Bobby Jindal
GOVERNOR

Frederick Tombar, III
EXECUTIVE DIRECTOR

Louisiana Housing Corporation

The following resolution was offered by Board Member Guy T. Williams, Jr. and seconded by Board Member Dr. Daryl V. Burckel:

RESOLUTION

A resolution establishing a gap financing policy with respect to how LHC Program Resources will finance development budget gaps caused by an excess property purchase cost determined to exist when a development property sale is between a seller and a taxpayer who are related or have an identity of interest; and providing for other matters in connection therewith.

WHEREAS, the Louisiana Housing Corporation (the "**LHC**") is statutorily charged under Chapter 3-G of Title 40 of the Louisiana Revised Statutes of 1950, as amended (the "**Act**"), with coordinating housing programs administered by the State or its agencies and instrumentalities in order to assure that all residents of the State have access to decent, safe, sanitary, accessible and affordable housing; and

WHEREAS, in supporting the development of affordable housing, the LHC has determined to allocate, loan and/or invest limited resources such as low-income housing credits, HOME Funds, CDBG Funds and/or other resources controlled, administered or coordinated by the LHC ("**LHC Program Resources**") more productively and efficiently by (i) continuing to limit the loan or investment of LHC Program Resources to an amount not in excess of a development budget funding gap and (ii) reducing a development budget funding by an amount determined to be an excess property purchase cost; and

WHEREAS, the LHC has further determined that an excess property purchase cost occurs when the original price paid by an owner of development property within a ten year title history is related to or has an identity of interest with the taxpayer applying for LHC Program Resources; and

WHEREAS, the LHC has determined to reduce the development budget funding gap by the excess property purchase cost evidenced in application processing, underwriting and/or audited cost certification review of developments financed in whole or in part with LHC Program Resources;

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Louisiana Housing Corporation, that:

SECTION 1. The recitals and preamble to this resolution are hereby adopted as if hereby fully stated. The Board hereby confirms that an excess property purchase cost occurs when the original price for development property paid by an owner related to or having an identity of interest with the taxpayer during a ten year title history period prior to sale of such development property to the taxpayer requesting LHC Program Resources is less than the sale price to the taxpayer.

SECTION 2. The Policy on Property Sales stated below is hereby adopted in connection with the application processing, underwriting and subsidy layering review of development for which a taxpayer/developer has requested LHC Program Resources.

POLICY ON PROPERTY SALES

<u>Ten Year Title History</u>: A taxpayer applying for LHC Program Resources for a housing development must submit (i) a ten year title history of the development property, (ii) a summary of the parties owning and purchasing such development property within such ten year period, (iii) the price paid by each owner or purchaser of the development property within such ten year period and (iv) a certification as to whether or not the managing general partner or managing member of the taxpayer is related to or has an identity of interest with any of managing general partners or managing members of the parties owning and/or purchasing the property within such ten year period.

<u>Excess Property Purchase Cost</u>: A taxpayer applying for LHC Program Resources for a housing development shall identify any excess property purchase cost in the development budget with respect to a project. An excess property purchase cost is equal to the difference between (i) the lowest original price paid by any owner within the ten year title period in which the managing general partner or managing member of such owner is related to or has an identity of interest with the managing general partner or managing member of the taxpayer and (ii) the price to be paid by the taxpayer.

<u>Appraisal</u>: An "as-is" appraisal of the property must be submitted by a Certified General Appraiser authorized under Federal law to perform appraisals in connection with federally related transactions who is not affiliated with the loan originator, broker, developer, borrower, lender or any individual or institution involved in any other financial role in the application for LHC Program Resources. The appraisal must be ordered by the LHC and paid by the applicant or ordered and paid by the lender and not by the originator, broker, developer or taxpayer/borrower.

Excess Property Purchase Costs Funded with LHC Program Resources: The LHC will not directly finance any excess property purchase costs and will reduce any development budget gap by any excess property purchase cost in connection with the application processing, underwriting and subsidy layering review of a development for which a taxpayer has requested LHC Program Resources.

Seller Take Back Note: With respect to low-income housing credits allocated pursuant to IRC §42(h)(4) and in which any owner within the ten year title period in which the managing general partner or managing member of such owner is related to or has an identity of interest with the managing general partner or managing member of the taxpayer, the LHC will directly finance the lowest price paid by such related owner and will permit the seller to take back a note for the difference between (i) the original cost of the development property paid by such related owner during the ten year title history period and (ii) the current as-is appraised value of the development property only if the seller held note is payable from surplus cash and is subordinate to any promissory note financed with LHC Program Resources.

SECTION 3. For purpose of determining whether there is an identity of interest between the managing general partner and/or managing member of the seller and the taxpayer or that the managing general partner and/or managing member of the seller and the taxpayer are related, the definitions of "Identity of Interest" and "Related Person" from the Qualified Allocation Plan for low-income housing credits shall be applied.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: Mayson H. Foster, Larry Ferdinand, Michael L. Airhart, Dr. Daryl V. Burckel, John N. Kennedy, Matthew P. Ritchie, Willie Spears, Guy T. Williams, Jr.

ABSTAIN: None.

NAYS: None.

ABSENT: Ellen M. Lee, Malcolm Young, Jr.

And the resolution was declared adopted on this, the 8th day of October, 2014.

Chairman

Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation ("Board"), do hereby certify that the foregoing three (3) pages constitute a true and correct copy of a resolution adopted by said Board on October 8, 2014, entitled "A resolution establishing a gap financing policy with respect to how LHC Program Resources will finance development budget gaps caused by an excess property purchase cost determined to exist when a development property sale is between a seller and a taxpayer who are related or have an identity of interest; and providing for other matters in connection therewith."

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Louisiana Housing Corporation on this, the 8th day of October 2014.

Secretary

(SEAL)