

Exhibit F

Post Year 15 LIHTC Compliance & Monitoring Procedures

Tax Credit properties allocated credit in 1990 and after, were required to record a commitment to affordable housing for a minimum of thirty years. The Division refers to this agreement as the Regulatory Agreement (RA). The first fifteen years of the RA is called the “Compliance Period.” During the Compliance Period, as the agency responsible for administration of the Low Income Housing Tax Credit Program, the Division is obligated to report events of noncompliance to the Internal Revenue Service.

The IRS calls the 15- year period following the Compliance Period the “Extended Use Period.” The Division must continue to monitor properties for low-income housing commitments that were made in the RA during this period. However, it is no longer required to report instances of noncompliance to the Internal Revenue Service.

The Division has developed a new set of monitoring procedures for tax credit properties after year 15 in the RA. These procedures are called “Post Year 15 Monitoring Procedures”. These procedures will relax the requirements of Internal Revenue Code (IRC) 42, the regulations used during the Compliance Period.

Based on the requirements of the Extended Use Period, specified in IRC Section 42 regulations and in the Regulatory Agreement, the Division has the authority to establish different criteria for eligible/ineligible student households, available unit rule, unit transfers and the process for performing Annual recertification’s during the Extended Use Period, as long as income and rent restrictions, general use requirements (fair housing), Section 8 acceptance, minimum set-aside, applicable fraction, and initial certifications are required.

General Compliance, Reporting and Penalties

Owners will be required to complete and submit annual reports of leasing activities similar to those required for the initial 15 year compliance period. The Division will continue to conduct annual on-site reviews and unit inspections. The number of tenant files may be reduced as well as the number of units subject to physical inspections, at the discretion of the Division. At the conclusion of the 15 year extended use period, owners will be required to submit modified annual reports for three years to show that no residents have been displaced or evicted for any reason other than good cause and the rents have not been raised above the housing credit ceiling rents. **Compliance monitoring fees will continue to be charged during the Extended Use Period.**

If an owner fails to comply with the monitoring requirements during the extended compliance period, a notice of noncompliance will be issued. If the noncompliance is not corrected within a reasonable period of time, the owner and management company will be considered to be “not in good standing” and or in “default” with the Division. The Division may also contact the Secretary of State to have the management company or developer added to the Debarment List. Once the noncompliance is corrected, this designation will be removed. As long as an owner or management company remains “not in good standing” they are ineligible to be part of a development team for any new tax credit awards. The Division also has the right to enforce specific performance in a state court of competent jurisdiction.

This policy will be reviewed periodically and may be modified to facilitate better administration of the Housing Credit Program. Furthermore, the Division may waive or make adjustments to any items contained within, on a case by case basis, for good cause shown to address unforeseen circumstances.

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Monitoring Policy

All Projects will be monitored once annually. The Division will review all new move-ins up to ten percent (10%) of files and ten percent (10%) of units will be inspected. A minimum of fifty percent (50%) of the buildings will be inspected. The Division reserves the right to inspect additional files, units or buildings to ensure compliance.

A full certification must be completed at move-in, including third party verification. The annual recertification requirements will be waived.

PLEASE NOTE: Properties that receive other forms of assistance or subsidy such as Section 8, HOME/Trust funds, Tax Exempt Bonds, USDA-RD or other federal funds, must still adhere to the regulations governing these programs (Including annual re-certifications).

STUDENT RULE:

The Student Rule will only be enforced at move-in. (If at move-in all household members are students all requirements for the student rule documentation must be followed).

UNIT TRANSFERS:

Transfers between buildings will be allowed without triggering a new move-in certification.

The Division will not review for “the next available unit rule” or the “vacant unit rule”.

If a property was committed to deeper income limits as a condition of its funding, it would still be bound by those commitments as set forth in the RA. If a property experiences sustained vacancy rates, *The Division reserves the right to allow waivers on existing rents and incomes under 50% of AMI on a” case by case basis” if there is no conflict with program requirements for other funding sources in the property such as RD, HOME, HUD Section 8 and Tax Exempt Bonds.*

The Post Year 15 Compliance & Monitoring Procedures only apply during the Extended Use Period.