

APPENDIX D

HOME Funds and Federal Loans Used With Low Income Housing Tax Credits

| HOME FUNDS FINANCING STRUCTURE | RESULTING IMPACT OF HOME FUNDS OR FEDERAL LOAN ON TAX CREDIT ALTERNATIVES | | | | | |
|--|---|--------------------|--------------------|-----------------------------|-------------------------|--------------------------|
| | HOME Funds In Basis? | 9% Credit Allowed? | 4% Credit Allowed? | 130% QCT Increase Allowed?* | Minimum 40/50 Set-Aside | Minimum 20/50 Set-Aside? |
| Grant - New Construction | No | Yes | N/A | Yes | N/A | Yes |
| Grant - With Tax-Exempt Bond Financing | No | N/A | Yes | Yes | N/A | Yes |
| Grant - Acq/Rehab | No | Yes on Rehab | Yes on Acq | YES | N/A | Yes |
| FEDERAL LOAN STRUCTURE | | | | | | |
| ↓ | ↓ | ↓ | ↓ | ↓ | ↓ | ↓ |
| Loan Rate < AFR** New Construction | Yes | Yes | N/A | Yes | N/A | Yes |
| Loan Rate < AFR** Tax-Exempt Bond Financing | Yes | N/A | YES | Yes | N/A | YES |
| Loan Rate < AFR** Acq/Rehab | Yes | Yes on Rehab | Yes on Acq | YES | N/A | Yes |
| Loan @ AFR or above** | Yes | Yes | N/A | Yes | N/A | Yes |

All Below Market Federal loans, including HOME funds have been eliminated from the definition of “Federally Subsidized Properties”. As a result 9% credits are allowed on all federally subsidized properties, except for tax-exempt bond financed properties.

* QCT: “Qualified Census Tract” is a low income census tract as defined by HUD.

** AFR: The “Applicable Federal Rate” is published monthly by the Treasury Dept. based on Federal borrowing costs for different maturities and different compounding periods.