

VERMONT HOUSING FINANCE AGENCY
201x LIHTC RESERVATION CERTIFICATE

The Vermont Housing Finance Agency (VHFA) hereby grants a Reservation of housing credit dollars in the amount of \$___ from Vermont's 201x authority to _____ (Owner) for ___ (#) Building(s) of the _____ project, a residential rental housing development located in the City/Town of _____, _____ County, Vermont.

1. This Reservation is based on the following information:
- a. Credit Type(s): ___ 4% and/or ___ 9%
 - b. Building Type: ___ New Construction
 ___ Substantial Rehabilitation
 ___ Existing
 - c. Anticipated Eligible Basis \$
 - d. High Cost Area Yes ___ No
If Yes, Adjusted Eligible Basis \$
 - e. Anticipated Applicable Fraction ___%
 - f. Anticipated Qualified Basis \$
 - g. Anticipated Placed In Service Date
 - h. Anticipated year in which the credit is first claimed

Pursuant to Section 42(b)(2)(A)(ii)(I), the Owner and VHFA may enter into an agreement as to the housing credit amount allocated to such Project.

If this box is checked, the Owner hereby irrevocably elects, pursuant to Section 42(b)(2)(A)(ii)(I) of the Code, to fix the applicable credit percentage(s) for each building in the Project as the percentage(s) prescribed by the Secretary of the Treasury for the month of _____, 201x, which is the month of this Reservation Certificate. VHFA and the Owner acknowledge that this Reservation Certificate constitutes an agreement binding upon VHFA, the Owner, and all successors in interest to the Owner as owners of the Project, as to the allocation of 201x Tax Credit authority to the building(s) in the Project, subject to compliance by the Owner with the requirements of Section 42 of the Code and the additional requirements, if any, of VHFA.

If this box is checked, the Owner has irrevocably elected, pursuant to Section 42(b)(2)(A)(ii)(I) of the Code, in a separate binding agreement executed on _____, to fix the applicable credit percentage(s) for each building in the Project as the percentage(s) prescribed by the Secretary for the month of _____, 201x.

If this box is checked, the Owner has at this time made no election pursuant to Section 42(b)(2)(A)(i) of the Code, and accordingly, the applicable percentage for a building shall be set at the applicable percentage for the month in which the particular building is placed in service.

2. Pursuant to IRS regulations, an Owner of a LIHTC project may declare the date that the gross rent floor takes effect prior to the date the building is placed in service. The owner can elect this date

to be either the placed in service date or the date VHFA initially allocates tax credits to the building (the earlier of either a Carryover Allocation or a Final Allocation - IRS form 8609). Once the placed in service date has passed, the Owner no longer has a choice in deciding between the two dates the gross rent floor takes effect and, pursuant to IRS Revenue Ruling 94-57, the gross rent floor date will be the date VHFA initially allocates tax credits.

- If this box is checked, the Owner hereby irrevocably elects, pursuant to IRS Revenue Ruling 94-57, to fix the applicable gross rent floor defined in Section 42(g)(2)(A) of the code at the date of the building's placed in service date.
- If this box is checked, the Owner has made no election pursuant to IRS Revenue Ruling 94-57. If no declaration is made by the owner prior to the placed in service date, then pursuant to Revenue Ruling 94-57, the applicable gross rent floor for a building shall be set at the date VHFA initially allocates a housing credit dollar amount, which shall be the earlier of: 1) the date the project receives a Carryover Allocation, or 2) the date the project receives a Final Allocation (IRS form 8609).

3. This Reservation is conditioned on the following:

- a. The Owner must receive either a Carryover Allocation or a Final Allocation of credits no later than December 31, 201x. If the project is a "carry-over" into 201x, VHFA will require a formal Carryover Allocation by _____, 201x, and the Owner must provide detailed documentation to VHFA that at least 10% of reasonably expected basis (as defined in 26 CFR 1.42-6) has been spent by _____, 201x.
- b. VHFA will specifically review actual, documentable costs at the time of completion to ensure that the proposed allocation does not exceed the amount necessary for the project's feasibility, and that the VHFA-approved qualified basis is at least as much as is necessary to substantiate the credit authority given as part of this Reservation Certificate. No additional development or consulting fees (beyond those set forth in the approved development budget of _____, 201x, attached) will be permitted as additions to qualified basis. A project must meet all of these tests, or the final tax credit allocation amount will be adjusted accordingly.
- c. The sponsor will erect a highly visible sign on the site that shall acknowledge the "Housing Credit program, administered by Vermont Housing Finance Agency (VHFA)", as a source of financing for the development.
- d. VHFA makes this reservation contingent upon the timely completion of the actions listed below, and upon agreement by owner, achieved by countersigning this Reservation Certificate, acknowledging that all the terms, conditions, obligations and deadlines set forth herein constitute conditions precedent to this reservation, and that the owner's failure to comply with all such terms and conditions will entitle VHFA, in its discretion, to deem this reservation to be canceled. After any such cancellation, Owner acknowledges that neither it nor the Project will have any right to claim credits pursuant to this reservation. VHFA reserves the right, in its sole discretion, to modify and/or waive any such failed condition precedent.

CONDITIONS:

1. Sponsor must demonstrate that requisite financing has been committed according to the following schedule:

Source

Date

"Requisite financing" means the amount and terms of each of the sources of funding represented on the tax credit application or their equivalent.

2. Sponsor must demonstrate that it has incurred at least 10% of the project's "reasonably expected eligible basis" costs by no later than _____ and that the sponsor (or a partnership formed by the sponsor) has basis in the property for tax purposes.

3.

e. The sponsor must agree to a perpetual Housing Subsidy Covenant. In addition, the sponsor may, at their option, enter into a Right of First Refusal with a non-profit organization as described in the state's Allocation Plan. This Right of First Refusal would allow the non-profit to purchase the development at a price specified by formula in the plan, and would be executed no later than at issuance of the Carryover Allocation.

f. If the project undergoes a significant change after the issuance of this Reservation Certificate, VHFA may revoke the Reservation Certificate at its sole discretion. A "significant change" will mean any reduction in the bedroom size or square footage of units, decrease in number of total units, increase in rents (other than because of the annual increase in the published tax credit rents), increase in overall density, or any change that, had it been in the original proposal, might have resulted in the project receiving a different ranking.

g. VHFA reserves the right to change the amounts and terms of this Reservation Certificate in order to comply with Section 42 of the Internal Revenue Code, VHFA rules, U.S. Treasury and other associated regulations, as the same may be amended from time to time.

This Reservation Certificate can be revoked by VHFA, at any time, if in the sole judgment of VHFA these conditions will not or cannot be met.

In issuing this Reservation Certificate, VHFA has relied upon information provided and representations made by the Owner or the Owner's designee in connection with this allocation request, and this reservation does not in any way constitute a representation, warranty, guaranty, advice or suggestion by VHFA as to the qualification of the Project for the Tax Credits, or the feasibility or viability of the Project, and may not be relied on as such by any owner, developer,

investor, tenant, lender, or other person, for any reason. The owner and any investors are advised to consult an accountant or attorney regarding possible consequences concerning the Housing Credit Program.

Vermont Housing Finance Agency

By: _____
Its Duly Authorized Agent

Date: _____

STATE OF VERMONT
CHITTENDEN COUNTY, SS:

At Burlington in said County and State this _____ day of _____, 201x, personally appeared David S. Adams, duly authorized agent of Vermont Housing Finance Agency, and he acknowledged the foregoing document to be his free act and deed and the free act and deed of the Vermont Housing Finance Agency.

Before me,

Notary Public
Commission expires 2/10/19

Owner:

By: _____
Its Duly Authorized Agent

Date: _____

STATE OF VERMONT
_____ COUNTY, SS:

At _____ in said County and State this _____ day of _____, 201x, personally appeared _____, duly authorized agent of _____, general partner of _____, and he/she acknowledged the foregoing document to be his/her free act and deed and the free act and deed of the _____.

Before me,

Notary Public
Commission expires 2/10/19