Local Project-Based PHA Voucher Assistance:

- At least five percent (5%) of the total Project Units are covered by a written commitment for Local Project-Based PHA Voucher assistance. 10 points
- At least fifteen percent (15%) of the total Project Units are covered by a written commitment for Local Project-Based PHA Voucher assistance. 25 points
- At least twenty-five percent (25%) or more of the total Project Units are covered by a written commitment for Local Project-Based PHA Voucher assistance. 35 points

A written binding commitment from a public housing authority to provide the project-based assistance or HUD-VASH Vouchers will also be acceptable if a contract is not yet in existence for the Project. An Applicant may elect points for only one (1) of the following: a project-based rental assistance contract, a commitment for HUD-VASH Voucher assistance or Local Project-Based PHA voucher assistance.

This category is not available to an Applicant that elects points in Resident Profile-Category 1, “Serves Lowest Income Residents with Deep Rent Skewing” and Resident Profile-Category 5, “Rent Reduction”.

Category 4. Construction/Unit Characteristics 0 to 22 points

The applicant may select from the following options:

- Exterior construction: durability 0 to 8 points
- Steel frame doors 2 points
- Main entrance areas (Unit main entrance to interior) OR covered entry and storm door (Unit main entrance to exterior) Minimum depth and width of coverage is 4 feet by 4 feet 2 points
- Storm Shelter – Provide a storm shelter designed according to the requirements and guidelines in the ICC/NSSA Standard for the Design and Construction of Storm Shelters (ICC-500). 10 points

Cost containment: Luxury items i.e. granite or marble countertops, will not be allowed in LIHTC Projects. The intent of the program is to provide moderate housing.

Category 5. Olmstead Goals 0-24 points

Projects advancing the goals of DHS’s 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.

The applicant may select from the following options:

Fully Accessible Units (required for all)	Unit with Accessible Communications Features	Visitable (Type C) Units	Additional Accessible Type A Units	Scoring
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See Appendix 1, G. 17.	(required for all) See Appendix 1, G. 17.	(optional for scoring)	(optional for scoring)	
10%	2%	88%	N/A	3 points
10%	2%	N/A	5%	5 points
10%	2%	83%	5%	8 points
10%	2%	N/A	15%	7 points
10%	2%	73%	15%	10 points
10%	2%	N/A	30%	9 points
10%	2%	58%	30%	12 points

In determining the number of Units, fractional calculations must be rounded up to the next whole Unit number except that fractional calculations made under the VISIBLE optional scoring categories may be rounded down to the nearest whole Unit number so as not to exceed the total number of Project Units. Should an Applicant commit to providing the above Accessible or VISIBLE Units, the Project Architect must acknowledge this commitment at the time of the LIHTC Application submittal. A Unit may be qualified as either Accessible or VISIBLE but cannot be classified as both. All Unit percentages listed in the chart above are specified as minimum thresholds for scoring purposes as percentages of the total number of Project Units. Accessible Units must be dispersed throughout the Property rather than segregated. "Additional Accessible Type A Units" commitments made for scoring purposes must be over and above the Fully Accessible Units required under Appendix 1, Section G of the QAP.

At least fifty percent (50%) of the Fully Accessible and Additional Accessible Type A LIHTC Units will be two-, three-, or four-bedroom Units. Scoring in this section is available only to Projects committing to develop a minimum of fifteen percent (15%) of the total Project Units as Fully Accessible or Accessible Type A. 10 points

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 2 points

Category 6. Readiness to Proceed 0 to 35 points
 The Applicant can demonstrate readiness to proceed (e.g. impact, need, and likelihood of completion). Such determination includes the following factors:

Utilities: The Applicant demonstrates that all of the required Utilities are already available at the Project site, they are adequately sized for the Project, and no extensions are needed. A letter from the applicable utility companies shall be required. 10 points

Paved road: The Applicant demonstrates that the Project has direct access to an existing paved road, with no extensions needed. A letter from the municipality shall be required. 10 points

Zoning: The Applicant provides evidence that the Project site is properly zoned for its proposed use. 15 points

Category 7. Impact on the Environment 0 to 12 points
 All interior paints and primers comply with Green Seal standards for low VOC limits. 2 points

All adhesives comply with Rule 1168 of the South Coast Air Quality Management District. All caulks and sealants comply with Regulation 8, Rule 51 of the Bay Area Air Quality Management District. 2 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. Projects that have HUD financing or HUD subsidy are not eligible. 2 points

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

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. 2 points

Passive Radon System 2 points
Passive radon-resistant features below the building slab along with vertical vent pipe(s) with junction box(es) following requirements in Appendix F, “Radon Control Methods” in the 2012 International Residential Code.

Category 8. Energy Efficiency 0 to 8 points

Refer to Appendix 1 – Threshold Requirements for Building, Construction, Site and Rehabilitation Item G.23.

New Construction:
Home Energy Rating Systems (HERS) Index of 64 or less 8 points

Existing Structures:
2012 International Energy Conservation Code (IECC) exceeded by eight percent (8%) or more. 8 points

For new construction developments, if a Project elects a lower HERS index, then the Project must submit with the construction documents, before construction starts, a report from an energy Consultant acceptable to IFA, that verifies the proposed design will meet the lower HERS rating and they must obtain that lower index score prior to the issuance of an IRS Form 8609. For existing structures that receive a Tax Credit Reservation, an energy audit conducted by a certified home energy rater must 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. Refer to the minimum energy efficiency standards are stated in Appendix 1, G-22.

Other

Category 1. Title Guaranty 10 points
The Applicant must certify that the Ownership Entity will obtain a Final Title Guaranty Owner Certificate on the real estate of the Project from the Iowa Finance Authority's 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.

Category 2. Developer or Owner Contribution 0 to 10 points
Developer or General Partner contributes cash to the Project. A cash contribution does not include a deferral of a Developer Fee. A commitment for funding must be made in advance and a commitment letter must be provided with the Application.
2 points for each full one percent (1%) of the Total Project Costs (10 points maximum)

This is in addition to the threshold requirement of a \$100 contribution by the GP in Section 4.7.1.

Category 3. Qualified Development Team Experience 10 points
The Developer, managing member, or General Partner has 10 or more years of Section 42 experience and has completed at least one (1) LIHTC Project through IRS Form 8609 within the last 5 years.

Category 4. 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 Resident Profile-Category 4, "Provides an Opportunity for Homeownership."

6.1 Selection Criteria. Applications shall be evaluated using the preference and selection criteria required in IRC Section 42. Aggregate rankings or scoring will in no way guarantee an award of Tax Credits to a particular Applicant. During the Application review 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 favors the Application requesting the least amount of Tax Credits per LIHTC Unit based on IFA's equity needs analysis.

IFA reserves the right to limit the reservation of Tax Credits to forty percent (40%) of the total Units per county.

6.2 Reserved

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

6.3.1 The Board may award the amount of the remaining State Ceiling to the 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 6.3.2 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, in its sole discretion, can approve or deny the revision request, or may propose alternative revision(s).

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 whose underwritten Tax Credit amount is eligible for a full award or partial tender of Tax Credits, pursuant to this Section.

6.3.2 Acquisition/Rehabilitation, 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%) must be included in all Acquisition/Rehabilitation, 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. No additional Developer's or Consultant Fee will 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 accept Applications for Tax Credits under this section before March 7, 2014. IFA will not allow additional Tax Credits to Projects to exceed the Unit cost caps.

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

SECTION 7. 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 Credit period.” In making this determination, IFA will consider, but is not limited to, the following:

- The sources and uses of funds and the total financing planned for the development;
- Any proceeds or receipts expected to be generated by tax benefits;
- Percentage of the housing Tax Credit dollar amount used for development;
- The reasonableness of operating expenses, rent and vacancy assumptions, and proposed debt service coverage, the development and operational costs of the proposed development;
- An analysis of the appropriate Tax Credit amount based on an “equity gap” model;
- An analysis of the appropriate Tax Credit amount based on an Eligible Basis calculation;
- An analysis of the appropriate Tax Credit amount based on the Cost Cap calculation;
- An analysis of the appropriate Tax Credit amount based on the Tax Credit Cap per LIHTC Unit calculation;
- The score derived from the criteria set forth in Section 6, Scoring Criteria;
- The selection of Projects that meet the requirements of Section 2.2, Set-Asides, and
- Adequate Tax Credits are available in the 2014 funding round.

7.2 Basis Boost

7.2.1 Special Considerations for Projects Located in a Qualified Census Tract. The Code allows the possibility of receiving a Tax Credit Reservation equal to one hundred thirty percent (130%) of Eligible Basis. The increased basis is allowed in areas defined by HUD as “Qualified Census Tracts” (QCT) or “Difficult Development Areas” (DDA). There are currently no HUD designated DDAs in Iowa. 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. The 2014 LIHTC Application will provide a list of Qualified Census Tracts.

7.2.1.1 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%) of the total Eligible Basis, if the building is located within a Qualified Census Tract. “Community Service Facility” may include childcare, workforce development, healthcare, etc., and must be designed primarily to serve individuals whose income is sixty percent (60%) or less of AMI.

7.2.2 Special Considerations for Projects Located in a non-MSA City or County Projects in a non-MSA City or County may be designated by IFA as requiring a thirty percent

(30%) increase in Eligible Basis in order for such Projects to be financially feasible, as allowed by the HERA.

7.3 Reserved.

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 shall be notified by email that IFA did not select their Project, including an explanation as to why IFA did not select the Project.

An Applicant may not transfer Tax Credits to another Project.

IFA will not allow changes to the Project that affect scoring after the reservation letter has been issued without its written approval.

All Projects receiving a reservation of Tax Credits shall be required to erect an IFA construction sign meeting specifications outlined in the 2014 LIHTC Application and appendices.

7.5 Second and Third Application, and Credit Allocation. Federal law requires that IFA evaluate the Application three times: 1) At initial Application, 2) at submission of the Carryover-10% test Application, and 3) at the time the building(s) is (are) Placed-in-Service. On each occasion, the Applicant must submit a complete Tax Credit 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 initial 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 that Applicants provide detailed and accurate information concerning all development costs at each evaluation. Applicants with 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.

7.5.1 Second Application for Carryover Agreement. 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)(E)(ii).

7.5.2 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.

7.5.3 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 are to be allocated. All Ownership Entities requesting an IRS Form 8609 allocation must submit all items described in IFA's current IRS Form 8609 Application Package. Payment of any fees referenced in Section 3.4.7 is due prior to issuance of an IRS Form 8609.

7.5.3.1 Marketable Title Requirement. As part of the IRS Form 8609 Application Package, the Ownership Entity must 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 Title Guaranty Division of IFA showing the Ownership Entity as the guaranteed. In the case of leased land, a copy of the recorded lease must be provided.

7.5.4 IFA Discretion. If IFA, at any time, has reason to believe that the development: 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.

7.6 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).

7.7 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. 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. An Applicant who files a new Application for substantially the same Project already on IFA's waiting list shall be removed from the waiting list on the date that the new Application is received by the Authority. 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. If Unreserved Tax Credits become available, the Application will be reviewed 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 ranking and set-asides. If the Applicant is in compliance with the QAP, the Board, at its next regular meeting, may make a Tax Credit Reservation award. On December 31, 2014, if Unreserved Tax Credits remain available and no Project listed on the waiting list can be funded in total, then the remaining credits will be combined with the available credits for the 2015 funding round for the purpose of funding the Applicants' Projects submitted in the 2015 funding round, and are no longer available to fund Projects that remain on the waiting list.

7.7.1 Prioritization of Waiting List. The Board generally shall prioritize Projects on the waiting list as follows:

1. Projects seeking additional Tax Credits pursuant to Section 6.3.2.
2. Projects placed on the waiting list following a successful appeal of a denial of Tax Credits by the Board pursuant to Section 7.10.
3. Projects placed on the waiting list as a result of 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 of an inadequate amount of available Tax Credits to fund the Project under Section 6.3.1, provided that the Applicant does not have an outstanding appeal under Section 7.8, or petition for a waiver of one or more administrative rules by the Board.
5. 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 \$1,200,000; provided that the Applicant does not have an outstanding appeal under Section 7.8, 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, in its sole discretion, may deviate from the foregoing guidelines if it determines cause to do so exists.

Within the foregoing categories, Projects on which construction or rehabilitation has begun will be given priority over Projects on which construction or rehabilitation has not begun; and Projects from previous funding rounds will be given priority over Projects funded in the most current funding rounds, in chronological order.

7.8 Appeals. An Applicant whose Application has been timely filed and whose Project did not receive an allocation of Tax Credits may appeal the decision by filing a written notice of appeal within seven (7) days of the award electronically, by facsimile (515)725-4901 or by mail, to the IFA LIHTC Manager at the Iowa Finance Authority, 2015 Grand Avenue, Des Moines, Iowa 50312. The notice of appeal must actually be received by IFA within the time frame specified to be considered timely. The notice of appeal shall state the grounds upon which the Applicant challenges IFA's award. Filing a notice of appeal shall not stay the Tax Credit Reservation awards made by IFA. During the seven (7) day appeal period following the Board award of Tax Credits, Applicants may only contact the IFA LIHTC Manager for information about their Project and/or other Projects submitted during the Tax Credit round. Meetings with IFA staff or IFA Board members will not be permitted during the seven (7) day appeal period.

7.8.1 Procedures for Applicant Appeal. The filing of an appeal constitutes the initiation of a contested case proceeding. The contested case will be governed by the procedures set forth in this Section, together with the contested case rules set forth in 265 IAC Chapter 7. If the provisions of this Section conflict with any of the provisions in 265 IAC Chapter 7, the provisions of this Section will govern.

7.8.2 Hearing. Upon receipt of a notice of an Applicant appeal, IFA may contact the Department of Inspections and Appeals to arrange for a hearing. A written notice of the date, time and location of the appeal hearing will be sent to the parties to the appeal. IFA shall

select a presiding officer and hold a hearing on the Applicant appeal in conformance with its rules on contested cases.

7.8.3 Discovery. Any discovery requests shall be served simultaneously on the parties within 10 days of the notice of appeal. Responses to any discovery requests must be submitted to all of the parties within 10 days of receiving the discovery request.

7.8.4 Witnesses and Exhibits. Within 20 days following the notice of appeal, the parties shall contact each other regarding witnesses and exhibits. There is no requirement for witness and exhibit lists. However, the parties must meet prior to the hearing regarding the evidence to be presented in order to avoid duplication or the submission of extraneous materials. The parties may request a pre-hearing conference to discuss witnesses, exhibits or other matters relating to the hearing.

7.8.5 Settlements.

7.8.5.1 A contested case may be resolved by an informal settlement. Settlement negotiations may be initiated at any stage of a contested case by the Executive Director, prosecuting attorney, or the aggrieved party. No party is required to participate in the informal settlement process.

7.8.5.2 The Executive Director shall have authority to negotiate on behalf of the Board. No party shall communicate with any Board member about settlement negotiations until a written proposal settlement is submitted to the full Board for approval, unless all parties to the settlement negotiations waive this prohibition. No proposed settlement shall be presented to the full Board for approval until it is in final, written form signed by the aggrieved party.

7.8.5.3 Waiver of notice and opportunity to be heard. The decision to enter into settlement negotiations is voluntary on the part of the parties. By entering into informal settlement negotiations, the respondent waives the right to seek disqualification of the Executive Director from being present during the Board's deliberations and the making of the contested case decision if the appeal goes to a hearing.

7.8.5.4 All proposed settlements are subject to approval of a majority of the full Board. If the Board fails to approve a proposed settlement, it shall be of no force or effect to either party and shall not be admitted into evidence during the hearing on the contested case.

7.8.5.5 A Board member who is presented with a settlement proposal pursuant to Section 7.8.5 that is rejected by the Board shall not be disqualified from adjudicating the contested case due to that participation.

7.9 Evidence for an Electronically held Hearing. If the hearing is held electronically, all exhibits shall be delivered to IFA three (3) days prior to the time the hearing is conducted. Any exhibits which have not been served on the opposing party shall be served at least seven (7) days prior to the hearing.

7.10 Remedies on Appeal. In the event an Applicant passed the threshold requirements and is successful in demonstrating that the Applicant should have been awarded Tax Credits, the Board may place the Project on a waiting list for Unreserved or returned Tax Credits. In the event an Applicant is successful in demonstrating that a Project was improperly determined by IFA to have not met the threshold requirements, the Board shall cause the Project to be scored. In the event the Project receives a score equal to or greater than the lowest score of any Project receiving credits in the same round, the Board may place the Project on a waiting list for Unreserved or returned Tax Credits.

7.11 Contents of Decision. The presiding officer shall issue a decision in writing that includes finding of fact and conclusions of law stated separately. The decision shall be based on the record of the contested case and shall conform to Iowa chapter 17A. The decision shall be sent to all parties by first-class mail.

7.12 Record Requirements. The record of the contested case shall include all materials specified in Iowa Code subsection 17A.12 (6). The record shall also include any requests for a contested case hearing and other relevant procedural documents regardless of their form.

7.12.1 Oral proceedings in connection with an Applicant appeal shall be recorded either by mechanized means or by certified shorthand reporters. Parties requesting that the hearing be recorded by a certified shorthand report shall bear the cost of the reporter.

7.12.2 Oral proceedings with a hearing in a case or any portion of the oral proceedings shall be transcribed at the request of any party with the expense of the transcription charged to the requesting party.

7.12.3 Copies of the tapes of oral proceedings may be obtained from the Board at the requestor's expense.

7.12.4 The recording or stenographic notes of the oral proceedings or the transcription shall be filed and maintained by the Board for at least two (2) years from the date of the proposed decision.

7.13 Dismissal. A ruling dismissing all of the party's claims or a voluntary dismissal is a decision under Iowa Code Section 17A.15.

7.14 Requests for Rehearing. Requests for rehearing shall be made to IFA within 20 days of issuing a final decision. A rehearing may be granted when new legal issues are raised, new evidence is available, an obvious mistake is corrected, or when the decision fails to include adequate findings or conclusions on all issues. A request for rehearing is not necessary to exhaust administrative remedies.

7.15 Judicial Review. Judicial review of IFA's final decisions may be sought in accordance with Iowa Code Section 17A.19.

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. Construction must begin on a Project within 18 months from the reservation date.

8.1.1 IFA may periodically request a status report on the Project's construction timeline.

8.1.2 An IFA construction sign meeting specifications outlined in the Application and appendices must be erected at the initiation of construction.

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

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

8.1.5 If the site was not zoned appropriately at the time of Application, prior to commencing construction, IFA shall receive a letter or other document from the city that states appropriate zoning has been approved.

8.1.6 If required for the Project in Appendix 1, J, a Capital Need Assessment must be submitted to and approved by IFA prior to commencing construction.

8.1.7 For existing structures, prior to the preparation of the final work rehabilitation order and start of rehabilitation, the Ownership Entity must provide a copy of the energy audit conducted by a certified home energy rater to IFA. The rater, owner, and IFA will determine the feasibility of meeting the requirements of IECC. Appropriate specifications to meet IECC standards or alternate cost-effective energy improvements must be included in the final work rehabilitation order and shall be submitted with the plans and specifications for approval before starting construction.

8.1.8 If the Project meets the criteria set forth in Section 5.5, a copy of the final relocation plan and copy of the notice to existing tenants must be provided to IFA prior to the start of relocation.

8.2 Amendments to the Application after Award. The Ownership Entity may amend, with the IFA LIHTC Manager's consent, the Application after a reservation of Tax Credits is made solely for the purpose of showing changes as described in this Section.

8.2.1 Sources and uses of funds that do not increase the amount of Tax Credits awarded.

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.

8.2.3 Site changes that are equal to or exceed the site characteristics of the site first described in the Application. A site change will be permitted only if in IFA's sole discretion the substituted site does not reduce the number of points awarded during the evaluation process, it is within the same city, and the request for such site change is submitted sufficiently in advance to permit IFA to approve the site change prior to December 31 of the calendar year in which the Tax Credit allocation is made. 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, or at any other time, 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 Credit Reservation, or the amount of the Tax Credits will be adjusted, or an IRS Form 8823 will be issued. It is expected that the Projects will be the same as were 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 will 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.

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

8.4 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.

8.5 Return of Tax Credits. Allocations of Tax Credits may only be returned in accordance with applicable U.S. Treasury Regulations on a date agreed upon by IFA and the Ownership Entity or in accordance with the provisions of Section 7.6.

8.6 Notification of Vacancies. Prior to the Placed-in-Service Date, the Owner shall provide IFA with a copy of the Notification to the Public Housing Authority, as set forth in Section 5.4.4. If IFA enters into a contract with a rental housing locator service, notification to this service will be required of all awarded Projects.

8.7 IRS Form 8609. All Applicants requesting an IRS Form 8609 allocation shall submit all items described in IFA's current IRS Form 8609 request package. The Ownership Entity shall complete Part B and return a copy of the fully executed IRS Form 8609 to IFA within 60 calendar days of IFA's issuance date of the IRS Form 8609.

Owners and Management Companies of Projects shall attend a minimum of eight (8) 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 Training on compliance 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.

8.8 Change in General Partner, Majority Shareholder or Managing Member. In the event there is a proposed change in a General Partner, majority shareholder of a corporation or majority membership of a limited liability company after the reservation of Tax Credits is issued, IFA shall be notified by the partnership, corporation or limited liability company to obtain approval prior to the effective date of such change. The new General Partner or new majority shareholder shall agree to 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 for transfer may not be approved. If IFA is not notified of a change in the General Partner, IFA may deny the issuance of the Carryover Allocation, withhold the IRS Form 8609 or issue an IRS Form 8823.

8.9 Prior to Placed-in-Service Date. At least 120 days prior to the first Unit Placed-in-Service, a copy of the Affirmative Fair Housing Marketing Plan shall be submitted to IFA.

8.9.1 Prior to the Placed-in-Service Date, for new construction Projects with three (3) stories or less, the Owner shall provide IFA a copy of the home energy rating report as performed by a certified HERS rater. The Project shall receive a final HERS index of 70 or less.

8.9.2 Prior to the Placed-in-Service Date, for new construction Projects with four (4) or more stories, the Owner shall provide IFA documentation by an independent licensed engineer that the Project exceeds ASHRAE 90.1 Appendix G-2007 by at least fifteen percent (15%).

8.9.3 Prior to the Placed-in-Service Date, for existing structures, the Owner shall provide IFA a copy of the 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.

8.9.4 Prior to the IRS Form 8609 Application, the Owner shall provide IFA verification that the replacement and operating reserves have been established, and the terms and conditions have been met.

8.10 Require Annual Audited Financials. Tax Credit recipients shall submit annual audited financial statements for the Project within ninety (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 must be certified by a Certified Public Accountant (CPA).

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PART B – REQUIREMENTS FOR 4% TAX CREDITS WITH TAX-EXEMPT BONDS

SECTION 9. TAX-EXEMPT BOND FINANCED PROJECTS CREDIT RESERVATION AND ALLOCATION PROCESS

Under IRC Section 42(h)(4), Projects financed with tax-exempt bonds may be entitled to thirty percent (30%) present value Tax Credits not subject to the State Ceiling and without the need to participate in the competitive round. The requirements for a Project using tax-exempt bond financing are as follows:

9.1. Private Activity Bond Cap. The bonds to finance the Project must have received an allocation of private activity bond cap pursuant to IRC Section 146 and Iowa Code Chapter 7C. Additionally, principal payments on the bonds must be applied within a reasonable period to redeem the bonds. 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 entitled to Tax Credits for up to the full amount of Eligible Basis.

9.2 Allocation through IFA. Projects financed with tax-exempt bonds are required to apply to IFA for an allocation and for a determination that the Project satisfies the requirements of the QAP. If the Project utilizes a federal lending program or a lending program available through Fannie Mae or Freddie Mac, IFA may accept the underwriting and market study information approved by that lending Entity.

9.3 Application Criteria. Except as provided in this Section, a Project using tax-exempt financing shall satisfy all of the underwriting and threshold requirements stated in Part B, Part C-Terms and Conditions, and Appendix 1, Threshold Requirements for Building, Construction, Site, and Rehabilitation to be considered for Tax Credits. A market study, completed within the past six (6) months, is required to be submitted by a disinterested third party analyst. If IFA believes there is inadequate demand or proposed occupancy rates that would impact long-term financial feasibility, IFA may require a written analysis of the market study by a market study analyst of IFA's choosing. The Applicant shall agree to pay the cost of the written analysis. The Ownership Entity shall fulfill all post-award requirements and keep the Project in compliance for the Extended Use Period. The Project shall be subject to the compliance monitoring requirements of Section 13.14.

9.4 Application Process. Applicants may submit an online Application at any time at www.IowaFinanceAuthority.gov in accordance with the following process. Applicants are advised to check IFA's website periodically for any amendments or modifications to the Application Package.

9.4.1 The Applicant shall submit a request for Tax Credits to IFA after the issuer of the bonds has approved an "inducement" resolution for the Project. If the Project is seeking mortgage insurance through the Federal Housing Administration (FHA), or credit enhancement from another source, the Applicant shall submit the request to IFA after the FHA or the credit enhancer has approved a preliminary mortgage amount.

9.4.2 The Tax Credit request shall be submitted in accordance with the QAP and Application that is in effect at the time of the request. These QAP and Application requirements, including fees, will also be used in the IRS Form 8609 Application process.

9.4.3 IFA shall review the Application, determine whether the Project is eligible and meets the requirements of the QAP, then make an initial determination of the Project's Tax Credit amount.

9.4.4 If the Project loan will be FHA-insured, IFA shall complete a HUD-required subsidy-layering review to assure that the Project complies with HUD guidelines pursuant to Section 911 of the 1992 Housing and Community Development Act (combining Tax Credits with HUD assistance).

9.4.5 If a Project satisfies the QAP requirements, as determined by IFA, IFA shall provide the Applicant and the bond issuer with a 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. At the time the letter is sent, IFA will request that the issuer confirm IFA's determination of the Tax Credit amount. In the event IFA is the bond issuer, its' own calculations shall be deemed sufficient to fulfill this requirement.

9.4.6 The Project must be Placed-in-Service no later than 24 months following the date of the bond issuance.

9.4.7 The Applicable Percentage 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.

9.4.8 In the year in which the Project is Placed-in-Service, the Ownership Entity shall request a final allocation of Tax Credits in accordance with deadlines posted on IFA's website. IFA will provide an IRS Form 8609 Application Package for final allocation requests.

9.4.9 Tax-exempt Projects are required to enter into a LURA for a 30-year period, which will govern the low-income use and any other QAP requirements, and to follow the same final allocation Application process as Projects awarded Tax Credits in the competitive round.

9.4.10 Special Considerations for Projects Located in a Qualified Census Tract. The Code allows the possibility of receiving a Tax Credit Reservation equal to one hundred thirty percent (130%) of Eligible Basis. The increased basis is allowed in areas defined by HUD as "Qualified Census Tracts" (QCT) or "Difficult Development Areas" (DDA). There are currently no HUD designated DDAs in Iowa. Applicants may request the higher basis, but IFA reserves the right to determine the Tax Credit Allocation amount required for feasible development. A map of the census tract showing the Project location shall be submitted with the Application. The 2014 LIHTC Application will provide a list of Qualified Census Tracts. IFA may, on a case-by-case basis, pursuant to Section 10.8.1 allow a Project in a QCT to exceed the Unit cost cap specified in Section 10.8.

9.4.10.1 Community Service Facility. Tax Credits may be awarded to that portion of the building used as a Community Service Facility, not in excess of ten percent (10%) of the total Eligible Basis, if the building is located within a QCT. "Community Service Facility" may include childcare, workforce development,

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

9.4.11 Site Visits. IFA may make site visits as it deems necessary to review proposed Project and verify any of the information provided in the Application. Applicants may or may not be notified of a site visit. If deemed necessary by IFA, Applicants shall provide building access for inspection by Evaluators to, among other things, confirm basic structural soundness.

9.4.12 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. The Form 8821 shall be provided to IFA for the Ownership Entity, at the time of Carryover Application, at the time the Project is Placed-in-Service, and annually during the Compliance Period. Members of the Qualified Development Team, as determined by IFA, must execute an Authorization to Release Information as part of the online Application.

9.4.13 Fees. IFA shall collect the fees described below for the LIHTC Program. Electronic payment of the fees shall be made payable to the Iowa Finance Authority. 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 date of the Tax Credit Reservation letter. If the date that the reservation fee is due falls on a weekend or holiday, the fee is due on the next business day. If the reservation fee is not received, IFA may withdraw the reservation of Tax Credits 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 except if the Applicant withdraws the Application within three (3) business days of receipt by IFA, the Application fee will be reimbursed.

Fee Type	All Applicants
Application Fee	35 Units or fewer: \$1,600 36 to 60 Units: \$2,100 61 to 100 Units: \$2,600 Over 100 Units: \$5,200
Change in Application Fee	\$800 each time the Applicant submits a revised Application that changes the Tax Credit amount requested, or requests amendments or changes to the Application under section 12.1, 12.2 or 12.6.
Reservation Fee	One percent (1%) of the total 10-year Tax Credit amount
IRS Form 8609 Application Fee	One tenth of one percent (.1%) of the total 10-year Tax Credit amount based on the IRS Form 8609 Application will be due prior to the IRS Form 8609 issuance.

Compliance Monitoring	<p>\$25 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)</p> <p>(Example: \$25 per Unit x 24-Unit Project = \$600.00 paid annually for 30 years.)</p> <p>Annual rate increases may apply.</p> <p>First annual payment must 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 and Extended Use Period if annual rate increases are applied during that time.</p> <p>Other fees as provided in the Compliance Manual.</p>
Filing of the LURA	<p>The Applicant will be billed for actual cost for electronic or paper filing (if electronic filing is not available in a particular county) of the LURA with the county that the Property(ies) is/are located.</p>
Late Submission of the IRS Form 8609 Application	<p>If a late submission of the IRS Form 8609 Application is allowed by IFA, the Applicant will be billed for an additional amount equal to the Application Fee as listed above.</p>
Legal Fees	<p>Legal fees incurred by IFA with respect to the Project will be assessed and billed to the Applicant, including but not limited to the following:</p> <ul style="list-style-type: none"> • Fees for research relating to irregular situations • Ownership agreements • Rental rate questions • Unusual timing situations • Specific technical questions relating to IRC Section 42 <p>Legal fees of IFA's in-house counsel will be billed at the rate of \$150 per hour. Legal fees of outside counsel will be billed at the rate charged to IFA. If IFA anticipates that legal work on a matter will exceed five hours, IFA will notify the Applicant prior to commencement of the legal work.</p>
Construction Monitoring Fees Inspections:	<p>A \$2,000 Construction monitoring fee will be due with the IRS Form 8609 Application.</p> <p>IFA will typically conduct five (5) site visits consisting of four (4) inspections and one (1) preconstruction meeting.</p>

<p>Fees for Failed and Missed Inspections</p>	<p>IFA may elect to conduct additional inspections at its discretion for larger or more complicated projects at no cost.</p> <p>There will be an additional \$500 fee for any re-inspections when, in IFA's view, enough items failed inspection to warrant a return visit to the site(s)</p> <p>There will be an additional \$500 charge for any missed inspections where IFA is not notified by email to the Construction Analyst two (2) working days in advance.</p>
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9.4.14 Discretion by the Board. The Executive Director, subject to approval by the Board, may determine whether to award Tax Credits to a Project proposing to use tax-exempt financing and 4% Tax Credits pursuant to the QAP.

9.4.15 New Developer in Iowa. If the Applicant has not previously submitted an Application to IFA in previous LIHTC rounds, the Applicant shall meet with the IFA LIHTC Manager to review the QAP and the Application process prior to submitting an Application. The Developer/Co-Developer shall provide IFA financial statements from the past three (3) years.

9.4.16 New Tax Credit Developer. A first time Tax Credit recipient shall complete at least one (1) 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. A new Tax Credit Developer Applicant is only eligible to receive an award of Tax Credits for one (1) Project.

SECTION 10. UNDERWRITING

The Applicant is required to 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. IFA may adjust the amount of Tax Credits based upon the underwriting. Underwriting shall be completed for a Project prior to the time a reservation is awarded and before an IRS Form 8609 is issued. The pro forma cash flow is part of the Application. If a gap in financing is discovered after underwriting the Project, the gap may be filled from no more than fifty percent (50%) the Developer's Fee. No other fee will be used to fill a gap in financing. IFA may require the Applicant to provide annual financial statements for the Project Developer and the Ownership Entity.

The Applicant is required to supply sufficient information to allow IFA to determine whether the Project is financially feasible during the construction phase and the operational phase of the Project. The Applicant is required to provide information regarding loans, grants, equity contributions, the anticipated value received from syndicators, equity partners or private funding sources for the Tax Credits, property tax abatements, tax increment financing, enterprise zone benefits and any other type of financing or contributions that are relevant to the economic feasibility of the Project and are available to the Project. State Historic Tax Credits (SHTCs) may be listed as a source of funds, provided that the Applicant can demonstrate that the equity received from these credits will be received prior to the issuance of the IRS Form 8609. SHTCs may not be used in underwriting if a gap in financing would exist beyond the issuance of the IRS Form 8609.

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.

10.1 Underwriting Standards.

10.1.1 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.

10.1.2 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. For a Project qualified under Section 2.2.3, 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 (3) years, and is currently occupied at a minimum of ninety-five percent (95%).

10.1.3 All Projects must reflect an average Debt Service Coverage Ratio (DSCR) between 1.2 DSCR and 1.5 DSCR. Any one year cannot go below 1.15 DSCR or above 1.8 DSCR for the first 15 years.

10.2 Operating Expenses.

10.2.1 Housing for Older Persons: Minimum of \$2,750 per Unit per year not including taxes and reserves.

10.2.2 Housing for Families: Minimum of \$3,250 per Unit per year not including taxes and reserves.

10.3 Operating and Replacement Reserves.

10.3.1 Operating Reserve. The operating reserve will be the greater of 1) \$1,500 per Unit or 2) six (6) 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 (8) months of debt service, operating expenses and real estate taxes. The operating reserve shall be in place for the first fifteen (15) years and be used solely to cover operating deficits. The Applicant must include a narrative explaining how the operating reserve will be established.

10.3.1.1 Reserved.

10.3.1.2 The operating reserve can be funded by deferring the Developer's Fees of the Project

10.3.1.3 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 fifteen (15)-year period described in Section 10.3.1. If a letter of credit is used, the proceeds should not be included in the Project costs. The fees associated with obtaining the letter of credit may be included in the Project costs.

10.3.1.4 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 this Section. Applicants are required to 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 is required.

10.3.2 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.

10.3.2.1 The Applicant is required to 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.

10.3.2.2 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 this Section. 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.

10.4 Deferred Developer Fees.

10.4.1 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 amount as of the full Application. If the deferred Developer Fee cannot be paid within 15 years, IFA will consider the unpaid amount to be a Developer contribution to the Project. Each of these will be determined by IFA. Nonprofit organizations must include a resolution from the Board of Directors allowing such a deferred payment obligation to the Project. The deferred Developer Fee must be paid from the net cash flow and not be calculated into the minimum Debt Service Coverage Ratio.

10.5 Financing Commitment.

10.5.1 The Applicant must provide a letter of intent for construction and permanent financing from the lending institution on the institution's letterhead. This letter must clearly state the term of the permanent loan, how the interest rate will be indexed, the current rate at the time of the letter, the amortization period, fees, and any prepayment penalties, anticipated security interest in the Property and lien position. The letter of intent must extend at least six (6) months beyond the Application due at IFA date.

10.5.2 For all other sources, except state HOME funds and IFA approved participating Cities with allocated HOME funds, a commitment for funding must be made in advance. This includes any other grants, loans, tax credits, tax increment financing, etc. Documentation that specifies the value of the commitment, the purpose the funds can be used for, and time limitations related to the commitment must be provided from the entity making the commitment. A resolution adopted by the city council is an acceptable commitment for providing tax increment financing.

10.5.3 Applications may only include one set of proposed funding sources. IFA will not consider multiple funding scenarios. A Project shall be ineligible for allocation if any of the listed funding sources will not be available in an amount and under the terms described in the Application. IFA may waive this limitation if the Project otherwise demonstrates financial feasibility.

10.6 Developer and Builder Fees.

10.6.1 Developer Fees (including overhead and profit and Consultant Fees) shall not exceed the percentages described below. 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. For Acquisition/Rehabilitation or Rehabilitation Projects, the Developer's Fee is listed in the schedule below. The fees shall be limited as follows:

Project Type	Fee Limit
Developer Fee for New Construction Projects:	
First 36 Units within the Project	Not to exceed 14%
Remaining Units within the Project above 36	Not to exceed 12%
Developer Fee for Acquisition/Rehabilitation or Rehabilitation Projects:	
Rehabilitation Portion of Acq/Rehab or Rehab Projects, including Adaptive Reuse, Historic, and Preservation Projects	Not to exceed 16% of the Total Project Costs minus land, building purchase (existing structures), Developer' Fee, Developer's overhead and profit, Consultant Fees, and Project reserves.
Acquisition Portion of Acq/Rehab Projects, including Adaptive Reuse, Historic, and Preservation Projects	Not to exceed 6% of the purchase cost of the buildings (existing structures).

10.6.2 Builder and general contractor fees will be limited to a total of twelve percent (12%) of the Hard Construction Costs.

10.6.3 In the event the Developer Fee, Consultant Fee or builder fee limits are in excess of the limits imposed, IFA will make the appropriate adjustments during the underwriting phase of the evaluation of the Applications.

10.6.4. When the General Partner of the Ownership Entity is a nonprofit organization, the Nonprofit shall receive no less than fifty percent (50%) of the combined total of the Developer and Consultant Fee.

10.6.5 IFA reserves the right to limit professional fees and other fees.

10.7 Other Fees and Considerations.

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

10.8 Unit Cost Cap. IFA shall not award LIHTC to a Project in which the cost per Unit is greater than the HUD 221(d)(3) limits listed in Appendix D. Enterprise Zone sales tax rebates and utility company rebates for energy efficiency measures will be included in the calculation of Total Project Costs. Projects receiving State and/or Federal Historic rehabilitation Tax Credits will be allowed to deduct the residential portion of the Historic Tax Credit from the Project costs to allow for stricter rehabilitation standards.

Please refer to Appendix D for the HUD 221(d)(3) limits.

Unit cost caps are maximum amounts. IFA provides no guarantee that Projects at or below the Unit cost caps will be deemed financially feasible.

SECTION 11. THRESHOLD REQUIREMENTS - ALL DEVELOPERS\OWNERSHIP ENTITIES

To be considered for a reservation of Tax Credits, a Project must demonstrate that it meets the requirements described in this Section. Scoring and threshold determinations made in prior years are not binding on IFA for the 2014 round.

11.1 Complete Application. In order for IFA to review an Application fairly and accurately, it must 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 Applicant will be notified by email or through the online Application. The Applicant will have a reasonable amount of time to submit the requested information, as specified in the notice for information. The Applicant may contact the IFA LIHTC Manager at any time to request clarification.

11.2 Legal Ownership Entity. The Ownership Entity must be formed prior to submission of the Application. For the purposes of the Application, the Applicant is the Ownership Entity.

11.3 Location Requirements. The proposed Project must be located in an incorporated city. Applications shall not contain or propose alternate sites. Alternate sites must be presented as separate Projects with separate Applications.

11.4 Readiness to Proceed. The Applicant must be ready to proceed with the Project by documenting site Control, site suitability, adherence to building standards, and a Qualified Development Team. Refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation for related requirements. In addition, the following shall be met:

11.4.1 Appraisals.

11.4.1.1 Land/Acquisition with an Identity of Interest. For land and buildings which are acquired from a party with an Identity of Interest, the Applicant must provide an appraisal by an MAI certified appraiser who is not a related party and is currently in good standing. The appraisal must be no more than 180 days old on the date that the Application is submitted to IFA. The appraisal may be submitted to IFA 30 days following the Application due date.

11.4.1.2 State HOME funded Projects. For all Projects that are requesting State HOME funds, the Applicant must provide an appraisal by an MAI certified appraiser who is not a related party and is currently in good standing. The HOME program requires the appraisal in order to determine the market value of the acquired land and/or buildings. The appraisal must be no more than 180 days old on the date that the Application is submitted to IFA. The appraisal may be submitted to IFA 30 days following the Application due date.

11.4.2 Qualified Development Team. The Applicant is required to identify the Qualified Development Team and to provide a narrative describing the function of each mandatory member of the Qualified Development Team. The narrative shall explain how the Qualified Development Team possesses the necessary experience to successfully complete the proposed

Project and all other projects under construction, and that it has developed projects of comparable size and financing complexity. Either the Developer, managing member, General Partner or Development Consultant must have Materially Participated in a LIHTC Project that has received an IRS Form 8609 from any state within the past five (5) years. The qualifications of the QDT will be evaluated again at Carryover and the reservation of Tax Credits may be revoked, at the sole discretion of IFA, if the QDT is not qualified to successfully complete the proposed Project. The Project Developer or Developer representative must attend a mandatory Developer Application training session, as noted in QAP Section 3.2.3. The Management Company/Manager must have at least three (3) years of experience successfully managing a Section 42 Property.

IFA may require a financial background check of the Project Developer, General Partner/managing member, Consultant, 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 Qualified Development Team member to participate in the Tax Credit Program;
2. Reject or disqualify an Application and cancel any Credit reservation and Carryover Allocation; 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).

11.4.3 Capital Needs Assessment (CNA) for Rehabilitation, Preservation and Adaptive Reuse Projects. The Applicant shall acknowledge the CNA requirement and that IFA will require the CNA prior to the start of construction. For the requirements related to the CNA refer to Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation.

11.4.4 Commitment to Notify Public Housing Authority (PHA) of Vacancies. The Applicant shall acknowledge the Commitment to Notify Public Housing Authority (PHA) of vacancies.

11.4.5 Notification of Chief Executive Officer of Local Jurisdiction. The Applicant shall provide accurate information through the online Application identifying 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, through the online Application.

11.4.6 Ineligibility. Significant Parties are subject to being deemed ineligible to participate in the LIHTC program as set forth below:

11.4.6.1 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not

receive a Tax Credit Reservation for a period not less than five (5) years from the date of determination of ineligibility; such parties may also be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to five (5) years prior to the effective date hereof):

11.4.6.1.1 Significant Parties who have been convicted of, entered an agreement for immunity from prosecution for, received a deferred judgment or suspended sentence or judgment for, or pled guilty, including a plea of no contest, to a crime including any of the following:

- fraud,
- tax fraud,
- embezzlement,
- bribery,
- payments of illegal gratuities,
- perjury,
- false statements,
- racketeering,
- blackmail,
- extortion,
- falsification or destruction of records, or
- a crime of violence related to any housing Project .

11.4.6.1.2 Any syndicator, equity partner, private placement originator, limited partner or member of an LLC of a project from which, following the commencement of construction thru the issuance of an IRS Form 8609, the purchaser of Tax Credit equity withdraws.

11.4.6.2 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period of not less than three (3) years from the date of determination of ineligibility; such parties may also be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to three (3) years prior to the effective date hereof):

11.4.6.2.1 Any Significant Party that intentionally or negligently misrepresents or omits any material fact in its LIHTC Application or in any other written communication with IFA.

11.4.6.2.2 Any Significant Party that has an uncorrected default of any agreement between the Significant Party and IFA.

11.4.6.2.3 Any Significant Party who has been removed as a General Partner or managing member by the equity investor from any previously approved LIHTC Project in Iowa or any other state.

11.4.6.3 The following Significant Parties and the Projects with which they are associated shall be ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period of not less than one (1) year from the date of determination of ineligibility; such parties may also be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time (in determining ineligibility, IFA shall consider conduct occurring up to one (1) year prior to the effective date hereof):

11.4.6.3.1 Significant Parties who have Materially Participated in any Project that has had unsatisfactory performance, in Iowa or any other state, with a state-sponsored or housing-related assisted program, as determined by IFA. This includes parties with loans under any IFA program that are 90 days or more delinquent.

11.4.6.3.2 Significant Parties who have served as an officer, director, General Partner, managing member, accountant, architect, engineer, management agent, financial consultant, or any other consultant of any Entity that has unsatisfactory performance, in Iowa or any other state, with a state-sponsored or housing-related assistance program, or under any agreement or loan, as determined by IFA. This includes Entities with loans under any IFA program that are 90 days or more delinquent.

11.4.6.3.3 Significant Parties who have been declared ineligible or otherwise debarred from any housing-related assistance program by any Iowa state agency, by any LIHTC allocating agency of any other state, or by any federal agency.

11.4.6.3.4 Developers, Ownership Entities and the General Partners/Managing Members thereof, and consultants or any other persons determined by IFA to have an Identity of Interest or of personnel with any thereof, who have Materially Participated in a Project for which Tax Credits awarded in a prior nine percent (9%) Tax Credit round were returned to IFA in calendar year 2013 prior to the closing of such Project's equity investment and no subsequent year Tax Credits were issued to replace the returned Tax Credits. An Ownership Entity or Developer, who returns excess Tax Credits at the time of the IRS Form 8609 issuance, or returns four percent (4%) Tax Credits at any time, will not be disqualified from participating in the current Tax Credit funding round.

11.4.6.3.5 Developers, Ownership Entities and the General Partners/managing members thereof, and consultants or any other persons determined by IFA to have an Identity of Interest or of personnel with any thereof, who have Materially Participated in a Project that was awarded

nine percent (9%) Tax Credits in 2011 or 2012 in which the Project costs exceeded the applicable Unit cost cap at the time of the Carryover-10% Test or the IRS Form 8609 Application.

11.4.6.3.6 An Ownership Entity that fails to timely submit to IFA the IRS Form 8609 with Part II completed or that submits an incorrectly completed IRS Form 8609.

11.4.6.4 The following Significant Parties and the Projects with which they are associated may be deemed ineligible to participate in the LIHTC Program and shall not receive a Tax Credit Reservation for a period to be determined by IFA, based upon its review of all relevant facts, up to and including permanent debarment, and such Significant Parties may be denied a Tax Credit Allocation at Carryover time or an IRS Form 8609 for the same period of time:

11.4.6.4.1 Significant Parties who have Materially Participated in a Project that has received from IFA or from any other state an IRS Form 8823 on which a box in the column headed “Out of compliance” has been checked (regardless of whether the non-compliance for which the IRS Form 8823 was issued has subsequently been corrected) or who have a history of repeated or significant Tax Credit compliance deficiencies, even if such significant Tax Credit compliance deficiencies have not resulted in an uncorrected IRS Form 8823. IFA may consider as mitigating or aggravating factors, the number of instances of non-compliance, whether the non-compliance has been corrected, the speed with which the Project was brought back into compliance, and the degree of Control of the Significant Party in question over the out-of-compliance Project. Applicants are encouraged to work with the IFA Compliance staff to correct any outstanding issues prior to the Application deadline. If corrections cannot be completed prior to the Application deadline, the Applicant must submit a detailed account, on the exhibit provided in the Application, of any noteworthy compliance issues or uncorrected IRS Form 8823’s that have been issued with respect to properties associated with any Significant Parties. IFA issues a report, similar to an IRS Form 8823, called the “Low Income Housing Tax Credit Notice of Non-Compliance –Land Use Restrictive Agreement (LURA) Extended Use Period” which addresses issues that are not in compliance with the LURA to the Owner that also must be corrected.

11.4.6.4.2 Significant Parties who fail to disclose any direct or indirect financial or other interest a member of the Project Qualified Development Team may have with another member of the Project Qualified Development Team or with the Project.

11.4.6.4.3 An Applicant who fails to disclose all known members of the Project Qualified Development Team.

11.4.6.4.4 Significant Parties who have voluntarily agreed to be replaced as a General Partner or managing member of any previously approved LIHTC Project in Iowa or any other state as a result of performance issues.

11.4.6.4.5 Significant Parties who, within the past seven (7) years, have filed for bankruptcy, or been a party to an adverse fair housing settlement, or an adverse civil rights settlement.

11.4.6.5 IFA staff may reduce the ineligibility period as to any given Significant Party, under Sections 11.4.6.1.2, 11.4.6.2 and 11.4.6.3 if such reduction is deemed to be in the best interests of IFA and affordable housing.

11.5 Displacement of Tenants. IFA will accept Applications that have displaced (or will displace) tenants, although involuntary 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 must be submitted with the Application if the Project scope requires any form of temporary or permanent relocation of existing tenants. The proposed relocation plan must 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.

11.6 Confirmation of Eligibility—Rehabilitation or Acquisition. The Applicant is required to confirm eligibility under IRC Section 42(d) (2) (B) (ii) (the 10-year rule) by listing each building 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 must 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).

11.7 Rehabilitation Standards. The Applicant is required to provide information regarding Rehabilitation Expenditures for each building as specified in Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation. The Applicant must 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 Application must 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 \$25,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit.

11.8 Building Standards. Preliminary site plan, floor plans and elevations are to be submitted with the Application to IFA for all of the buildings in the proposed development. The Applicant must demonstrate that they have or will 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 Appendix 1, Threshold Requirements for Building, Construction, Site and Rehabilitation.

11.9 Scattered Sites. The Applicant must 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 party and financed under the same agreement(s), and are located within a 20-mile radius, as determined by Google Maps (www.Googlemaps.com) using driving directions. A Scattered Site Project may be new construction, acquisition, rehabilitation or a combination of these types. For Scattered Site Projects, all Units must be qualified LIHTC Units.

11.10 Affirmative Fair Housing Marketing Plans. Each Applicant must acknowledge the Affirmative Fair Housing Marketing Plan requirement and to submit the plan to IFA at least 120 days prior to Placed-in-Service date.

11.11 Adequate Market. The Market Study and Analysis shall demonstrate 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.

11.12 Minimum Scoring Met. As a threshold requirement upon submission, the Project must obtain a score of at least 140 points under the criteria set forth in Section 6 Scoring Criteria.

11.13 Senior Projects. Senior Projects are not allowed anything greater than 2 bedrooms per unit.

11.14 Commitment to Notify DHS Referral Network of Vacancies. The Applicant shall acknowledge the Commitment to Notify the DHS Referral Network of vacancies in Handicapped Accessible Units by notifying each of the following referral sources of any available Handicapped Accessible Units: (1) Iowa's Money Follows the Person Initiative, (2) Iowa Department of Human Services (DHS) Targeted Case Management Bureau, and (3) the DHS Office serving the county in which the Project is located.

11.15 Lease Addendum. In order to comply with Section 8.27 of Section 504 of the Rehabilitation Act of 1973, the Owner must lease Handicapped Accessible Units designed for persons with disabilities to tenants requiring the Accessibility features of the Unit. The Applicant must agree to require a Lease Addendum to be executed by a tenant(s) occupying a Handicapped Accessible Unit who does not require such Handicapped Accessible features. In the Lease Addendum, the tenant must agree to move to a comparable non-accessible Unit upon the request of the Owner with moving expenses to be paid by the Owner.

SECTION 12. POST RESERVATION REQUIREMENTS

Once a Tax Credit Reservation has been awarded, the following additional requirements will apply. 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.

12.1 Amendments to the Application after Award. The Ownership Entity may amend, with the IFA LIHTC Manager's consent, the Application after a reservation of Tax Credits is made, solely for the purpose of showing changes as described in this Section.

12.1.1 A minor change in the nature of the Project or changes in partnership members, shareholders, or limited liability members.

12.1.2 Site changes that are equal to or exceed the site characteristics of the site first described in the Application. A site change will be permitted at IFA's sole discretion. The substituted site must be within the same city.

12.2 Material Changes. If, upon the submission of the IRS Form 8609 Application, or at any other time, 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 Credit Reservation, or the amount of the Tax Credits will be adjusted or an IRS Form 8823 will be issued.

12.2.1 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 are not permitted.

12.2.2 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.

12.2.3 Failure to notify IFA of a material change will result in revocation of the Tax Credit Reservation, withholding of the IRS Form 8609, or issuance of an IRS Form 8823.

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

12.3 Transfers. A Tax Credit Reservation is not transferable. IRS Form 8609 allocations will be issued only in the name of the Ownership Entity. Transfers subsequent to the issuance of the IRS Form 8609 allocation are subject to the LURA and to the provisions of IRC Sections 42(d)(7) and 42(j) of the Code.

12.4 Notification of Vacancies. Prior to the Placed-in-Service Date, the Ownership Entity shall provide IFA a copy of the Notification to the Public Housing Authority, as set forth in Section 5.4.4.

If IFA enters into a contract with a rental housing locator service, notification to this service will be required of all awarded Projects.

12.5 IRS Form 8609. All Applicants requesting an IRS Form 8609 allocation shall submit all items described in IFA's current IRS Form 8609 request package. The Ownership Entity shall complete Part B and return a copy of the fully executed IRS Form 8609 to IFA within 60 calendar days of IFA's issuance date of the IRS Form 8609. Owners and Management Companies of Projects shall attend a minimum of eight (8) 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 Training on compliance 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.

12.6 Change in General Partner, Majority Shareholder or Managing Member. In the event there is a proposed change in a General Partner, majority shareholder of a corporation or majority membership of a limited liability company after the reservation of Tax Credits is issued, IFA shall be notified by the partnership, corporation or limited liability company to obtain approval prior to the effective date of such change. The new General Partner or new majority shareholder shall agree to 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 for transfer may not be approved. If IFA is not notified of a change in the General Partner, IFA may withhold the IRS Form 8609 or issue an IRS Form 8823. IFA will not allow any change in the General Partner, majority shareholder or managing member prior to the issuance of the Projects IRS Form 8609.

12.7 Prior to Placed-in-Service Date. Sixty (60) days prior to the Placed-in-Service Date, a copy of the Affirmative Fair Housing Marketing Plan must be submitted to IFA.

12.7.1 Prior to the Placed-in-Service Date, for new construction Projects with three stories or less, the Owner must provide IFA a copy of the home energy rating report as performed by a certified HERS rater. The Project must receive a final HERS index of 70 or less.

12.7.2 Prior to the Placed-in-Service Date, for new construction Projects with four stories or more, the Owner must provide IFA documentation by an independent licensed engineer that the Project exceeds ASHRAE 90.1 Appendix G-2007 by at least fifteen percent (15%).

12.7.3 Prior to the Placed-in-Service Date, for existing structures, the Owner must provide IFA a copy of the 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.

12.7.4 Prior to the IRS Form 8609 Application, provide IFA verification that the replacement and operating reserves have been established, and the terms and conditions have been met. A binding commitment from the syndicator or direct investor to fund the replacement and operating reserves from the final Tax Credit equity installment will be allowed.

12.8
date.

Construction. Construction must begin on a Project within 18 months from the reservation

12.8.1 IFA may periodically request a status report on the Project's construction timeline.

12.8.2 An IFA construction sign meeting specifications outlined in the Application and appendices must be erected at the initiation of construction.

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

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

12.8.5 If the site was not zoned appropriately at the time of Application, prior to commencing construction, IFA shall receive a letter or other document from the city that states appropriate zoning has been approved.

12.8.6 If required for the Project in Appendix 1, J, a Capital Need Assessment must be submitted to and approved by IFA prior to commencing construction.

12.8.7 For existing structures, prior to the preparation of the final work rehabilitation order and start of rehabilitation, the Ownership Entity must provide a copy of the energy audit conducted by a certified home energy rater to IFA. The rater, owner, and IFA will determine the feasibility of meeting the requirements of IECC. Appropriate specifications to meet IECC standards or alternate cost-effective energy improvements must be included in the final work rehabilitation order and shall be submitted with the plans and specifications for approval before starting construction.

12.8.8 If the Project meets the criteria set forth in Section 5.5, a copy of the final relocation plan and copy of the notice to existing tenants must be provided to IFA prior to the start of relocation.

PART C – TERMS AND CONDITIONS

The following terms and conditions apply to all Applicants and Projects that receive a reservation of either four percent (4%) or nine percent (9%) Tax Credits, Carryover Allocation (nine percent (9%) Tax Credits only), and IRS Form 8609 allocation.

SECTION 13: TERMS AND CONDITIONS

13.1 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.

13.1.1 26 USC Section 42 as amended and the related Treasury regulations in effect as of January 1, 2014.

13.1.2 Iowa Code Section 16.52 and the rules promulgated by IFA to govern the LIHTC Program in effect as of the effective date hereof.

13.1.3 The Compliance Manual adopted by IFA pursuant to 265 IAC 12.3.

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

13.1.4.1 First, by giving preference to IRC Section 42 and the related Treasury regulations.

13.1.4.2 Second, by giving preference to Iowa Code Sections 16.4, 16.52 and the rules governing the QAP; and

13.1.4.3 Third, by giving preference to the QAP.

13.2 Binding Obligations. The representations made in the Application shall bind the Applicant and 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 QAP and Application with any permitted amendments either prior to the reservation of Tax Credits or after the Carryover Allocation, issuance of the IRS Form 8609 or during the Compliance Period and any other agreements executed between IFA and the Ownership Entity shall constitute the agreement between the parties.

13.3 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 15-year Compliance Period and the required 15-year Extended Low-Income Housing Commitment, 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. In the event an Applicant receives HOME funding for a Project, the Ownership Entity must enter into a LURA with IFA for the longest Compliance Period required either by the LIHTC Program or HOME regulations. 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 must be recorded before an IRS Form 8609 is issued. The LURA must 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 (3) years. As a result, all other lenders or prior lien holders must 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 must 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, then the original LURA requirements, in addition to the Project LURA requirements, will be enforced by IFA.

13.4 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 reservation of Tax Credits 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 must 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.

13.5 Document Timeliness. All supporting documentation required by the Application shall not be more than 180 days old 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).

13.6 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 must 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 must be in the form specified by IFA. The certifications shall be made under penalty of perjury.

13.7 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.

13.8 Costs Associated with Application Preparation. IFA is not responsible for any costs incurred by the Applicant.

13.9 Ownership of Applications. By submitting an Application, the Applicant agrees that IFA shall become the owner of the Application and that the Application shall not be returned to the Applicant even in the event that no Tax Credits are awarded.

13.10 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 inspection 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 must be included in a cover letter with the Application and must enumerate the specific grounds in Iowa Code Chapter 22 or other provisions of law that support treatment of the material as confidential and must indicate why disclosure is not in the best interest of the public. The request must 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.

13.11 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.

13.12 IFA Policy on Civil Rights Compliance. IFA is an equal opportunity concern. 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.

13.13 Qualified Residential Rental Property. The Project must be a Qualified Residential Rental Property. The Applicant must 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.

13.14 Compliance. IFA shall establish procedures for monitoring compliance with the provisions of IRC Section 42 and for notifying the Internal Revenue Service of any noncompliance. Each Ownership Entity is required to comply with the requirements described in this Section, the Treasury Regulations governing Section 42, and the compliance manual adopted by IFA pursuant to 265 IAC 12.3.

13.14.1 Record Keeping. For each year in the Compliance 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 must 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 of the building.

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

13.14.3 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 will provide 48 hours' advance notice to the Ownership Entity to inspect any individual Units in a Project. 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 inspections and tenants files reviews shall be made once every three (3) years covering the 15-year 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.

13.14.4 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.

13.14.5 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 must supply any missing certifications and bring the Project into compliance with the provisions of IRC Section 42.

13.14.6 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.

13.14.7 IFA Retention of Records. IFA shall retain records of noncompliance or failure to certify for six (6) years beyond IFA's filing of the respective IRS Form 8823. In all other cases, IFA will retain the certifications and records described in the QAP for a period of three (3) years from the end of the calendar year in which IFA receives the certification and records.

13.14.8 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.

13.14.9 Liability. Compliance with the requirements of IRC Section 42 is the responsibility of the Ownership Entity of the building 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.

APPENDIX 1 – THRESHOLD REQUIREMENTS FOR BUILDING, CONSTRUCTION, SITE AND REHABILITATION

The terms of this Appendix 1 are the minimum requirements for any Project awarded Tax Credits under the 2014 QAP. Required documents for Sections B, F, G, H, and I must be prepared by a duly licensed engineer or architect authorized to do business in Iowa except for item G22. 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 must submit them to IFA and receive written approval before commencing site work or construction.

At all times after award, the Applicant shall promptly inform IFA of any changes or alterations which deviate from the final plans and specifications approved by IFA. In particular, the Applicant must not take action on any material change in the site layout, floor plan, elevations or amenities without written authorization from IFA, as specified in Section 8.3 and Section 12.2. This includes changes required by local governments to receive building permits.

Requirement for Handicapped Accessibility must be met regardless of the building type and include single family or duplex designs. All rooms and floors within a multi-level Handicapped Accessible Unit must be accessible.

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, the Applicant shall have site control. The Applicant shall show evidence of site control by providing executed documents. The following may be proper evidence of site control:

1. The Applicant holds title to the Property on which the Project will be located by a properly executed and recorded warranty deed or a title opinion showing title in the name of the Applicant or a title guaranty certificate showing title in the name of the Applicant; or
2. The Applicant has an executed and exclusive purchase option agreement or other binding agreement that is valid for six months following the date of the Application deadline. Evidence of site ownership must be submitted with the Carryover Package; or
3. The Applicant has an executed purchase contract; or
4. The Applicant has an executed lease or an option on a lease, which lease has a term not less than the longer of: 1) the entire period during which the proposed Project will be subject to the LURA, 2) 50 years, or 3) the expected useful life of the buildings comprising the proposed Project.
5. A site including any building located thereon or Project acquired or used for rental activities, must be held in fee simple title by the recipient upon the disbursement of HOME funds and throughout the contract term with IFA. An installment contract or leasehold interest is not an acceptable recipient interest.
6. There must be a common ownership between all Units and buildings within a single Project for the duration of the initial Compliance Period and the Extended Use Period, if applicable.

B. Site Suitability. The site must be suitable for the proposed Project and should 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. Existing sites shall not be native prairie land, lowland flood plains and wet lands, or endangered habitats.

C. Zoning. The Applicant shall demonstrate that the zoning for each site on which the Project will be located allows for the use(s) proposed by the Applicant. A letter from the city regarding zoning must be submitted with the Application. The city zoning department shall provide a statement that the official plat is properly zoned. Site plans submitted with the application must show that the Project will have the proper number of parking stalls. It must also show that it will be located on a paved road; the Property is not landlocked and has a legal easement, and right of ways have been granted if applicable. If the proposed Project location does not have zoning regulations, a letter from the city must be submitted attesting to the fact that no zoning regulations are in effect. If the site is not zoned appropriately at Threshold Application, the Applicant must certify in the LIHTC Application that the site will be zoned appropriately by the Carryover-10% Test Application due date. If proper zoning is ultimately not possible, a substitute site may be submitted in accordance with Section 8.2.3 and Section 12.1.2 of the QAP.

D. Access to Paved Roads. All sites proposed must 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 must not be included in the Project costs, and the construction of the paved road must 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 must supply adequate evidence that demonstrates that the Utilities will be available by start of construction. This evidence must 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 must be available at the site prior to the issuance of an IRS Form 8609.

F. Building Standards. Preliminary site plan and floor plans are to be submitted with the Application to IFA. The Applicant shall demonstrate that they have or will meet local, state and federal standards that apply to the Project, except for any portions thereof the deletion of which has been approved by the Department of Public Safety, the Department of Public Health, or other implementing State agency (see, e.g., Note following Iowa Administrative Code 661 – 301.8(103A) (2010)), unless a local building code is more restrictive. The current standards are:

1. 2012 International Building Code adopted and published by the International Code Council.
2. 2012 International Existing Building Code adopted and published by the International Code Council.
3. 2012 International Residential Code adopted and published by the International Code Council.
4. 2012 International Fire Code adopted and published by the International Code Council.
5. 2012 International Mechanical Code adopted and published by the International Code Council.
6. 2009 Uniform Plumbing Code adopted by the International Association of Plumbing and Mechanical Officials.

7. 2012 National Electric Code adopted by the National Electrical Code Committee and published by the National Fire Protection Association, Inc.
8. 2012 International Energy Conservation Code adopted by the International Code Council.
9. Iowa Administrative Code Chapters: 300 (Administration), 301 (General Provisions), 302 (Accessibility of Building), 303 (Energy Conservation), and 350 (State Historic Building), and 25 (State Plumbing Code).
10. Uniform Federal Accessibility Standards provided in 24 CFR Part 8 and delineated in the American National Standards Institute Standard 2007 A117.1.
11. The Americans with Disabilities Act 1990 provided by the Federal Department of Justice.
12. The Federal Fair Housing Act of 1988 including 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, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973.
13. 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.
14. For adaptive reuse/rehabilitation, 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.

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. For nine percent (9%) Tax Credits, installations that exceed the minimum standards may be awarded extra points in the Application as described in Section 6, Scoring Criteria.

The following minimum development characteristics shall be utilized in all construction:

1. Exterior Construction: Air infiltration barrier building wrap required on all new siding Applications.
2. Roofs: If shingles will be installed, then the use of a minimum of 25-year shingles with 30 pound roofing 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.
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. 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.
5. 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.
6. Overhead Doors: Embossed steel panel doors without insulation to non-heated areas.
7. Appliances: The kitchen must have a cook top, an oven, a microwave, a cooling/freezing unit, and a sink. A Family Unit must have a two bowl kitchen sink. See the Single Room Occupancy definition in Appendix 2-Glossary of Terms for exceptions.
8. 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			
		Nylon	Nylon /Olefin Blend
Location:		Face Weight	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.

*Carpet should contain minimum 45% recycled content. Polyester carpet is not allowed.

9. **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.

10. **Resilient Flooring:** Bathrooms – sheet vinyl with wear surface of 20 mils or greater, with underlayment product on second or higher floors. Resilient flooring should 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, must be a sheet product.

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

12. **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. Laminate countertops are required, at a minimum.

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

14. **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.

15. **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.

16. **Heating and Air Conditioning:** All Units shall be heated and air conditioned. Air conditioning equipment should be at least 13 SEER and use R-410a refrigerant that is charged according to manufacturer specifications. Thru-wall A/C units must be at least 10.7 EER. Heating equipment should be at least 90 AFUE for furnaces and 85 AFUE for boilers. Window units are not allowed.

17. **Accessible Units:** In new, as well as rehab construction, a minimum of ten percent (10%) of all Units supplied must 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 must be adaptable, (Type B Units per the International Building Code, (IBC)), upon reasonable tenant request for special needs. A minimum of two percent (2%) of all Units supplied must 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. 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.

18. Construction Warranty: Obtain a minimum of one-year construction blanket warranty that is enforceable. The warranty will stipulate that the General Contractor is responsible to do or have done any and all required warranty repair work at its expense.

19. High-Speed Internet Access: Provide high speed internet access to each Unit by wiring for broadband cable, satellite cable or digital subscriber lines (DSL) that can provide a minimum bit 1.5gbits/s. Provide a minimum of one cable TV outlet and two phone outlets in each unit. Service provider is the responsibility of tenant, unless Applicant requested scoring points for providing this service in each Unit to be paid by the owner.

20. Bedrooms: A closet with a door (2 foot x 5 foot minimum) must be provided in each bedroom. The minimum complement of closets per Unit include: 1 linen, 1 coat, 1 broom, all 2 foot x 3 foot minimum; 1 in each bedroom 2 foot x 5 foot minimum.

21. Energy Efficiency: New construction developments with three (3) stories of residential space or less, in addition to meeting Iowa State Code and the IECC, must meet or exceed Energy Star 3.0 standards 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 (5) Units with different floor plans and orientations for complexes of less than 50 Units and five percent (5%) or at least ten (10) Units in complexes of 50 or more Units must be rated. The contract for the determination of the HERS index must 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 must be taken by the Ownership Entity to obtain the HERS index of 70 prior to issuance of the IRS Form 8609.

For existing structures that receive a Tax Credit Reservation, an energy audit conducted by a certified home energy rater or firm specializing in energy efficiency that is acceptable to IFA, must be provided on each building prior to the preparation of the final work rehabilitation order. At the credit reservation stage, IFA requires an engineer or architect to certify that the design meets the 2012 IECC. The review must be documented with a letter from the engineer or architect to IFA indicating whether the proposed construction meets the IECC. In the event that the proposed construction does not meet the code requirements, the engineer or architect will provide suggestions for corrections to plans and specifications that will ensure that IECC will be met. At the completion of the rehabilitation, an energy audit by a certified energy rater is required to verify that the rehabilitation work on each building meets the standards of IECC. The contract for the determination of the energy audit must 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 must be taken by the Ownership Entity prior to the issuance of the IRS Form 8609.

22. Minimum Unit Square Footage for New Construction and Adaptive/Reuse:

Unit Type	Minimum Unit Square Footage
Efficiency	450
1 Bedroom	625
2 Bedroom	800
3 Bedroom	1000
4 Bedroom	1175

23. 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 should be taken to provide energy efficient lighting that is not excessive or intrusive to the neighborhood. Areas covered by security cameras should 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

H. Submission of Site Characteristics. 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 must 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 replatting map of the site must be submitted. If the site(s) includes any detrimental characteristics, the Applicant must 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 may represent some, but not all, detrimental site characteristics:

1. Sites located within a 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 a 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, at or on a 100-year flood plain as determined by the Iowa Department of Natural Resources, FEMA map, FIRMA map, or a designated wetland;
6. Sites that are located within 500 feet of an airport runway clear zone or accident potential zone;
7. Sites that are landlocked.

I. Rehabilitation Standards. For all Preservation and Rehabilitation Projects, IFA requires the Applicant to provide information regarding Rehabilitation Expenditures for each building. The information must address how the Applicant will meet all of the Building Standards and Minimum Construction Characteristics. The Applicant must 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 \$25,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit.

The Scope of Work shall, at a minimum, address activities related to:

1. Making common areas handicap 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 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 above.
- Drawings shall show the location of the work indicated in the Scope of Work.

J. Capital Needs Assessment (CNA) for Rehabilitation, Preservation and Adaptive Reuse Projects. The Applicant shall acknowledge the CNA requirement and that IFA will use it prior to commencing construction. The CNA must be prepared by a competent 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.

APPENDIX 2 – GLOSSARY OF TERMS

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

Accessibility means buildings used by the public, accessible to, and functional for, the physically handicapped to, through and within their doors, without loss of function, space, or facility where the general public is concerned. An accessible route means a continuous unobstructed path connecting all accessible elements and spaces in a building or facility that can be negotiated by a severely disabled person using a wheelchair and that is also safe for and usable by people with other disabilities. Interior accessible routes may include corridors, floors, ramps, elevators, lifts, and clear floor space at fixtures. Exterior accessible routes may include parking, access aisles, curb ramps, walks, ramps and lifts.

Accessible Units means the following;

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

Affiliates means with respect to any Person, (i) any other Person directly or indirectly Controlling, Controlled by, or under common Control with such Person, (ii) any other Person directly or indirectly Controlling fifty percent (50%) or more of the voting securities of such Person, or (iii) any officer, director, manager, member, or partner acts in any such capacity.

Affirmative Fair Housing Marketing Plan means 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 Marketing Plan the proposed activities to be carried out during advance marketing, where applicable, and during all rent ups. The affirmative marketing program also should 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 means 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 means 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 means the Ownership Entity.

Application or Application Package means 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 must include all information required by the QAP and as may be subsequently required by IFA.

Assisted Living Program/Facility means housing with services, as defined in Chapter 231C of the Iowa Code. The Developer must have successfully obtained an Assisted Living certification for at least one Project from the State of Iowa and is currently in good standing with the Iowa Dept. of Inspections and Appeals.

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

Board means the Board of Directors of IFA.

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

Builder Profit means 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.

Capital Needs Assessment (CNA) means an assessment of the rehabilitation needs of an existing structure. The assessment must include a site visit and physical inspection of the interior and exterior of Units and structures, as well as an interview with on-site Property management and maintenance personnel to inquire about past repairs/improvements, pending repairs, and existing or chronic physical deficiencies. The assessment must also consider the presence of hazardous materials on the site. The assessment must include a detailed opinion as to the proposed budget for recommended improvements and should identify critical building systems or components that have reached or exceeded their expected useful lives. The assessment must 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 should 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; and
- Mechanical and electrical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, security, low voltage systems and elevators.
- The CNA should 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 means 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.

Carryover Agreement Date means the date that the Carryover Allocation Agreement is executed by IFA and the Ownership Entity.

Code or IRC means 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 Low-Income Housing Tax Credit 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 Revitalization Plan means a plan that is (1) a published document, approved and adopted by the local governmental body, by ordinance, resolution, or other legal action; and (2) targets funds or tax incentives to specific geographical areas for either of the following: economic and business development, including economic related initiatives; and/or commercial/retail development, including infrastructure (streets, street lighting, trees, water, sewer, green initiatives, etc.) and community facility improvement (parks, playgrounds, activity centers, etc.).

Community Room means a defined space 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. The size of the Community Room shall equal or exceed 20 square feet per residential Unit.

Community Service Facility means any facility designed to serve primarily individuals whose income is sixty percent (60%) or less of Area Median Gross Income within the meaning of in Section 42(g)(1)(B). It must meet the following criteria: (1) The facility must be used to provide services that will improve the quality of life for community residents; (2) The Ownership Entity must 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 must 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 must be affordable to individuals whose income is sixty percent (60%) or less of AMI; and (5) The Community Service Facility must be located in a QCT.

Compliance Period means 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.

Computer Learning Center means a physical space or room designated within the Project for the purpose of providing access and education related to computers. The following information must be provided: 1) Description of the center's purpose and its intended customers/clients, 2) Equipment (hardware, software, training materials) and 3) staffing of the center.

Construction Contingency means a set percentage of Hard Construction Costs that is budgeted for unforeseen emergencies or shortfalls identified after construction commencement.

Consultant Fee means 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 must 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 a managing General Partner or the managing member of a limited liability company.

DHS means The Iowa Department of Human Services.

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

Deep Rent Skew means that in addition to the minimum set-aside election, a project will meet the deep rent skewed Project requirements as defined in Section 142(d)(4) of the Code: (1) 15% or more of the Units are occupied by individuals whose income is 40% or less of the AMI; (2) the gross rent, with respect to each low-income Unit in the Project, does not exceed 30% of the applicable income limit which applies to individuals occupying the Unit and; (3) the gross rent with respect to each low-income Unit in the Project, does not exceed ½ of the average gross rent, with respect to Units of comparable size which are not occupied by individuals who meet the applicable income limit (if market rate Units are included). Annual certification is required for any deep rent skewed Project, whether it consists of 100% LIHTC Units or a mix of LIHTC and market rate Units. Mixed income levels are required to be monitored for compliance. The next available Unit rule applies to deep rent skewed properties. The owner shall rent to low-income tenants all the comparable Units that are available or that subsequently become available in the same building. Situations where: (1) an *initially* qualified household's income rises above 170% of the current income limit, in deep rent skewed Projects; or (2) a household that is not income qualified moves into a Unit of comparable or smaller size in the low-income building evokes the next available Unit rule (see Chapter 11i in the IRS Form 8823 guide).

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 mean 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 means 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.

Disaster Relief Tax Credits means low-income housing Tax Credits for Disaster Recovery Assistance housing in the amount of \$8.00 per capita authorized pursuant to the Heartland Disaster Tax Relief Act of 2008.

Eligible Basis means, 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 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 must be reduced by the portion of the grant.

Eligible Basis for Rehabilitation Project includes the definition of Eligible Basis with the adjustments described in this Section. 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; (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 used building is rehabilitated in a manner which is eligible for Tax Credits.

Entity means any General Partnership, limited partnership, corporation, joint venture, trust, Limited Liability Company, limited liability partnership, business trust, cooperative or other business association.

Evaluators mean members of IFA Staff, temporary staff hired to evaluate the Tax Credit Applications, or staff from municipalities, or other state or federal agencies, including but not limited to the Department of Human Services, Department of Cultural Affairs, IEDA, and USDA.

Extended Use Period or Extended Low Income Housing Commitment means 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 Compliance Period, or the date specified by IFA in the LURA.

Family means 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.

Free Internet Connectivity means the project will provide, at no cost to the tenant, broadband internet access to each unit. The term broadband includes a broad range of technologies, all of which provide high data rate access to the internet. These technologies include those using telephone wires (DSL), fiber optic, cable TV and wireless satellite cable TV.

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

General Partner means 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 means 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 means federal or state agencies, departments, boards, bureaus, commissions, authorities, and political subdivisions, special districts and other similar entities, their employees, board members or agents.

Hard Construction Costs mean the following items: site improvements or work, new construction, accessory buildings, garages, general requirements, Construction Contingency, asbestos abatement, lead based paint measures, builder's overhead, builder's profit, builder bond fee, other fees, architect's and engineering fees—design, architect's and engineering fees—supervisory, rehabilitation.

Held for Occupancy means the percentage of the total Project Units specified in the approved Application must be designed and Held for Occupancy by members of the Target Population, with IFA's "Held for Occupancy Policy" that states the following: (1) During initial lease-up, priority must be given in the tenant screening process to income-qualified households in the Target Population. A minimum of the percentage of total Project Units committed in the approved Application for occupancy by the Target Population (the "Minimum Unit Percentage") up to a maximum of twenty-five percent (25%) of the total Project Units must be Held for Occupancy by qualified Target Population households until the lesser of such time as the minimum unit commitment has been met or for a period of 60 days from the Placed-in-Service date; (2) Once a Unit occupied by a Target Population household has vacated, that Unit must be held for a minimum of 30 days for occupancy by another qualified Target Population household unless the Project otherwise complies with the Minimum Unit Percentage. Efforts to market the available Unit to the Target Population must be demonstrated during this time period; (3) If after a 30-day period the Unit is leased to a household that does not meet the Target Population commitment and the Project does not

otherwise meet the Minimum Unit Percentage, the next subsequent available Unit must be marketed to and Held for Occupancy by the Target Population for 30 days. This subsequent unoccupied Unit rule will continue to apply until the Project has once again met its Minimum Unit Percentage requirement; (4) Any household that qualified as a member of the Target Population at initial occupancy or at any time during occupancy will be counted as occupying a qualified service plan Unit when calculating the Project's compliance with the Minimum Unit Percentage; (5) The Project must comply with the Minimum Unit Percentage and all other Target Population requirements at initial lease-up and throughout the 15-year Compliance Period and the Extended Use Period, if applicable. In addition, the Target Population commitments will be specified in the LURA.

Implementation of the Held for Occupancy policy's required 30-day hold period shall begin on the date the tenant gives notice to vacate. In theory, the 30-day hold marketing of the available Unit to the Target Population will be done while the Unit is still occupied. Once the tenant leaves the Project at the end of the 30-day notice period, the Project will rent the Unit to the next eligible applicant, giving priority to members of the Target Population.

If the tenant does not provide a 30-day notice to vacate, the 30-day hold period will begin on the day Property Management becomes aware of the tenant household's intent to vacate or becomes aware that the tenant has already moved out of the Unit. Compliance with the 30-day hold period must be demonstrated whether or not the tenant provides a full 30-day notice to vacate.

HERA means the Housing and Economic Recovery Act of 2008

Homeless means the term as defined by The McKinney-Vento Homeless Assistance Act as amended by S. 896 The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act; the reference for the regulatory definition is 24 CFR Part 91.5.

Housing Credit Agency means IFA. Pursuant to Iowa Code Section 16.52, IFA is charged with the responsibility of allocating Tax Credits pursuant to IRC Section 42(h)(8)(A) and pursuant to Iowa Code Section 16.52.

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

IEDA means the Iowa Economic Development Authority.

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

Identity of Interest means 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.

IFA means the Iowa Finance Authority.

IRS means the Internal Revenue Service, or its successor.

Joint Review Team means representatives of IFA, IEDA, USDA, or the City of Des Moines to review Projects that have requested funding by IFA's LIHTC Program and the state HOME funds, and city HOME funds. Staff for the respective agency (ies) will make recommendations regarding Tax Credit awards and HOME awards to their respective decision makers. A decision by one agency or department within an agency to fund a Project does not bind the other department or agency to fund a Project. The failure to provide funds is a financial feasibility issue that could ultimately disqualify the Project from consideration.

Land Use Restrictive Covenants a/k/a Land Use Restrictive Agreement (LURA) means 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 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 must encumber the land where the Project is located for the life of the agreement. The LURA must conform to the requirements of IRC Section 42(h), Iowa Code Section 16.52 and the QAP.

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

Local Government Contribution means contributions by a city or county, or an agency, department or similar subunit thereof, in the form of a cash contribution, gift of land, tax abatement (not tax exemption), tax increment financing, enterprise zone credit, waiver of fees, or below market interest rate loan (value calculated on imputed savings). A HOME loan or funds provided to a city or county with the understanding or express agreement that such funds will be contributed to a Low Income Housing Tax Credit Project shall not qualify as a Local Government Contribution

Local Housing Trust Fund (LHTF) means 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 means a nonprofit organization, an Aging and Disability Resource Center, or a governmental or quasi-governmental entity 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 improve the quality of life of Persons with Disabilities. The Local Lead Agency or its direct predecessor entity must have a minimum of two years of experience in serving Persons with Disabilities in the state of Iowa.

Low-Income Unit means 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.

Manager's Unit means 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.

Materially Participating means the participant is involved in the development and operation of the activity on a basis which it is regular, continuous, and substantial, throughout the compliance period as defined in IRC Section 42 and the regulations promulgated thereunder.

Medical Alert System means a system that provides monitoring center communication with limited physical effort by the tenant. The monitoring center will communicate with the tenant and determine if emergency help is needed and will contact emergency responders if necessary.

Medical Services means a clinic or 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.

Metropolitan Statistical Area (MSA) means (as defined by the U.S. Office of Management and Budget (OMB), Federal Register Doc. 2010-15605, dated June 25, 2010) a Core Based Statistical Area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties that have a high degree of social and economic integration with the central county or counties as measured through commuting. A listing of Iowa MSA's will be available in the on-line application.

New Developer means a Developer that has not been allocated Low-Income Housing Tax Credits in the last five years.

Non-Metropolitan Statistical Area (MSA) means an area not identified as a MSA as defined by the U.S. Office of Management and Budget (OMB), Federal Register Doc. 2010-15605, dated June 25, 2010.

Older Persons means 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 80 percent of the occupied Units, and adheres to a policy that demonstrates intent to house Persons who are 55 or older.

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

Owner Representative means the General Partner(s) or managing member(s) of the Ownership Entity.

Ownership Entity Agreement means a written, legally binding agreement describing the rights, duties, and obligations of the owners in the Ownership Entity.

Passive Radon System (Sub-slab Depressurization System (Passive)) means Passive radon-resistant features below the building slab along with vertical vent pipe(s) with junction box(es) following requirements in Appendix F, "Radon Control Methods" in the 2012 International Residential Code. Find technical guidance at www.epa.gov/iaq/radon/pubs/index.html.

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

Person means 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.

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

Project means 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 means 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 means 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.).

Qualified Allocation Plan (QAP) means an allocation plan used to select and award Tax Credits to qualified recipients. The requirements of the QAP also apply to any tax-exempt bond financed Project.

Qualified Basis means, 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 means 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 means 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 means the individuals or companies that develop the Project including but not limited to the Project Developer (mandatory), General Partner/managing member (mandatory), Development Consultant, Architect (mandatory), Engineer, Energy Consultant (mandatory), Contractor, Tax Accountant (mandatory), Tax Attorney (mandatory), Management Company (mandatory), Lead Service Provider (mandatory) and Syndicator.

Qualified Nonprofit Organization or Nonprofit means 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 shall have the same meaning as defined in IRC Section 42(d).

Rehabilitation Expenditure(s) means 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 \$6,000 per Unit. See also, IRC Section 42(e)(2). The Application must 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 \$25,000 Rehabilitation Expenditure limited to Hard Construction Costs per Low-Income Unit.

ROSE Program means Renter to Ownership Savings Equity (ROSE) Program. For each month that the tenant resides in a Unit, at least \$50 will be placed in an account to be used by the tenant, at the completion of a lease term, for the purpose of securing homeownership. If a tenant leaves a Property without securing homeownership, the residual of the deposits made on behalf of the tenant are to be shared among the remaining tenants. Interest earned on the account shall go to the tenant, or be used by the Owner to assist with the cost of providing homeownership education and credit counseling. Only detached single family homes qualify for the ROSE program and must be new construction without an existing LURA. At the completion of the 15-year Compliance Period, the Unit shall be offered to the current tenant. Prior to sale of the Unit, any reserves available shall be used to make improvements as determined by a Capitol Needs Assessment performed by a third-party contractor. If the reserves are not sufficient, the Owner will provide other sources of funds to make repairs. The owner must provide documentation illustrating how the purchase price is being determined, and evidencing the tenants' monthly anticipated mortgage payment, and tenant-paid Utilities.

Rural means a non-MSA city or county.

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 party and financed under the same agreement(s), and are located within a 20-mile radius, as determined by Google Maps (www.Googlemaps.com) using driving directions.

Schools mean an elementary, junior high or high school accredited by the Iowa Department of Education. The school(s) selected must be in the school district which would serve the Project and the school must be tuition free for those attending.

Scope of Work means 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 means 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 means 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, State or Local Government program; (2) it is occupied solely by persons who are 62 or older; or it houses at least one person who is 55 years or older in at least 80 percent 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 definition to require facilities or communities claiming the exemption 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 must 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 should 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 means housing consisting of single room dwelling Units that is the primary residence of its occupant or occupants. The Unit must 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 must contain sanitary facilities that are shared by tenants. SRO does not include facilities for students.

State Ceiling means 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).

Storage Unit means a lockable, solid, floor to ceiling room that is at least twenty (20) square feet. The Storage Unit must be in addition to and excess of the standard two feet (2 ft.) by five feet (5 ft.) required closet. Storage rooms must be maintained in compliance with the manufacturer’s installation requirements for fire safety and Uniform Fire Code, which limits flammable and combustible materials.

Storm Shelter means a shelter designed according to requirements and guidelines in the ICC/NSSA Standard for the Design and Construction of Storm Shelters (ICC-500). This document is incorporated by reference into the 2012 International Building Code (IBC®) as Section 423 and the International Residential Code (IRC®) as Section R323. Design for the shelter will be signed and stamped by a structural engineer licensed to practice in Iowa. Design criteria for a tornado safe room can be found in FEMA publication 361, *Design Construction for Community Safe Rooms, 2nd edition*. Please refer to Appendix C for link.

Target Population means Persons with a physical or mental, and/or developmental Disability, which may include persons with brain injury, mental illness, or co-occurring disorders.

Tax Credit means the Low-Income Housing Tax Credits issued pursuant to the program, IRC Section 42 and Iowa Code Section 16.52. 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 amount means, with respect to a Project or a building within a Project, the amount of Tax Credits IFA allocates to a Project 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.

Tax Credit Period means, 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 means the date that the notice of Tax Credit Reservation was emailed to an approved Applicant.

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

Transitional Housing means housing with the purpose of facilitating the movement of individuals and families experiencing homelessness to permanent housing within 24 months.

Underserved City means a city that has not received an allocation of Low-Income Housing Tax Credits in the last three (3) years.

Unit means 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 means 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.

Utilities mean gas, electricity, water and sewer service.

Visitable (Type C) Unit means a dwelling Unit designed and constructed for Accessibility in accordance with the provisions for Type C Units in ICC A117.1. Please refer to Accessible Units for all Unit type definitions.

Workforce Training means a federally-funded Workforce Investment Act (WIA) training program with a course of study that upon successful completion leads to a certificate, an associate degree, baccalaureate degree, or competency skill. The workforce training must be provided by certified eligible training providers that include; (1) Post-Secondary educational institutions eligible to receive funds under Title IV of the Higher Education Act of 1965 and provide a program that leads to an associate degree, baccalaureate degree or certificate; (2) Entities that carry out programs under the National Apprenticeship Act, or; (3) Other public or private providers of a training services program. Refer to Appendix C for list of certified training providers.

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IOWA FINANCE AUTHORITY [265]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 17A.3(1)“b” and 16.5(1)“r,” the Iowa Finance Authority proposes to amend Chapter 12, “Low-Income Housing Tax Credits,” Iowa Administrative Code.

These amendments replace the current qualified allocation plan for the Low-Income Housing Tax Credit Program with the 2014 qualified allocation plan, which is incorporated by reference in rule 265—12.1(16).

The qualified allocation plan sets forth the purpose of the plan, the administrative information required for participation in the program, the threshold criteria, the selection criteria, the post reservation requirements, the appeal process, and the compliance monitoring component. The plan also establishes the fees for filing an application for low-income housing tax credits and for compliance monitoring. Copies of the qualified allocation plan are available upon request from the Authority and are available electronically on the Authority’s Web site at www.iowafinanceauthority.gov. It is the Authority’s intent to incorporate the 2014 qualified allocation plan by reference consistent with Iowa Code chapter 17A and 265—subrules 17.4(2) and 17.12(2).

The Authority does not intend to grant waivers under the provisions of any of these rules, other than as may be allowed under the Authority’s general rules concerning waivers. The qualified allocation plan is subject to state and federal requirements that

cannot be waived. (See Internal Revenue Code Section 42 and Iowa Code section 16.52.)

The Authority will receive written comments on the proposed amendments and on the qualified allocation plan until 4:30 p.m. on _____, 2013. Comments may be addressed to Dave Vaske, Low-Income Housing Tax Credit Manager, Iowa Finance Authority, 2015 Grand Avenue, Des Moines, Iowa 50312. Comments may also be faxed to Dave Vaske at (515)725-4941 or E-mailed to dave.vaske@iowa.gov.

The Authority will hold a public hearing on _____, 2013, to receive public comments on these amendments and on the proposed 2014 qualified allocation plan. The public hearing will be held from 9 to 11 a.m. at the Authority's offices, located at 2015 Grand Avenue, Des Moines, Iowa.

The Authority anticipates that it may make changes to the 2014 qualified allocation plan based on comments received from the public.

After analysis and review of this rule making, the impact on jobs is expected to be consistent with the impact of previous years' QAPs. The Low Income Housing Tax Credit program has a substantial positive impact on job creation in Iowa with many jobs created annually in the construction, finance, and property management fields, among others.

These amendments are intended to implement Iowa Code sections 16.5(1)“r,” 16.52, 17A.12, and 17A.16 and IRC Section 42.

The following amendments are proposed.

ITEM 1. Amend rule 265—12.1(16) as follows:

265—12.1(16) Qualified allocation plan. The qualified allocation plan entitled Iowa Finance Authority Low-Income Housing Tax Credit Program ~~2013–~~ 2014 Qualified

Allocation Plan shall be the qualified allocation plan for the allocation of ~~2013~~ 2014 low-income housing tax credits consistent with IRC Section 42 and the applicable Treasury regulations and Iowa Code section 16.52. The qualified allocation plan includes the plan, application, and the application instructions. The qualified allocation plan is incorporated by reference pursuant to Iowa Code section 17A.6 and 265—subrules 17.4(2) and 17.12(2). The qualified allocation plan does not include any amendments or editions created subsequent to ~~August 1, _____~~ 2012-2013 .

ITEM 2. Amend rule 265—12.2(16) as follows:

265—12.2(16) Location of copies of the plan. The qualified allocation plan can be reviewed and copied in its entirety on the authority’s Web site at <http://www.iowafinanceauthority.gov>. Copies of the qualified allocation plan, application, and all related attachments and exhibits shall be deposited with the administrative rules coordinator and at the state law library and shall be available on the authority’s Web site. The plan incorporates by reference IRC Section 42 and the regulations in effect as of ~~August 1, 2012~~ _____, 2013. Additionally, the plan incorporates by reference Iowa Code section 16.52. These documents are available from the state law library, and information about these statutes, regulations and rules is on the authority’s Web site.

Respectfully submitted,

July 10, 2013

David D. Jamison, Executive Director

By Authority of the Board of the Iowa Finance Authority



To: IFA Board of Directors
From: Carolann Jensen
Chief Administration Officer
Date: July 1, 2012
Re: HOME CHDO Operating Award

IFA staff is requesting a \$50,000 CHDO Operating Expenses Grant for Community Housing Initiative, Inc. (CHI) in conjunction with their 2012 HOME award for the project entitled West Heights awarded by Resolution HI 12-11 on May 2, 2012.

Pursuant to the Authority's administrative rules a "community housing development organization" ("CHDO") is a nonprofit organization registered with the Iowa Secretary of State and certified by IFA. The nonprofit organization must receive certification from IFA indicating that the organization meets certain HOME Program requirements.

IFA will consider approval of a CHDO Operating Expenses Grant based on the following eligibility criteria:

- a. The CHDO must be operating under a current certification or annual recertification as approved by the IFA Board of Directors;
- b. The CHDO must be in good standing with IFA under the HOME program; and
- c. The CHDO must have been awarded HOME funds under the CHDO Set-Aside and that CHDO Set-Aside award must not have been the basis for an existing CHDO Operating Expense Grant.

CHI has met the above requirements and is eligible for an Operating Expenses Grant.

RESOLUTION
HI 13-13

WHEREAS, the Iowa Finance Authority (“the Authority”) is the participating jurisdiction for the State of Iowa under the HOME Investment Partnerships (“HOME”) Program administered under the Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended; and

WHEREAS, the Authority has received a request from Community Housing Initiative, Inc. for a CHDO Operating Expenses grant in conjunction with their 2012 HOME award for West Heights awarded by Resolution HI 12-11 on May 2, 2012; and

WHEREAS, the Authority has reviewed the request and desires to award 2012 HOME funds under the HOME Program administrative rules, in the amount of \$50,000;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Iowa Finance Authority as follows:

The Board hereby awards 2012 HOME funds to Community Housing Initiative, Inc. in the amount of \$50,000.

PASSED AND APPROVED this 10th day of July, 2013.

David D. Jamison, Secretary

(Seal)



To: IFA Board Members
From: Title Guaranty Division
Date: June 28, 2013
Re: May 2013 Board Report

Production/Title Guaranty Overview

May 2013 Commitments and Certificates totaled 13,426, compared to 12,043 in FY12. 90% of all Certificates and Commitments were field issued compared to 91% in FY 12.

Volume continues to be strong with a heavy emphasis on refinance transactions. The announcement by the Federal Reserve that they would be slowing their purchase of bonds has already started to drive rates up. The 30-year rate is now at the highest level in almost two years. While rates are still highly affordable, the incentive to refinance is not as great. Our volume usually lags the actual transaction by 30 – 60 days, and we anticipate seeing a substantial decline in refinance business in the next few months.

Compliance and Claims

The Claims module in the CAP system is now functional and we expect it to streamline our processes and save staff time.

Marketing

- Meetings with lenders, attorneys and abstractors

Business Development

- Exhibits at Iowa Bankers Marketing Conference, Iowa Land Title Association
- Continuing Education Class – Realtors
- Commercial Real Estate Women – luncheon

Training

We are continuing the monthly in-house training sessions and they have been well received. We also provide one-on-one training as needed both via webinar and in person. We will be revamping the training program to coincide with the roll out of the new CAP system. We finalized management recommendations for the CAP redesign and are now well into writing the RFP. The rollout is scheduled for Q3 FY 14.

Commercial Service

Commercial had another very good month and we continue to receive referrals and recommendations based on our service. One of our commercial underwriting attorneys will return from overseas deployment this summer and will increase our capacity significantly.

Mortgage Release

We have received 4447 requests since the inception of the program and have released 3298 mortgages. Yearly comparisons:

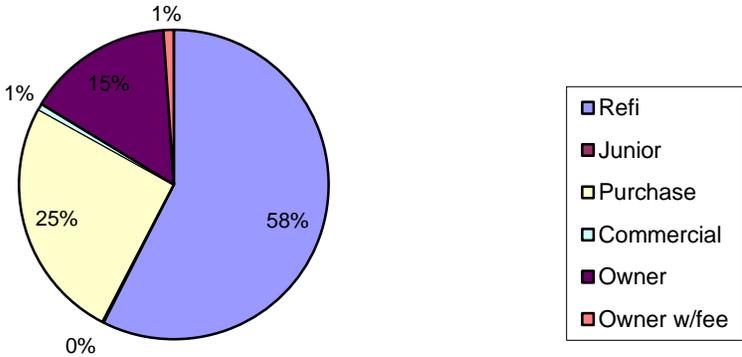
Release requests received this month	48
Release requests received since 7/1/2012	479
Total requests received 7/1/2011 – 6/30/2012	321
Total Fees received 7/1/2012 – 05/31/2013	\$8340

Mortgage Release fee increase to \$100 was implemented February 1, 2013.

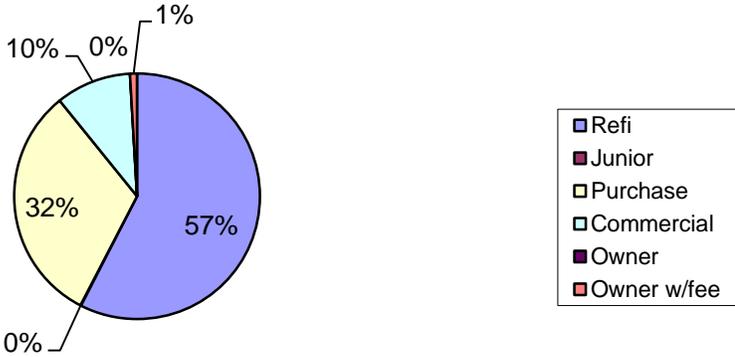
May 2013 Transaction Breakdown

Refi	3915	Refi	\$356,040
Junior	10	Junior	\$640
Purchase	1735	Purchase	\$195,300
Commercial	42	Commercial	\$61,283
Owner	1037	Owner	\$ -
Owner w/fee	73	Owner w/fee	\$5,715
	6812		\$618,978

May 2013 Certificate Breakdown



May 2013 Revenue Breakdown



Title Guaranty Quarterly Premiums

