

2025 HOUSING CREDIT QUALIFIED ALLOCATION PLAN

The 2025 Housing Credit Qualified Allocation Plan (Plan) was approved by the AHFA Board of Directors on September 18, 2024, and will be sent to the office of Alabama Governor Kay Ivey for her review and signature. The Plan is available for information purposes only and is subject to change.



**Administered by
the Alabama Housing Finance Authority**

Alabama Housing Finance Authority
2025 Housing Credit Qualified Allocation Plan
TABLE OF CONTENTS

	<u>PAGE</u>
I. HOUSING CREDITS.....	1
A. Development of Selection Criteria.....	1
B. Establishment of Housing Priorities	3
C. Application Criteria	4
D. Fees	8
E. Amendments	10
F. Defined Terms	10
G. Website Links	10
H. Notices and Communications	10
I. Definitive Requirements	11
II. ALLOCATION PROCESS.....	11
A. Application Cycle	11
B. Email Distribution List	12
C. Application Threshold Requirements	12
D. Negative Actions.....	18
E. Application Evaluation	19
F. Developer and Builder Fees.....	23
G. Housing Credit Allocations.....	24
H. Notification of Approval.....	26
I. Progress Requirements After Reservation.....	26
J. Negative Action after Notification of Approval Until Receipt of IRS Form 8609s	28
K. Change in or Denial of Housing Credit Allocation.....	29
L. Memoranda of Understanding	30
M. Disclosure	30
III. COMPLIANCE MONITORING	30

ADDENDA

Addendum A - Alabama Housing Finance Authority’s
2025 Point Scoring System.....31

Addendum B - Alabama Housing Finance Authority’s
Compliance Monitoring Procedures,
Requirements and Penalty Criteria.....44

Addendum C Special Future Exchange of Housing Credits
For Projects that Received Initial Housing
Credit Allocations.....52

REFERENCED AHFA WEBSITE DOCUMENTS (www.ahfa.com)

1. Alabama Housing Finance Authority’s
Environmental Policy
2. Alabama Housing Finance Authority’s
Design Quality Standards and Construction Manual

I. HOUSING CREDITS

The Housing Credit program encourages and promotes investment in affordable rental housing for low-income households. Through these investments, the number of housing units is increased, and the quality of existing housing units is significantly upgraded. The primary benefit to Investor Owners is a dollar-for-dollar reduction in federal tax liability.

To receive Housing Credits, a project must qualify under federal rules contained in Section 42 of the Internal Revenue Code of 1986 (Section 42).

The Alabama Housing Finance Authority (AHFA), as the designated administrator of the Housing Credit program since 1987, has developed and implemented this Qualified Allocation Plan (QAP or Plan) for the State of Alabama in compliance with the rules set forth in Section 42. AHFA is required by Section 42 to:

- Develop selection criteria to be used in determining housing priorities for the State. The selection criteria include ranking each Project in accordance with its location, housing needs characteristics, fulfillment of housing needs, project, and applicant (or sponsor) characteristics, public housing waiting lists, tenant populations with Special Needs or individuals with children, public housing waiting lists, projects intended for eventual tenant ownership, energy efficiency and historic nature.
- Develop an evaluation process whereby preference is given to projects that serve: (1) the lowest income tenants, (2) qualified tenants for the longest period(s) and (3) projects which are located in Qualified Census Tracts and contribute to a Concerted Community Revitalization Plan (CCRP).
- Develop compliance monitoring procedures to test for compliance with the provisions of Section 42 and for notifying the Internal Revenue Service (IRS) of non-compliance.

A. Development of Selection Criteria

AHFA has been responsible for preparing a housing needs assessment and strategy for the State of Alabama since the HOME Investment Partnerships Program (HOME) was created. In 1992, AHFA prepared the first Comprehensive Housing Affordability Strategy (CHAS) as a prerequisite for Alabama to receive federal dollars for affordable housing. Prior to submitting the CHAS to the U. S. Department of Housing and Urban Development (HUD), AHFA prepared an extensive list of interested relevant stakeholders from which to gather information, and mailed letters of inquiry, questionnaires and surveys to various state agencies, service providers, housing directors and individuals. Based on the information gathered, along with data from the relatively new 1990 U.S. Census, AHFA then compiled a blueprint document for creating affordable housing across the State.

Beginning in 1995, HUD abandoned the CHAS and created the Consolidated Plan process in an effort to blend its four Community Planning and Development (CPD) programs - Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) - into a single submission process. AHFA, as administrator of the HOME Program, was deemed responsible for writing the housing portion of the new document. The State Consolidated Plan provided a detailed overview of how the State planned to utilize its annual Community Planning and Development funding to meet economic development objectives, provide affordable housing, and address other Special Needs. As a contributor, AHFA offered a detailed analysis of the current status of housing in Alabama with special attention devoted to the condition of housing and housing affordability.

The early State Consolidated Plan submissions relied on figures from the 2000 U.S. Census. Once the 2010 U.S. Census became available, the State relied upon the newer figures. While Alabama, like all states, has experienced fluctuations in population, income, and other critical Census-tracked data between 1990 and 2000 and between 2000 and 2010, one realization has not been altered – many in our State are still poor (our state’s 17% poverty rate ranks 47th among the 50 states), and thousands of Alabama families and households need a decent, safe, and affordable place to live. A great many unmet needs still exist, and AHFA will use the limited resources available to address as many unmet needs as feasible across the State.

The State Consolidated Plan, in addition to providing an overall assessment of housing needs for the State, identifies housing needs for groups with Special Needs.

A demographic analysis performed for the first State Consolidated Plan (and still true today) concluded “that a significant number of individuals in all parts of the state are in need of housing assistance. Those with the greatest needs are, predictably, concentrated at the lowest levels of the income hierarchy, wherein the housing cost burden is also the most severe. The largest numbers relative to housing needs are found in the State’s most populous urban and metropolitan counties, but the greatest concentration of need is observed in the rural counties located in the southern portion of the State, the Black Belt in particular.”

A component of the State Consolidated Plan, the Analysis of Impediments to Fair Housing Choice (updated March 27, 2020), identifies impediments to fair housing choice existing within Alabama’s non-entitlement communities so as to determine courses of action designed to address those impediments. This study recommended 6 primary fair housing issues / impediments and offered recommended corrective actions. Outreach and education were the recommended courses of corrective action, either in part or in whole for 3 of the identified impediments. To that end, AHFA encourages and offers Fair Housing training in efforts to measurably overcome those identified impediments. Alabama’s Consolidated Plan and the Analysis of Impediments to Fair Housing Choice are available at www.adeca.alabama.gov.

Pursuant to the Fair Housing Act (42 U.S.C. 3601 et seq., and including any and all regulations and guidance promulgated by HUD thereunder), discrimination on the basis of race, color, religion, national origin, sex, disability or familial status is strictly prohibited. In addition to prohibiting discrimination, the Fair Housing Act also imposes an obligation to affirmatively further the goals of the Fair Housing Act. AHFA is fully committed to affirmatively furthering fair housing by taking meaningful actions to promote fair housing choice, overcome patterns of segregation, and eliminate disparities in access to opportunity.

Additionally, the State’s Consolidated Plan continues to be updated with historical AHFA data, including a list of HOME and Housing Credit projects Placed-In-Service and/or committed by AHFA since those programs began. The new Census data did not dramatically alter the State’s affordable housing priorities. While State HOME Funds provide hundreds of traditional affordable housing units across Alabama each year, the primary beneficiaries have been families and the elderly. Meeting those needs is consistent with the Consolidated Plan findings, and the need for additional family units and elderly units remains strong.

Annually, subject to the availability of Housing Credits, AHFA will provide a draft of the QAP for public comment. AHFA will begin the annual process by providing public notice

that the draft QAP is available for review at www.ahfa.com. This public notice will be published in major statewide newspapers, will be posted online at www.ahfa.com, and will be delivered by email to all who have registered with AHFA to receive its email notifications. AHFA will also provide a public notice, which notice may be included in the initial notice or circulated separately by all the same means, of the date and time of a public hearing at which AHFA will present a brief description of the draft QAP and accept comments from the public, both orally and in writing. AHFA will provide a number of copies of the draft QAP for those in attendance. Provision will be made to accommodate the needs of interested parties in compliance with the Americans with Disabilities Act (ADA). For a period of 30 calendar days following the public hearing, AHFA will continue to accept written comments from all interested parties regarding the draft QAP. After providing the public notices, conducting the public hearing, completing the 30-day public comment period, and giving due consideration to all comments received, AHFA will publish a final version of the QAP at www.ahfa.com that will be accompanied by a summary of the Citizen Participation Process and Proposed Changes and all public comments received. To finalize the QAP for each year, AHFA must present the final QAP for approval by the applicable state and federal authorities.

B. Establishment of Housing Priorities

This QAP seeks to ensure that, where economically feasible, every county in Alabama, regardless of population size and other factors, will have an opportunity to compete for funding to address its unmet housing needs, with the understanding that respective county stakeholders should proactively engage to a) provide additional funding sources and incentives as available, b) help to remove regulatory and discriminatory barriers, and c) seek experienced Housing Credit and HOME development partners to assist in creating affordable housing solutions for their respective communities. AHFA has established certain housing priorities that affect the distribution of Housing Credits. In the current application cycle, AHFA seeks to promote the following housing priorities (not in order of preference):

- Projects that add to or significantly upgrade the existing affordable housing stock
- Projects that, without Housing Credits, would not likely set aside units for lower income tenants, inclusive of tenants with disabilities who are able to live in integrated settings, independently with limited supportive services, and/or persons who are homeless
- Projects that use additional assistance through federal, state, or local subsidies
- Projects that promote healthy living and tenant quality of life by providing tenant services such as blood pressure screening, CPR and first aid training, promoting nutrition and healthy eating, budget counseling and various other quality of life services
- Balanced distribution of the Housing Credits throughout the State in terms of geographical regions, counties, urban and rural areas.

C. Application Criteria

All determinations, calculations, judgments, assessments, or other decisions made by AHFA under this QAP, including without limitation its Addenda and related Application Instructions and forms, shall be made in AHFA's sole and absolute discretion.

In accordance with Section 42(m)(1)(A)(ii) of the Internal Revenue Code, AHFA is required to notify the chief executive officer (or equivalent) of the local jurisdiction within which an applicant has submitted an application request for funding under the Housing Credit program. AHFA is required to provide such officer a reasonable opportunity to comment on the proposed project. Providing notice of the opportunity to comment satisfies AHFA's legal obligations. Comments received are informational only and are subject to AHFA's Open Records Policy.

While a lack of expressed support does not mean that the project is necessarily opposed by the chief executive officer (or equivalent), AHFA recognizes that obtaining community support may mitigate the negative connotations that sometimes accompany an affordable housing project. Accordingly, applicants should make reasonable efforts to assess and solicit the support from all applicable parties and verify that the proposed project meet's local zoning requirements before submitting an application to AHFA.

AHFA is required to evaluate each application to determine which projects should receive Housing Credits. To facilitate the evaluation process, all applicants must complete the following basic steps:

- 1) Submit a complete application to AHFA. All or portions of the application may be required to be submitted online. After application submittal, AHFA will conduct a completeness review. The application will be deemed complete if the Application Package contains, at a minimum, the following:
 - All required AHFA-provided forms for current year application. The application forms will be posted at www.ahfa.com prior to the beginning of the application cycle. AHFA will post these forms as they become available, and applicants should check www.ahfa.com regularly in order to begin work on the required forms as soon as possible. All AHFA-provided forms should be completed pursuant to instructions, legible and with all applicable spaces fully completed.
 - The AHFA DMS Authority Online Application must be completed and submitted by the Application Cycle deadline. Failure to submit the AHFA DMS Authority Online Application by the Application Cycle deadline will result in termination of the application.
 - All required third-party documents in form and content acceptable to AHFA. Refer to the application checklist and the current Application Package and Application Instructions for the complete list of required documents as provided at www.ahfa.com.
 - All required AHFA-provided and third-party forms and documentation must be in numerical order behind blue index pages. The Application Package should be provided in a format per AHFA written instructions.

- Applicants requiring special accommodations covered under the Americans with Disabilities Act (ADA) must notify AHFA in advance so that appropriate accommodations can be made with respect to their application submission.

After the completeness review, if an applicant has failed to submit and/or complete the items described in this Section I.C.(1) (inclusive of items requiring clarifications), AHFA will contact the applicant via email regarding any missing and/or incomplete items.

If an applicant during a Competitive Application Cycle receives an email from AHFA identifying missing and/or incomplete items or documents, the applicant must submit all missing and/or incomplete items or documents in form satisfactory to AHFA (along with the required fee for each such item or document as specified in Section I.D.(2)) within 10 business days after receipt of the email from AHFA. If the applicant fails to submit the missing and/or incomplete items when required or fails to pay the required fees or if the applicant's fee payment is rejected for any reason, the application will be terminated and will receive no further consideration.

If an applicant that has submitted a Non-Competitive Application receives an email from AHFA identifying missing and/or incomplete items or documents, the applicant must submit all missing and/or incomplete items or documents in form satisfactory to AHFA (along with the required fee for each such item or document as specified in Section I.D.(2)) within 30 calendar days after receiving the email from AHFA.

If AHFA determines during the completeness check that any application has an aggregate total of 8 or more missing and/or incomplete items, the application will be terminated automatically by AHFA, and AHFA will notify the applicant by email of this termination.

AHFA shall deliver notices of missing and/or incomplete items to each applicant at the primary and secondary email addresses provided by the applicant in its application, and all deadlines for response shall be calculated from the date such email notice is sent. Each applicant is solely responsible for providing correct and valid email addresses (primary and secondary) in its application, for ensuring that both email addresses remain active on an ongoing basis, and for monitoring both email addresses for notices from AHFA.

AHFA performs the completeness check solely in order to determine whether any materials required under this Section I.C. (1) or under the threshold items described in Section II.C are missing and/or incomplete. The completeness check does not include a review of any point scoring items, any material environmental items (except to the limited extent described in AHFA's Environmental Policy located at www.ahfa.com) or any other item not specifically described in this paragraph.

- 2) Provide evidence that the project is a Qualified Affordable Housing Project for multifamily rental housing that meets the basic occupancy and rent restrictions required by Section 42.

When Housing Credits are combined with HOME Funds, the project must meet the occupancy and rent restrictions required for both in Section 42 and the HOME regulations and adhere to the regulations that are more restrictive.

Multifamily rental housing projects must be on a single site or contiguous sites. Sites may be considered contiguous if separated only by one neighborhood street.

Under this QAP, the following projects do not qualify for Housing Credits:

- Mobile home developments
- Intermediate care facilities
- Group homes
- Congregate care facilities

In addition, any multifamily rental housing unit that is part of a hospital, nursing home, sanitarium, life care facility, or intermediate care facility for the mentally and/or physically handicapped that is not for use by the general public is not eligible for Housing Credits under Section 42.

A prior-funded Housing Credit-only AHFA project must have completed, on or before the date of application submittal, the entire 15-Year Compliance Period in order to be eligible to submit a current year application for Housing Credits.

A prior-funded Housing Credit combined with AHFA HOME funds Project must have completed, by the date of application submittal, the entire 20-Year Affordability Period and closed a 15-year extension of the project's original HOME Loan (or have re-paid in full the outstanding principal amount of the HOME Loan, including all accrued interest) to be eligible to submit a current year application for Housing Credits.

Applications for proposed projects applying for Housing Credits must contain a minimum of 12 units. Applications for proposed projects applying for Housing Credits combined with HOME Funds must contain a minimum of 12 units up to a maximum of 56 units. Applications for Multifamily Housing Revenue Bonds must contain a minimum of 12 units.

All residential rental units must be under common ownership, deed (or long-term lease), financing and property management.

Applicants cannot submit an application for more than one phase of the same proposed project in the same application cycle.

- 3) Provide evidence acceptable to AHFA that the proposed project meets the current AHFA Market Study Certification requirements and related Application Instructions. The market study must be conducted by an independent third-party market analyst that has conducted a market study for a prior application submitted to AHFA for Housing Credits, HOME Funds, or Multifamily Housing Revenue Bonds or has received prior written approval from AHFA to submit a market study for the current application cycle. A current list of market analysts who have conducted market studies for prior applications is available at www.ahfa.com. The market study must also meet AHFA's market feasibility and analysis requirements, which include, at minimum, the following criteria:

- (i) The project's market area must be clearly defined and supported;

- (ii) The supply analysis of comparable subsidized or non-subsidized developments must include, but not be limited to, vacancies, amenities, and rental rates;
- (iii) The demand analysis must convincingly demonstrate a need for the proposed type of housing;
- (iv) The market feasibility of the proposed rent structure must demonstrate that there is a rent advantage over non-subsidized housing in the defined market area;
- (v) The analysis of the relationship between supply and demand must demonstrate an acceptable absorption rate; and
- (vi) The summary of important facts and conclusions as provided in the market study must include a statement from the market analyst clearly stating, in the analyst's professional opinion, whether the project as proposed will be successful

The market study must demonstrate an adequate market for the proposed units and that the proposed project would not adversely impact any existing AHFA projects or create excessive concentration of multifamily units.

AHFA will review the market study submitted, in-house documentation collected by AHFA from onsite compliance audits, market information submitted by Rural Development, audited financial statements, and applicant-submitted project budgets in order to determine if there is an adequate need for the proposed project.

AHFA will terminate an application based on any one of the following market criteria:

- (i) The proposed project's capture rate is above 35%
 - (ii) All Active AHFA Projects in the defined market area have an overall average stabilized vacancy rate of 15% or above.
 - (iii) A determination by AHFA that the proposed project's market will not support the proposed project and/or the proposed project will have a clear long-term negative impact on an existing AHFA-funded development(s) in the same market.
 - (iv) The market study contains Misleading Information.
- 4) Demonstrate that the project is financially feasible. The project must meet certain financial feasibility requirements as defined in Section II.E.(1)(iii) of this QAP.
 - 5) Demonstrate adequate infrastructure capacity consistent with options provided within the local jurisdiction or municipality, including alternatives to traditional utility infrastructure, evidenced by the proposed project's utility documentation provided in the Application. Demonstrate the likelihood of sustained 30-year compliance with Section 42 based on the following criteria: (a) the market study demonstrates a need for the project as proposed, (b) the application demonstrates that the project is financially feasible as defined in Section II.E.(1)(iii) at the time of application and (c) the Ownership Entity and Management Company demonstrate their respective financial capacity and experience consistent with Section 42 requirements related to development and compliance guidelines.

D. Fees

The following fees, as applicable, must be paid with a cashier's check or certified funds and made payable to Alabama Housing Finance Authority. Cash or personal checks will not be accepted:

1) Application Fees:

- (i) A ***non-refundable fee*** must accompany the Application Package at the time of application submission.
 - a) For applicants with up to eight Responsible Owners applying in a single application:
 - A. \$10,000 if (x) each Responsible Owner has **fewer than 3** Placed-In-Service projects funded with Housing Credits and/or HOME Funds awarded by AHFA and (y) any Responsible Owner has one or more multi-family rental projects financed from non-AHFA sources.
 - B. \$7,500 if at least one or more Responsible Owner(s) has **3 or more** Placed-In-Service projects funded with Housing Credits and/or HOME Funds awarded by AHFA, regardless of whether any Responsible Owner has other multi-family rental projects financed from non-AHFA sources.
 - C. \$7,500 if: (x) each Responsible Owner has **fewer than 3** Placed-In-Service projects funded with Housing Credits and/or HOME Funds awarded by AHFA and (y) no Responsible Owner has any multi-family rental projects financed from non-AHFA sources.
- (ii) \$2,000 for all AHFA-Approved CHDO applicants applying for HOME Funds regardless of the number of Placed-In-Service projects allocated by AHFA.
- (iii) Multifamily Housing Revenue Bond Application a \$10,000 ***non-refundable fee*** must accompany the Application Package submitted for consideration for a Declaration of Official Intent.
- (iv) An additional application fee will be due at the time of application submission for application(s) that have Ownership Entities exceeding 8 Responsible Owners. The amount of the fee will be \$1,000 per each Responsible Owner (individual/entity) exceeding 8. This fee does not apply to the Investor Owner.

All application fees are non-refundable. If an application fee is returned for any reason, the application will terminate.

In addition to the non-refundable application fee(s), AHFA may require the applicant to provide additional funds in amounts sufficient to cover all third-party costs that AHFA reasonably anticipates having to pay or to reimburse AHFA for any third-party costs incurred during the application review and analysis process.

Third-party fees include without limitation, legal fees, architect and engineers' fees, consultant (construction, environmental or otherwise) fees, and any other third-party report (construction, environmental or otherwise) fees related to the review of any third-party report(s) submitted by the applicant. These amounts must be paid by applicant within 5 business days of the invoice date.

Any unused portion of the additional funds collected will be returned to applicant without interest once all third-party invoices have been submitted and refund amount is determined.

- 2) Missing and/or Incomplete Items (Excludes Threshold Requirements and Material Environmental Findings): Applicants are required to submit their final and complete Application Packages by the submission deadline. If an applicant receives an email from AHFA regarding missing and/or incomplete items identified during AHFA's completeness check under Section I(C)(1), and the applicant elects to submit, complete or clarify these items within the time required by Section I(C)(1), the applicant's delivery of the missing and/or incomplete items or clarifying information must be accompanied by payment in full of a fee calculated based on the following schedule:

Missing and/or Incomplete Documents	Required Fee	Missing Item Occurrence
Missing and/ or incomplete application document(s)	\$2,000 per document	1 occurrence per document
Incomplete third-party report ¹	\$2,000 per report	1 occurrence per document
Requests for additional information or clarification of third-party report(s) ¹	\$2,000 for 5 or more per report	1 occurrence for 5 or more clarifications (or requests for additional information) per report

If the applicant fails to pay the full amount of the required fee upon delivery of these items or information or if the applicant's fee payment is rejected for insufficient funds, the application will be terminated and will receive no further consideration.

Any application with an aggregate total of 8 or more missing item occurrences will result in the automatic termination of the application by AHFA and the applicant will be notified by AHFA via email.

An applicant may pay the above-referenced fee(s) in order to cure missing and/or incomplete items only to the extent that they are identified by AHFA in connection with the completeness check under Section I.C. (1). If an application has missing and/or incomplete items that are not included in the items reviewed by AHFA during the completeness check, the missing and/or incomplete items cannot be cured after the application is submitted and will have an adverse impact on the application, including without limitation a loss of points under the

¹ Applicant can supply missing and/or incomplete items with respect to environmental reports only to the extent permitted by AHFA Environmental Policy requirements located at www.ahfa.com, and this table applies only to such items.

Point Scoring System or termination of the application without opportunity to cure.

A complete list of AHFA’s fees (from notification of approval of allocations through the Extended Use Period) is located at www.ahfa.com.

E. Amendments

AHFA has the right to provide technical updates or interpretative releases to clarify circumstances, foreseen and unforeseen, relative to its administration of the Plan.

AHFA is also entitled to amend this QAP as required by the promulgation or amendment of Section 42, HOME Rules and Regulations, or both, from time to time or to implement new features or provisions of Section 42, the HOME Rules

Such amendment(s) are expressly permitted and the making of such amendment(s) will require a public notice.

F. Defined Terms

Capitalized terms used in this QAP and not otherwise defined herein shall have the meanings assigned in the AHFA Defined Terms – Multifamily Funding Programs available at www.ahfa.com or as regulations or other context require. Singular terms include the plural as well as the singular, and vice versa. Certain defined terms used in this QAP are located at www.ahfa.com. Such defined terms may be amended at any time with public notice.

G. Website Links

ALL WEBSITE LINKS IN THIS QAP ARE PROVIDED SOLELY FOR CONVENIENCE. IT IS THE RESPONSIBILITY OF THE APPLICANT OR ITS ENVIRONMENTAL PROFESSIONAL (EP) TO VERIFY THAT THE CORRECT WEBSITE HAS BEEN ACCESSED AND THAT THE CURRENT VERSION OF ALL APPLICABLE INFORMATION HAS BEEN IDENTIFIED, REVIEWED AND COMPLIED WITH.

H. Notices and Communications

From the date of application submission through the end of the Extended Use Period, AHFA will deliver all notices or other communications under the Housing Credit program to the owner contact(s) or contact email(s), as applicable, designated in the Application. All notices or communications sent to the contact(s) designated in the Application will be considered validly delivered for all purposes of the Housing Credit program, including without limitation the calculation of applicable deadlines. Each applicant or recipient is solely responsible for designating correct contact information in the Application and for updating that designation as needed. In no event will AHFA be deemed to receive constructive notice of a change in contact information by any means or communication outside of the Housing Credit Plan requirements and Application as updated in accordance with this paragraph. For the avoidance of doubt, this paragraph governs all notices and communications under the Housing Credit program to all applicants or recipients of Housing Credits, regardless of the specific term used to describe them in a particular Housing Credit program document, which may include applicant, owner, project owner, Ownership Entity or any term or phrase of equivalent meaning.

I. Definitive Requirements

The version of this QAP that is approved by the AHFA Board of Directors, approved by the Governor of the State of Alabama, and posted on www.ahfa.com as the qualified allocation plan for a particular application cycle, together with all related materials posted on www.ahfa.com, shall contain the final and definitive requirements for the Housing Credit program for that application cycle. Information from prior application cycles, including comments at public hearings and feedback on applications, is not applicable to subsequent application cycles. It is the responsibility of the applicant or its EP to identify and review the final, definitive requirements for each application cycle in order to ensure that they have been reviewed and complied with. This QAP is in effect until repealed or replaced.

II. ALLOCATION PROCESS

A. Application Cycle

The dates of the application cycle (or cycles, if more than one) will be determined by AHFA on an annual basis. All individuals who have requested to be on the email distribution list as described in Section II.B. will receive notification of the cycle via Constant Contacts. Notice of the cycle will also appear at www.ahfa.com and in major or regional newspapers throughout Alabama. Prospective applicants and other stakeholders are encouraged to visit the website regularly for updates in addition to the email notification process.

To apply for Housing Credits, an applicant must complete the applicable AHFA multifamily funding application, which is available online at www.ahfa.com.

All correspondence and inquiries regarding the application are to be directed to the following:

Alabama Housing Finance Authority	
Attn: Multifamily Division	Phone Number: (334) 244-9200
P. O. Box 242967	Fax Number: (334) 279-6957
Montgomery, Alabama 36124-2967	
www.ahfa.com	
ahfa.mf.application@ahfa.com	

Applications received during a Competitive Application Cycle will be evaluated on a competitive basis.

AHFA may allocate Housing Credits without the use of a Competitive Application Cycle or the Point Scoring System to:

- Any project(s) financed using Multifamily Housing Revenue Bonds as a single or pooled transaction.
- Any project Placed-In-Service that has already received a Housing Credit allocation, has an Actual Cost Certification as described herein that indicates the need for an additional allocation, and has been approved for additional Housing Credits by AHFA.
- Any project eligible for Housing Credits pursuant to any waiver, exception, program, or other special action by the Internal Revenue Service.

- Any project that must be funded to meet the nonprofit set aside requirement as specified in Section 42(h)(5) of Internal Revenue Code or the CHDO set aside as specified in the Final HOME Rule.
- Any prior-funded AHFA project that is eligible for additional Housing Credits provided by Congress or the promulgation or amendment of Section 42.

However, Ownership Entities for the projects listed above may be required to submit a complete Application Package and be subject to AHFA’s threshold items, underwriting and cost requirements, in order to be considered for a Housing Credit allocation or additional allocation.

B. Email Distribution List

AHFA maintains an email distribution list for those interested in receiving notifications of application cycles and other AHFA Multifamily program activities. Visit www.ahfa.com to be added to the email list or you may submit a written request to the address specified in Section II.A. Changes or updates to contact information are the responsibility of each applicant or interested party who wishes to remain (or be placed) on AHFA’s email distribution list.

C. Application Threshold Requirements

Although it is recognized that each application is different, certain standard requirements must be met by all applicants before the application can be considered for full evaluation. The threshold requirements are critical to efficient and timely administration of the State of Alabama’s funding for affordable housing. The threshold requirements ensure that projects are ready to proceed, have sufficient sources of funds, meet construction quality requirements, can be constructed and leased up on a timely basis, will be located on the most environmentally safe sites for tenants, and will be financially feasible on an ongoing basis. Evaluation of the threshold requirements is essential to a project’s prospects for success, because AHFA does not provide funding for construction overruns, lease-up delays, operating shortfalls, or environmental remediation. Upon application submittal, if AHFA determines that any threshold requirement is missing or fails to materially adhere to AHFA defined standards during the completeness review, the application will be terminated. A list of all threshold requirements and explanations is provided below:

- 1) Fee(s). If any fee(s) described in Section I.D. is not paid in full when due or is returned due to insufficient funds, the application will terminate.
- 2) Complete Application. The applicant must submit to AHFA a complete application as defined in Section I.C.(1) of this QAP. An application with 8 or more missing and/or incomplete documents will be terminated.
- 3) Status of Previously Funded Projects.

If any application submitted during the 2025 Competitive or Non-Competitive Application Cycle (applicants for workforce housing tax credits are exempt) has a Responsible Owner that is also a Responsible Owner for a project that (i) received an initial allocation of Housing Credits in 2022 or prior year or received a determination letter for Housing Credits in 2022 or prior year for a project funded by Multifamily Housing Revenue Bonds, and (ii) is not at least 50%

complete as reflected by the project's most recent construction inspection report/progress report to AHFA on or before the date of application, the application is not eligible to receive an allocation of Housing Credits in the 2025 Competitive Application Cycle and is not eligible to apply for an allocation of Multifamily Housing Revenue Bonds until a construction inspection report/progress report for the project(s) reflects 50% completion.

- 4) Existing Project Inspection. Applications with one or more Responsible Owners applying on a single application where each Responsible Owner has **fewer than 3** Placed-In-Service projects funded with Housing Credits and/or HOME Funds allocated by AHFA, AHFA will perform an on-site inspection. The applicant must provide, at the time of the application submission, a complete AHFA Schedule of Real Estate Owned for each Responsible Owner.

Each such Responsible Owner must consent to an on-site inspection by AHFA (or by AHFA's designated consultant) of any of such Responsible Owner's existing projects, including physical inspections of buildings and units as deemed necessary by AHFA (or the AHFA designated consultant). AHFA will select 1 Non-AHFA Project for inspection based on the AHFA Schedule of Real Estate Owned submitted by the applicant. For applicants with Non-AHFA Projects in the State and/or out-of-State, the project selected for inspection may be in Alabama or in another state. All applicant Ownership Entities will be subject to the same AHFA requirements defined in attached Addendum B during the current application cycle.

For applicants with one or more Responsible Owners applying on a single application where each Responsible Owner has 3 **or more** Placed-In-Service projects funded with Housing Credits and/or HOME Funds allocated by AHFA, AHFA may schedule an on-site inspection if AHFA has not performed an on-site inspection in the current year. However, if AHFA determines there are sufficient and satisfactory on-site inspections for each Responsible Owner's current projects that were performed within 3 years prior to the date of Responsible Owner's application in the current application cycle and show that such projects were in compliance with AHFA requirements defined in attached Addendum B, AHFA reserves the right to waive the on-site inspection for any Responsible Owner listed in an application.

- 5) Site Control. If the applicant does not already own the property for which funds are requested at the time of application, the applicant must have Site Control. If the applicant is applying for Housing Credits only, Site Control may be evidenced by a sales contract, purchase option, or long-term leasehold in the name of the applicant. Because of regulations that impact the varying lengths of the approval process for each property and the significant risks to the applicant for failing to do so, AHFA requires, at or before application submittal: (i) that the applicant secure, at a minimum, (a) a sales contract with a closing date 6 months from the date of application submittal, with an option to extend the closing date an additional 6 months; (b) a 6 month purchase option with an option to renew for an additional 6 months; or (c) an initial long-term lease with a duration of at least twenty-five (25) years with a minimum five (5) year additional required term lease which must run consecutively. The selected form of agreement must comply with applicable Application Instructions; and (ii) if the proposed site is subject to any restrictions that allow any other person or entity, such as a homeowner's association or neighborhood design review board, to approve any aspect of the proposed Project

(excluding construction-related approvals from local government that become necessary only if AHFA awards funding to the proposed project, e.g. building permit, traffic engineering approval, storm water drainage permit, architectural endorsement...), that the applicant disclose any such restrictions in its sales contract, purchase option or long-term lease and deliver evidence satisfactory to AHFA that all such approvals have been obtained. **If the applicant is applying for HOME funds in conjunction with Housing Credits, Site Control must be evidenced by a purchase option (not a sales contract or long-term lease) in the name of the applicant, and the option must comply with the Site Control requirements set forth in the applicable year's HOME Action Plan.**

- 6) Evidence of Zoning based on Intended Use (Proper Zoning). The applicant must provide evidence that the property owned (or to be owned) is properly zoned and consistent with the proposed project's use. AHFA does not consider the property zoned if final Zoning (but not including plans and specifications for issuance of building permits) is contingent upon further city meetings, approvals and/or advertisement. Evidence must be in the form of a signed statement from the local jurisdiction where the property is located.
- 7) Market Study. The applicant must provide a market study at the time of the application submission (except for Multifamily Housing Revenue Bonds, which will require a market study prior to execution of the commitment). All market studies must be less than 6 months old. If the market study does not meet AHFA requirements at the time of application, the application will terminate as described in Section I.C.(3).
- 8) Environmental Site Assessment. The applicant must provide an Environmental Site Assessment at the time of application submission (except for Multifamily Housing Revenue Bonds, which will require an Environmental Site Assessment prior to execution of the commitment). The Environmental Site Assessment must meet at a minimum AHFA's Environmental Policy requirements located at www.ahfa.com for the Housing Credit and HOME Program requirements. If the Environmental Site Assessment does not meet AHFA's requirements with respect to material completeness at the time of application, the application will be terminated.
- 9) The Certification of Consistency with Consolidated Plan (Certification of Consistency). The Certification of Consistency should be submitted for Housing Credit applications that have a commitment for local HOME Funds from a Participating Jurisdiction. The Certification of Consistency should not be submitted for applicants applying for HOME Funds (except for an AHFA-Approved CHDO/Non-Profit applying in a Participating Jurisdiction) or Housing Credits only. If the proposed project is in an area that is covered by a local Consolidated Plan, the applicant must have the Certification of Consistency completed by an authorized official of the Participating Jurisdiction. If the area is not covered by a local Consolidated Plan, the project will be governed by the State of Alabama's Consolidated Plan, and this Certification of Consistency is not required. In the event that the Certification of Consistency is signed by someone other than the designated person(s) listed at 2025 Consolidated Plan Coordinators found at www.ahfa.com, it is the responsibility of the Applicant to provide AHFA with evidence at the time of application that the signer is duly authorized to execute this Certification of Consistency.

- 10) Design Quality Standards and Construction Manual. All projects are required to meet AHFA’s Design Quality Standards and Construction Manual located at www.ahfa.com for construction and rehabilitation of rental units. These are minimum standards and AHFA permits applicants to exceed these project standards (e.g., to provide specific accommodations for persons with disabilities, among other special populations). Any deviations from these standards must have the prior written approval of AHFA prior to submitting an Application Package for funding. A request for approval of a deviation, with all supporting documentation, must be submitted to AHFA at least thirty (30) calendar days before the related application is submitted to AHFA.
- 11) Architect’s Certification of Project Progress. For each Project (New Construction or Rehabilitation) that (a) received a Reservation Letter or Binding Commitment-Future-Year’s Credit Authority for Housing Credits and/or HOME Written Agreement in 2019 (or any prior year) (b) has not closed an AHFA HOME loan, submitted an Actual Cost Certification to AHFA, or been issued an 8609 by AHFA, the Project architect must certify as follows:
- (i) New Construction: The Project’s architect must certify that all building foundation slabs, or crawl spaces, are in place.
 - (ii) Rehabilitation: The Project’s architect must certify that 90% of the units are Habitable or ready for immediate occupancy.
- 12) Minimum Rehabilitation Cost per Unit. The minimum rehabilitation threshold is (a) \$20,000 of hard construction cost per qualified Housing Credit unit for projects not previously funded by AHFA or (b) \$12,500 of hard construction cost per qualified Housing Credit unit for projects allocated previously by AHFA. The hard construction cost must be certified by a Capital Needs Assessment, which must be provided at the time of application submission for all applications for rehabilitation of an existing building(s). AHFA requirements for Capital Needs Assessments are located at www.ahfa.com. AHFA reserves the right to engage a third-party construction consultant at the applicant’s expense to verify the proposed scope of work and related cost(s) as outlined by the proposed project’s Capital Needs Assessment.
- 13) Flood Certification. The applicant must provide a Certified Boundary Survey including the flood certification indicating the map and panel number of the Flood Insurance Rate Map and the Flood Zone designation in form and in content as specified by AHFA.

Applicants applying only for Housing Credits. The Certified Boundary Survey and flood certification must indicate that no buildings (residential or any other use) on the site are located within the 100-year flood plain. Other portions of the site may be located in a flood plain, including any portions not considered part of the site but necessary for ingress and egress to the site. AHFA will allow the acquisition/rehabilitation of an existing building already located in a flood plain if acceptable evidence of flood insurance is provided at the time of application.

Applicants applying for Housing Credits combined with HOME Funds. The Certified Boundary Survey and Certification must indicate that no portion of the site, including integral offsite development areas (e.g., offsite areas required for ingress, egress, or parking), is located within the 100-year flood plain.

- 14) Site Location. AHFA will not consider any application (for a new construction Project or rehabilitation Project that is less than 50% Occupied) if the proposed Project is located within a radius of 2 miles (2-Mile Radius Requirement), as hereinafter defined, of any other Project approved by AHFA for funding in a prior year's cycle that has not been Placed-In-Service and/or is not 90% or more Occupied at the time of application for all Active AHFA Projects, excluding AHFA HOME only, AHFA HOME ARP only and/or AHFA HTF only funded AHFA Projects. Projects with allocations of CDBG Disaster Relief funds, RAD and PBR Vouchers are also exempt.

The radius must be determined by using a starting point at the centroid (geometric center) of the proposed Project's site and measured using Geographic Information System (GIS) maps. The 2-Mile Radius Requirement for each proposed Project must be clearly defined and depicted in the Market Study.

The following are exceptions to the 2-Mile Radius Requirement:

- (i) Applications for the rehabilitation of existing multifamily residential rental housing which is at least 50% or more Occupied at the time of application submittal.
- (ii) Applications that contain financing through HUD's Choice Neighborhoods, HUD Rental Assistance Demonstration (RAD) program, or Capital Fund Program funds.
- (iii) Applications for the rehabilitation of an existing building(s) listed on the National Register of Historical Places
- (iv) Applications to issue Multifamily Housing Revenue Bonds to finance the substantial replacement of previously existing public housing authority (PHA) multifamily housing that has been demolished and cleared within the last 8 years or will be demolished and cleared for the construction of new replacement housing on the site.
- (v) Applications to issue Multifamily Housing Revenue Bonds to acquire and rehabilitate a pool of three or more existing multifamily housing projects.
- (vi) Applications for Multifamily Housing Revenue Bonds submitted during the same Competitive Application Cycle as a competitive application that has the same Responsible Owners and relates to a site located within ¼ mile of the site in the Multifamily Housing Revenue Bond application. This exception does not apply to an application for Multifamily Housing Revenue Bonds whose related competitive application is unsuccessful.

Upon request, AHFA will provide reasonable assistance in determining the occupancy of applicable Projects solely for purposes of applying the 2-Mile Radius Requirement. All information provided to applicants by AHFA may be based upon third-party information provided to AHFA.

AHFA determination of occupancy is final and binding on all applicants. AHFA is not responsible for errors or omissions in occupancy reported.

Note: If a Project has been allocated AHFA funds but has returned the Housing Credits before the start of the current application cycle, that Project will not be considered in determining the 2-Mile Radius Requirement.

- 15) Extended Use Period. All Projects must commit in writing to not apply for a Qualified Contract until after the end of the 19th year of the Extended Use Period, which is 4 years after the end of the 15-Year Compliance Period. If eligible to apply, the Responsible Owner and proposed purchaser must mutually agree via a fully executed option/sales agreement to provide reasonable written notice to AHFA regarding the proposed date of sale and require all ownership information and other required documents be provided to AHFA for its review and action well in advance of the proposed sale date.
- 16) Owner-Provided Tenant Services. The owner must provide at least 3 of the AHFA-approved tenant services throughout the Extended Use Period. A list of AHFA-approved tenant services is available at www.ahfa.com.
- 17) Multifamily Housing Revenue Bonds. Any applicant applying for Housing Credits for a Project financed through the AHFA Multifamily Housing Revenue Bond program will be exempt from the Point Scoring Process. However, the application must meet all of the QAP threshold requirements and applicable provisions of the AHFA Multifamily Revenue Bond Policy.

The Market Study and Environmental Assessment reports must be submitted within the time required by the AHFA Multifamily Housing Revenue Bond Policy requirements for application submission.

For rehabilitation of Projects previously funded by AHFA, AHFA will require a minimum rehabilitation expenditure of \$12,500 of hard construction costs per qualified Housing Credit unit. In no event may the minimum rehabilitation expenditure be less than the greater of (a) the amount required by Section 42 of the Internal Revenue Code or other applicable law, and (b) \$12,500 per qualified low-income unit. AHFA underwriting and cost requirements outlined in Section II.E.(1) of this QAP will also apply.

For rehabilitation of Projects not previously funded by AHFA, AHFA will require a minimum rehabilitation expenditure of \$20,000 of hard construction costs per qualified Housing Credit unit and will require that all such expenditures be supported by a Capital Needs Assessment satisfactory to AHFA. AHFA requirements for Capital Needs Assessment are located at www.ahfa.com.

An application for Multifamily Housing Revenue Bonds and a competitive application may be submitted during the same Competitive Application Cycle if they have the same Responsible Owners and the sites are located within one-quarter ($\frac{1}{4}$) mile of each other. If the competitive application is not successful, the application for Multifamily Housing Revenue Bonds may nonetheless be approved if (a) it meets all applicable requirements, and (b) the proposed site is not located within a 2-mile radius of a project funded during the same Competitive Application Cycle.

For any applicant having a single (first time AHFA funded) Multifamily Housing Revenue Bond Project, the applicant may not submit a first-time competitive application (applicants applying for workforce housing tax credits are exempt) unless, at the time of application, (i) that Project is complete (that is, the construction/rehabilitation is 100% complete per the Quarterly Status Report effective as of the date of application), (ii) that Project has provided satisfactory

documentation to AHFA that it has reached 90% occupancy, and (iii) the AHFA-engaged third-party construction consultant has performed the on-site inspection and cleared any findings. Projects funded with HUD Capital Fund Program funds, HUD Choice Neighborhood Funds, or HUD's Rental Assistance Demonstration Program are exempt from this requirement.

Once AHFA has executed and delivered a written Declaration of Official Intent as specified in the Multifamily Housing Revenue Bond policy, AHFA will engage a third-party construction consultant to review and assess all rehabilitation applications. Applicants for Multifamily Housing Revenue Bond must pay the third-party fee required by Section I.D. (iii) at the time of the application. The third-party construction consultant will perform an on-site inspection of the proposed Project to determine the accuracy of the scope of work and related costs detailed in the Capital Needs Assessment submitted with the application. If any material findings and/or discrepancies documented by AHFA's consultant are not resolved to AHFA's satisfaction, the application will be terminated.

Volume Cap. The availability of Volume Cap is subject to the terms and conditions of the AHFA Multifamily Revenue Bond Policy and additional AHFA requirements located at www.ahfa.com in effect at the time of application submittal.

D. Negative Actions

Should any of the following actions occur after the application has been submitted and prior to approval by AHFA, consideration of the application will terminate unless otherwise provided below:

- 1) Site change or alteration of any kind or change of property ownership. Change in ownership of the Ownership Entity (e.g., addition of a new general partner/member or removal of an existing general partner/member).
- 2) Change in syndication structure, including without limitation a change in the role of the syndicator or in the distribution of allocated funds to others through syndication as stated in the application without prior written consent of AHFA.
- 3) Change in unit design, square footage, unit mix, number of units, number of buildings, etc. (unless changes are required by a local regulatory authority and/or codes).
- 4) Change in the general contractor.
- 5) Change in the management company.
- 6) Change in the architect.
- 7) If AHFA receives a determination from a federal, state, or local regulatory authority or agency of significant or uncorrected non-compliance on applicant's Non-AHFA Projects, AHFA may terminate the application.
- 8) Any Development Team Member (listed in the application) who has instances of excessive, flagrant, or uncorrected non-compliance within the timeframe provided by AHFA, Housing Credit, HOME, TCAP/Exchange, National Housing Trust

Fund or Multifamily Housing Revenue Bond regulations on existing projects.

- 9) Any Development Team Member listed in the application is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Housing Credits.
- 10) Applicant has a project that goes into foreclosure or has been foreclosed within the last 10 years.
- 11) Any material adverse change relating to the Project or Responsible Owner. AHFA will determine whether the change(s) is material and/or adverse in its sole discretion and further reserves the right to terminate an application.
- 12) Applicant (including all Development Team Members listed in the application) has any outstanding fee(s) due to AHFA on other projects.
- 13) If AHFA determines that the applicant failed to materially adhere to AHFA Environmental Policy requirements, including without limitation, the failure by the applicant to identify any unsatisfactory environmental condition that the applicant (or any Responsible Owner of applicant) knew or should have known about or failed to investigate fully prior to application submission.
- 14) For any applicant having a single (first time AHFA funded) Project which received a Reservation Letter for Housing Credits and/or a HOME Written Agreement or a first time reservation or commitment for other AHFA Program Funding in a current or prior application cycle, the Project must, at the time of application, (i) be complete (that is, the construction/rehabilitation is 100% complete per the Quarterly Status Report effective as of the date of application), and (ii) have provided satisfactory documentation to AHFA that it has reached 90% occupancy. Projects funded with HUD Choice Neighborhood Funds, HOME ARP Funds, CDBG Disaster Relief funds and Capital Fund Program funds are exempt from this requirement.

The above list of negative actions is not all-inclusive. The Application Package itself will list other necessary requirements via forms, related instructions, and other items. AHFA will terminate consideration of an application if it determines that the application contains Misleading Information.

E. Application Evaluation

Section 42 requires AHFA to determine that the Housing Credit dollar amount allocated to a Project shall not exceed the amount necessary for the financial feasibility of the Project and its viability as a Qualified Affordable Housing Project throughout the Credit Period.

AHFA will make this determination 3 times: (a) at the time of application (b) upon review of the 10% Test and (c) at Actual Cost Certification.

AHFA follows a competitive process by which all applicants are objectively scored according to criteria specified in the QAP. AHFA strictly adheres to the policy and procedures of the QAP. Efforts to influence the outcome of the application process through lobbying efforts either directly (by the applicant) or indirectly (via the efforts of third parties on the applicant's behalf), will be futile, considered as a violation of the QAP and may

result in the termination of the application. In addition, the applicant could be subject to civil or criminal liability. Each application must stand on its own merits.

1) Process of Evaluation. Provided each applicant has met the threshold requirements in Section II.C., each application will be subject to the following evaluation process:

- (i) Completeness. The applicant must submit a complete application (see Section I.C. (1)) to AHFA.
- (ii) Point Scoring. The application will be evaluated using the Point Scoring System included in Addendum A. The applicant will not receive points if the item(s) or document(s) required to qualify for points are missing and/or incomplete or fail to be submitted in the format as required per AHFA instructions.
- (iii) Determination of Financial Feasibility. The Project will be evaluated to determine its financial feasibility as hereinafter defined, including its financial viability as a qualified Housing Credit project throughout the Credit Period.

At minimum, AHFA will evaluate a proposed project's financial feasibility based on the following criteria:

- a) the extent to which the project's sources of funds equals the project's uses of funds.
- b) the extent to which the proposed developer fee deferral can be paid within the time frame allowed by the Internal Revenue Service.
- c) the reasonableness of total project costs, taking into account AHFA's hard and soft cost standards and AHFA's minimum Design Quality Standards and Construction Manual located www.ahfa.com.
- d) the proposed repayment terms (including interest rate, total debt, and loan term) for all proposed debt (hard and soft) in connection with the proposed project.

AHFA will determine the financial feasibility of the project based on an amount of Housing Credits equal to the lesser of the amount requested by applicant or the amount that is determined by AHFA. Because AHFA is permitted to allocate only the resources necessary to make a project financially feasible, AHFA cannot and should not be expected to fund the full amount requested by an applicant, especially in those cases where an applicant proposes to complete a higher-than-normal cost development which far exceeds AHFA minimum Design Quality Standards. Therefore, AHFA will allocate Housing Credits based on the lesser of the amount requested by applicant or the Housing Credit amount that is determined by AHFA to be necessary to make a project financially feasible and will evaluate financial feasibility on this basis.

AHFA's determination of the appropriate amount of Housing Credits is not a representation or warranty as to the financial feasibility of any project and may not be relied upon as such by the applicant, Responsible Owner,

developer, Investor Owner, lender, or any other person. The amount of Equity contributed by Investor Owners to a project partnership shall not be less than the amount generally contributed by Investor Owners to similar projects based on current market conditions. In the event that the Ownership Entity receives less Equity proceeds than the amount which should be reasonably obtained based on prevailing market rates, AHFA will underwrite each project's projected Equity proceeds based on the prevailing market rate. Any equity deficits will become the responsibility of the Ownership Entity to contribute. In the event of a surplus in Equity, AHFA may reduce the amount of Housing Credits allocated to the Project at the time of Actual Cost Certification as described herein to avoid over subsidizing the Project.

Special purpose or high-cost housing applications that exceed construction and soft costs of other applications received must be supported with other subsidy sources, especially in those cases where proposed costs significantly exceed those of other projects that meet the minimum requirements of AHFA's Design Quality Standards and Construction Manual located www.ahfa.com. AHFA fully expects that any proposed application submitted will include sufficient other subsidy sources needed to leverage AHFA's limited Housing Credit and HOME Funds.

AHFA will require a minimum Debt Service Coverage ratio of 1.20:1 (1.05:1 for projects financed with Rural Development funds or with any non-AHFA HUD funds) for Housing Credit development debt financing that would foreseeably result in foreclosure if not repaid. AHFA will determine the allowable operating expense based on historic and current Housing Credit properties' financial statements.

AHFA will require the Project to establish and maintain throughout the Extended Use Period a minimum operating reserve. The operating reserve will be an amount equal to four months of the projected first year operating expenses (including replacement reserve payments) plus two months of debt service.

AHFA will require the Project to establish and maintain throughout the Extended Use Period a minimum replacement reserve account of (a) \$250 per unit annually for new construction projects for the elderly, and (b) \$300 per unit annually for all other projects. AHFA will consider the existing reserve balances for Rural Development projects that will remain in the project and controlled by Rural Development. AHFA will make the final determination of the amount of reserves accepted when the project submits an Actual Cost Certification.

Additional underwriting criteria and assumptions that are market-driven, such as interest rates, Housing Credit pricing, and project operating expenses will be available at www.ahfa.com prior to the application cycle.

Applicants seeking Housing Credits in a Competitive Application Cycle will be underwritten using the same criteria, regardless of project type or location unless project is located in a Qualified Census Tract or Difficult Development Area.

Projects being financed through AHFA's issuance of Multifamily Housing Revenue Bonds combined with Rural Development 515 funds and projects previously funded with HOME Funds or Rural Development 515 funds combined with Housing Credits will be underwritten for financial feasibility on a project-by-project basis.

- (iv) Credit Worthiness. AHFA will perform credit examinations of the individual(s) and review trade reports for all businesses comprising the proposed development team involved in the development and operation of the Project. The application must contain sufficient documentation to obtain all applicable credit and trade reports. If these reports prove to be less than satisfactory, including but not limited to the finding of federal tax liens, bankruptcies, judgements, etc., the application will be terminated.
- (v) Reasonableness of Project Costs.
 - a) Any line-item costs, square footage costs or total unit costs exceeding a range of reasonableness may be disallowed at the determination of AHFA. Additional information and documentation (verified by AHFA and/or an AHFA third-party consultant) may be required to substantiate the reasonableness of the cost, including without limitation information regarding proposed costs which significantly exceed the minimum requirements specified in the AHFA Design Quality Standards and Construction Manual located at www.ahfa.com. Any allocation of Housing Credits, regardless of funding type or project type, will be determined using AHFA's assessment of cost and overall application feasibility.
 - b) AHFA determines reasonableness of project costs by comparing aggregate cost data based on all applications received, historical cost certification, cost data of completed projects, and current cost data provided by AHFA third-party construction consultant reports. After evaluating all the data, reasonable standard project hard construction costs and soft costs are established for each application cycle.
 - c) AHFA reserves the right to request certification or verification in a form acceptable to AHFA of any line-item cost at any time between the application cycle and Actual Cost Certification.
- 2) Carryover Allocation Agreement – Test. For purposes of the 10% Test, AHFA requires that a Carryover Certificate be provided to verify that each project has met the requirement that 10% of the reasonably expected basis has been expended in the manner required by the Carryover Allocation Agreement for Housing Credits. AHFA reserves the right to request certification or verification in form and content satisfactory to AHFA of any line-item cost included in the expected basis to satisfy the 10% Test.
- 3) Actual Cost Certification. When the Project is Placed-In-Service, AHFA requires that the Actual Cost Certification be prepared by an independent Certified Public Accountant. AHFA will evaluate the financial feasibility and confirm the completion of construction or rehabilitation of the Project when the Ownership

Entity submits the Project's Actual Cost Certification package for issuance of the IRS Form 8609 (available at www.ahfa.com). AHFA will review the Actual Cost Certification package and perform an on-site inspection prior to issuing the IRS Form 8609. AHFA reserves the right to engage a third-party professional for services (accounting, legal, environmental, architectural, construction and/or any other professional deemed necessary) to review the Actual Cost Certification package and/or perform an on-site property inspection prior to issuing the IRS Form 8609. AHFA will not issue the IRS Form 8609 until all issues regarding the Actual Cost Certification package are resolved to AHFA's satisfaction. The Ownership Entity will pay or reimburse AHFA for any third-party costs incurred during the Actual Cost Certification review and analysis process.

In addition, AHFA may require the applicant to provide advance or additional deposits, and to increase or replenish such deposits, in amounts sufficient to cover all third-party costs that AHFA reasonably anticipates incurring under this paragraph. These amounts must be paid by applicant within 10 business days of the invoice date.

F. Developer and Builder Fees

- 1) Developer Fee (New Construction and Rehabilitation). The developer fee, which includes the developer's overhead and profit plus consultant fees and the Ownership Entity's profit, cannot exceed 15% of the total project costs (excluding the developer fee).
- 2) Developer Fee (Acquisition). The developer fee cannot exceed 15% of the total acquisition cost of the property. The developer fee on Rural Development projects will be capped at 8% of the total acquisition cost of the property.
- 3) Builder Fee. The builder fee, which includes builder profit and overhead, should not exceed 8% of the construction costs, excluding the fee. General requirements must be cost-certified and, as a general rule, should not exceed 6% of the total construction costs. Items included in general requirements will be consistent with HUD and USDA Rural Development regulations.

G. **Housing Credit Allocations**

All AHFA commitment(s) of Housing Credits to approved projects is contingent upon AHFA's receipt of a Housing Credit allocation from the Treasury Department and Internal Revenue Service and is subject to any change in applicable laws or regulations. Each approved commitment may be reduced or terminated if AHFA does not have available the expected amount of Housing Credits or if there is a change in applicable laws or regulations. AHFA shall have no liability whatsoever to any Ownership Entity if AHFA's allocation of Housing Credits to such Ownership Entity is impacted by a change in AHFA's QAP or in applicable laws or regulations.

AHFA reserves the right to issue commitments for future-year Housing Credit allocations on current year projects only. Any election by AHFA to future advance Housing Credits in any given year does not imply or guarantee that AHFA will future allocate Housing Credit in any subsequent year(s).

Any Housing Credit allocation allocated will be calculated first by using AHFA's determined Eligible Basis as defined in Section 42 of the Internal Revenue Code.

- 1) Four-Percent Credit. AHFA will calculate the Housing Credit allocation at a maximum of 4% of AHFA's determined Eligible Basis if the Project is financed with Multifamily Housing Revenue Bonds or constitutes a qualifying acquisition.
- 2) Nine-Percent Credit. AHFA will calculate the Housing Credit allocation at a maximum of 9% of AHFA's determined Eligible Basis for any new building or substantial rehabilitation of an existing building.

Under Section 42(d)(5)(B)(v), AHFA may designate one or more buildings in a project to receive an increase in Eligible Basis in order for the building(s) to be financially feasible as part of a Qualified Affordable Housing Project and shall be treated as located in a Difficult Development Area. AHFA will consider designating a building(s) in an application as being located in a Difficult Development Area and the designated buildings(s) may receive an increase in Eligible Basis if AHFA determines that the project requires an additional increase in Eligible Basis to be financially feasible and the project meets 1 of the following criteria:

- (i) The applicant is applying for HOME Funds, and AHFA is providing both the first and second mortgage loans; or
 - (ii) The proposed Project has closed a 15-year extension of the project's original AHFA HOME loan.
- 3) Ownership Entity & Project Housing Credit Cap. AHFA will establish a maximum amount of Housing Credits (Housing Credit Cap) an applicant and a project will be allocated. The intent of the Housing Credit Cap is to promote fair and objective administration of the Housing Credit program by ensuring that no Ownership Entity or Responsible Owner (including their Related Parties) and no individual Project can receive an excessive share of the available Housing Credits in any application cycle.

No single project will be allocated Housing Credits in excess of 15% of the State's current Housing Credit Ceiling, as defined in Section 42(h)(3I) of the Internal Revenue Code and no Ownership Entity, Responsible Owner or any of their

Related Parties shall be allocated Housing Credits in excess of 15% of the Housing Credit Ceiling. Regardless of each Responsible Owner's percentage of ownership in a Project, 100% of the Project's Housing Credit allocation will count towards the Housing Credit Cap for all Responsible Owners.

The Housing Credit Cap will be determined by the amount of Housing Credits the Project is eligible to receive using AHFA's determined Eligible Basis, including any permitted increase in Eligible Basis. In all circumstances, all Housing Credits received in the current Competitive Application Cycle will count toward each Responsible Owner's Housing Credit Cap.

When Housing Credits are combined with HOME Funds, no Ownership Entity, Responsible Owner, or their Related Parties shall be allocated HOME Funds in excess of 25% of the State's current HOME Fund allocation. Regardless of the percentage of ownership in a project, 100% of the project's HOME Fund allocation will count towards the HOME Funding Cap.

- 4) Identity of Interest. AHFA requires that the applicant identify the existence of an Identity of Interest with any other party to the project including the sale of real estate.

Parties that have an Identity of Interest are presumed to be sufficiently related for them to be treated as a single applicant for purposes of the Housing Credit Cap. As described below, AHFA may in its discretion, identify other parties whose relationship is sufficiently close to cause them to be treated as a single applicant for purposes of the Housing Credit Cap. A significant factor in the evaluation will be whether, based on the facts and circumstances, a primary purpose of a party's involvement in a project appears to be avoidance of the Housing Credit Cap.

The following relationships constitute an Identity of Interest for purposes of identifying Related Parties in order to apply the Housing Credit Cap:

- (i) Individual persons are considered related to each other (a) if they have any of the following direct relationships: parent, child, spouse, son-in-law, daughter-in-law, father-in-law, and mother-in-law, including any such direct relationship created by marriage, remarriage, adoption, or any other legally recognized status, or (b) if one individual is an employer, by common law or otherwise, of the other.
- (ii) Entities are considered related to each other (a) if any director, shareholder, partner, member or any other type of Responsible Owner of any Ownership Entity would be considered a related individual (under item (a) above) to any director, shareholder, partner, member or any other type of Responsible Owner of another Ownership Entity, (b) if the Ownership Entity has the ability to control another Ownership Entity, or (c) if the Ownership Entity owns a material interest in another Ownership Entity. An Ownership Entity will be presumed to control another Ownership Entity if it has a percentage of ownership in the other Ownership Entity or the ability to appoint a percentage of the members of the other Ownership Entity's governing body (i.e., board of directors, board of trustees, partners, managers, etc.) that would permit it to control the other Ownership Entity either by operation of law or by agreement. A material interest means any ownership interest in excess of 20% of the

stock, partnership interests, membership interests or other forms of ownership of any Ownership Entity; provided, however, that ownership interests held by Housing Credit investors, Housing Credit syndicators or special administrative partners or members shall be disregarded for purposes of determining material interest.

- (iii) Without limiting the above, a trust will be considered related to any individual or Ownership Entity if any trustee, trustor, grantor, settlor, beneficiary, permissible distributee, any person or entity serving a role similar to the foregoing, or any person holding power of appointment (general or limited) over trust property would be considered related to the individual or entity under items (a) or (b) above.
- (iv) Any other relationship which, while not specifically listed above, is determined to constitute an Identity of Interest because it is a relationship at least as close as an Identity of Interest described above or because it would permit an allocation that violates the intent of the Housing Credit Cap. For example, the facts and circumstances relating to relationships involving a former employer and employee or longstanding business partners could be determined to constitute an Identity of Interest.

H. Notification of Approval

Applicants may be notified of the allocation decisions via email notification, by a letter of non-selection, or an approval letter. In addition, allocation recipients will be listed at www.ahfa.com. Applicants approved for allocations will be issued a Reservation Letter. After notification and prior to the issuance of the Reservation Package, applicants selected for allocations will be notified regarding the requirements to submit a Certificate of Existence from the Secretary of State and IRS Form #SS-4 Assignment of Employer Identification Number. The Reservation Letter will outline the requirements that must be met in order for an Ownership Entity to receive Housing Credits. Failure to accept the Reservation Letter on a timely basis or to comply with its terms will cause the reservation to be automatically terminated.

All Applicants selected for an award of Credits must prepare and submit an Affirmative Fair Housing Marketing Plan (AFHMP) outlining how the project will market units to underserved residents including residents with disabilities. The AFHMP must include formal documented strategy and outreach examples for individuals with Limited English Proficiency (LEP) for languages identified as being prevalent in the surrounding market area.

Design requirements for all construction and rehabilitation projects must include Equal Opportunity in regard to marketing and tenant selection (affirmative marketing procedures), and reasonable accommodation and modification for those tenants covered under the law.

Any applicants that are not selected for funding may schedule a conference call or meeting with AHFA staff to discuss the reasons their application was not selected for funding. The call or meeting must be scheduled and held within the timeframe specified in the notification letter from AHFA. Once the call or meeting has concluded, AHFA will not have any further discussion regarding the application.

I. Progress Requirements After Reservation

The Reservation Letter outlines actions and time constraints that must be met by the

Ownership Entity to receive the Housing Credits. The Ownership Entity must deliver each item listed in the Reservation Letter on or before the deadline specified for that item. The deadlines outlined in the Reservation Letter will be enforced. A list of the required items is provided at www.ahfa.com. Requests for extensions must be submitted on the AHFA-provided forms with the required fees, which are found at www.ahfa.com. Failure to comply with any one of the deadlines (in whole or in part) and/or providing incomplete or unacceptable content of the requirement document(s) will cause the Reservation Package to be automatically terminated.

- 1) The Ownership Entity must incur more than 10% of the reasonably expected basis in the project by the deadline outlined in the Carryover Allocation Agreement.
- 2) The Ownership Entity must submit AHFA's HOME/Low-Income Housing Tax Credit Status Report as required.
- 3) The Ownership Entity must place the project in service on or before December 31 of the second full year in which the allocation was received (i.e., if the allocation is received in 2025, the project must be placed in service on or before December 31, 2027) or request an extension of the Placed-In-Service Date, if eligible, under IRS Revenue Ruling 2007-54, by December 1, of the Year in which the placed in service deadline occurs.
- 4) Within 180 calendar days after the Placed-In-Service Date, the applicant must provide:
 - (i) The Actual Cost Certification package (available at www.ahfa.com).
 - (ii) Cost Certification Fee.
 - (iii) Compliance Fee.
- 5) The Ownership Entity must close its permanent financing and receive IRS Form 8609 from AHFA no later than the end of the first year of the Credit Period.
- 6) If any unforeseen or unusual environmental condition(s) not otherwise identified after completing AHFA's environmental requirements is discovered with respect to a project that received an award of HOME Funds, Housing Credits, or both under this plan or the plan for any prior year, and such unforeseen environmental condition(s) results in the inability of the project to Place-in-Service by the deadline established under Section 42, AHFA may elect to exchange the Housing Credits allocated to the project for a current or future year allocation of Housing Credits, subject to the Ownership Entity's payment of the environmental extension penalty specified at www.ahfa.com and the Ownership Entity's compliance with AHFA Environmental Policy located at www.ahfa.com and with all other conditions specified by AHFA based on the specific nature of circumstances of the project.

AHFA is under no obligation to issue 8609s for any year if the Actual Cost Certification package is received after December 1 of such year.

J. Negative Action after Notification of Approval Until Receipt of IRS Form 8609s

Should any of the following actions occur after the notification of approval of Housing Credits, the allocation will be terminated unless otherwise provided below:

- 1) Site Change--a change from the original site location or a change in property ownership will not be allowed under any circumstances. Any change in the site configuration or size from what was originally proposed in the application must have prior written consent from AHFA;
- 2) Change in ownership--a change in the parties involved in the Ownership Entity (e.g., addition of a new general partner/member or removal of an existing general partner/member) without prior written consent of AHFA. Examples of situations in which consideration may be given for a change in Ownership Entity include but are not limited to death or bankruptcy. Even if an exceptional circumstance occurs in which AHFA will consider the removal of a Responsible Owner from an Ownership Entity, including death or bankruptcy, that change in ownership will not be approved if the project would have received a lower score in the application process if the Responsible Owner proposed to be removed had not been included in the application at the time of submission. This test is applied without taking into account any persons or entities nominated to be substituted in place of the Responsible Owner being removed. Any person or entity, including syndicators, that attempts to circumvent this requirement, may be subject to debarment from all AHFA programs;
- 3) Change in syndication structure --a change in the role of the syndicator or in the distribution of funds/allocation to others through syndication as stated in the application without prior written consent of AHFA;
- 4) Change in unit design, square footage, unit mix, number of units, number of buildings, etc. (unless changes are required by a local regulatory authority and/or regulatory codes);
- 5) Change in the general contractor without prior written consent of AHFA;
- 6) Change in the Management Company without prior written consent of AHFA;
- 7) Change in the architect without prior written consent of AHFA;
- 8) If AHFA receives a determination from a federal, state, or local regulatory authority or agency of significant or uncorrected non-compliance on applicant's existing Non-AHFA Projects, AHFA may terminate the application;
- 9) Any Development Team Member listed in the application who has instances of excessive, willful neglect or uncorrected (within the time required by AHFA) non-compliance with AHFA, Housing Credit, HOME, TCAP/Exchange, or Multifamily Housing Revenue Bond regulations on existing projects;
- 10) Any Development Team Member listed in the application who is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Housing Credits;

- 11) Applicant has a project that is in foreclosure or has been foreclosed in the past 10 years;
- 12) Any material adverse change relating to the Project or Ownership Entity. AHFA will determine whether the change(s) is material and/or adverse and further reserves the right to terminate the allocation based on the effect of said change(s) in comparison to original application approved by AHFA;
- 13) Applicant (including all Development Team Members listed in the approved application) has outstanding fees due to AHFA; and/or
- 14) If Housing Credits are combined with HOME Funds and the Environmental Site Assessment review by AHFA (or AHFA's consultant) identifies any unsatisfactory environmental condition that the applicant (or any Responsible Owner of applicant) knew or should have known about or failed to investigate fully prior to application submission.

The above list of negative actions prior to or after reservation is not all-inclusive. The Reservation Letter itself will list other necessary requirements. AHFA will terminate a reservation if it determines that any Misleading Information was supplied to AHFA in connection with the project.

If an applicant requests or receives a reservation of Housing Credits combined with a commitment of HOME Funds, the more restrictive requirements (Housing Credit or HOME, as applicable) will apply to the applicant, the application, and the project. For example, if a project has requested or received a reservation of Housing Credits combined with a commitment of HOME Funds and the project fails to satisfy requirements for either the Housing Credits or the HOME Funds, then both the reservation of Housing Credits and the commitment of HOME Funds may be terminated. Under no circumstance can an application or reservation for combined Housing Credits and HOME Funds be decoupled in order to circumvent the more restrictive requirement(s) as determined by AHFA.

K. Change in or Denial of Housing Credit Allocation

The application evaluation described in Section II.E. of the QAP may result in a possible change in the amount of Housing Credits allocated to a project or denial of the total allocation altogether due to, but not limited to, one of the following reasons:

- 1) AHFA determines that the application contains Misleading Information.
- 2) Conditions in the Reservation Letter are not met
- 3) Changes in the actual cost of the project
- 4) Obtains additional subsidies or financing other than those disclosed in the application
- 5) Additional syndication proceeds other than those disclosed in the application
- 6) Appraised value of the Project is not equal to or higher than the purchase price based on the sales contract provided at the time of application
- 7) Subsequent regulations issued by Treasury Department or the IRS pertaining to Section 42

- 8) Applicant's failure to notify AHFA promptly of any material or adverse changes in the original application. Material or adverse changes include, but are not limited to, applicant's loss of Site Control, rights of way, ingress and egress, environmental issues, adverse change in the financial condition of the applicant, and applicant's inability to perform tasks proposed in the application by the deadline set by the applicant and further set or agreed to by AHFA

L. Memoranda of Understanding

The United States Department of Agriculture Memorandum of Understanding (USDA MOU), executed August 14, 1997, between AHFA and USDA Rural Development, will apply to applicants seeking both Housing Credits and Rural Development loan assistance. USDA Rural Development will provide a copy of the USDA MOU to applicants for their guidance when combining assistance provided by both agencies.

The HUD Memorandum of Understanding (HUD MOU), executed August 30, 2000, between AHFA and HUD, will apply to applicants seeking both Housing Credits and HUD loan assistance. The HUD MOU gives AHFA the authority to conduct the subsidy layering review to determine if excess federal funds are being used in the project.

M. Disclosure

AHFA will attempt to request all information necessary to make informed decisions regarding Housing Credit allocations. Therefore, it is in the best interest of all parties involved with the process to disclose completely and accurately all information regarding each proposed project. AHFA acknowledges that errors and misjudgment sometimes occur and simply requests that the applicant notify AHFA of any errors that may occur upon discovery.

III. COMPLIANCE MONITORING

Section 11407 (b)(10) of the Omnibus Budget Reconciliation Act of 1990 provides an effective date of January 1, 1992, for qualified allocation plans to contain compliance monitoring procedures required by Section 42 (m)(1)(B)(iii). These compliance monitoring procedures apply to all buildings Placed-In-Service in Alabama that have received allocations of Housing Credits as determined by Section 42 and related Treasury Regulations. An outline of AHFA's Compliance Requirements is located in the AHFA Compliance Manual available at www.ahfa.com. A description of AHFA's basic compliance monitoring procedures and requirements are described per the attached Addendum B.

Addendum A
Alabama Housing Finance Authority's
2025 QAP Point Scoring System

WITHOUT LIMITING ANY OTHER PROVISION OF THIS QAP, ALL DETERMINATIONS, CALCULATIONS, JUDGMENTS, ASSESSMENTS OR OTHER DECISIONS MADE BY AHFA UNDER THIS ADDENDUM, INCLUDING WITHOUT LIMITATION RELATED APPLICATION INSTRUCTIONS, AHFA FORMS AND THE QAP ITSELF, SHALL BE MADE IN AHFA'S SOLE AND ABSOLUTE DISCRETION.

The point scoring system described in this Addendum A and related provisions of the QAP (Point Scoring System) will allow AHFA to award points to projects that best meet the identified housing priorities for the State of Alabama. The Point Scoring System will rank each project in two sections (Points Gained and Points Lost). The ranking of each project will be determined by taking the Points Gained section and deducting the Points Lost section to get an overall project score. The Point Scoring System will largely determine which projects should be allocated. Applicants will be required to score their applications using the current year HOME/Housing Credit Point Scoring form provided by AHFA. This point scoring form must be submitted to AHFA as part of the Application Package.

Any points gained category referenced herein or in other sections of the current QAP or the current HOME Action Plan are specific to the current program year and may not be carried (or brought) forward to (or from) any future (or past) program year by any entity, individual or application.

AHFA has established a housing priority in order to achieve a balanced distribution of Housing Credits and HOME Funds throughout the State in terms of geographical regions, counties, urban, and rural areas. AHFA will achieve this priority by allocating Housing Credits and HOME Funds generally to only one project per county. This allocation methodology, used over time, has helped to ensure that counties and cities across the State have received a share of AHFA allocation of funds proportionate to their respective populations. For additional information, please visit [Data & Statistics | Alabama Housing Finance Authority \(ahfa.com\)](https://www.ahfa.com/Data%20Statistics).

Please note that applicants may apply for Housing Credits combined with HOME Funds only for new construction projects, which are not eligible for the rehabilitation points described in this Point Scoring System.

Project Selection Procedures:

Allocation Selection:

1. The highest scoring project per county with ownership by an AHFA-Approved CHDO will be funded until the regulatory 15% CHDO set-aside has been met.
2. The highest scoring Housing Credits project will be funded regardless of location provided the concentration of affordable housing units is not negatively affected.
3. In addition to meeting the CHDO funding requirements, and to maximize the utilization of available or excess HOME Funds, if any, and to increase new construction of HOME funded Projects, AHFA will prioritize the funding of at least 2 of the highest scoring Housing Credits combined with HOME projects per county.
4. The highest scoring Housing Credit project and/or HOME project combined with Housing Credits will be allocated per county until all available Housing Credits and HOME Funds have been allocated, subject to the following exception. AHFA will allocate Housing Credits to 2 projects in the same county or city only if both projects score high enough to be funded, are otherwise

eligible to be funded under this QAP, and one of the projects being considered has all of the following attributes at the time of application: (i) has received a HOME Loan from AHFA, (ii) has at least 85% occupancy, and (iii) has either (a) repaid the HOME Loan in full, or (b) has closed a 15-year extension of the debt evidenced by the outstanding HOME loan.

5. If all available 2025 Housing Credits have been allocated and there still remains available HOME Funds, the highest scoring HOME project combined with Housing Credits may be allocated per county, subject to a future-year Housing Credit allocation.

Projects with a net score of less than 70 points (Points Gained less Points Lost) will not be considered for allocation.

In the event of a tie between two or more applications, the projects will be ranked in the following order to determine which application will receive priority:

1. In the event there is a tie in scoring among two or more applications, then a recommendation will be made for the application that has the least amount of aggregate participation by any one Responsible Owner. Aggregate participation is defined as the total of all Housing Credit and HOME/Housing Credit applications recommended for allocation in the current application cycle.
2. If a tie(s) still remains, priority will be given to the application that has applied for HOME Funds.
3. If a tie(s) still remains, priority will be given to a project located in a Census Tract where the applicable year's Estimated Tract Median Family Income from the Federal Financial Institutions Examination Council (FFIEC) Census and Demographic Data is equal to 100% or more of the applicable Median Family Income published by HUD for the county in which the project is located.
4. If a tie(s) still remains, priority will be given to the application located in a county with the least total number of units in (a) Active AHFA Projects, and (b) projects that have received Housing Credit allocations from AHFA but have not Placed-In-Service.
5. If a tie(s) still remains, priority will be given to the Responsible Owner who has not been required to schedule an additional on-site compliance inspection at a project, at any time prior to the project's standard inspection cycle, as the result of a material finding of non-compliance, a failure to maintain or provide complete records, a failure to provide on-site access to compliance staff, or unresponsiveness to AHFA's compliance program.
6. If a tie(s) still remains, priority will be given to the project that is located in a Qualified Census Tract and is supported by a Concerted Community Revitalization Plan (CCRP) approved by the governing body of the local jurisdiction within 5 years before application submittal. To be eligible for this priority, the application must include copies of the relevant excerpted pages from the revitalization plan, including referenced defined terms, with specific references highlighted (no more than 10 pages).
7. If a tie(s) still remains, priority will be given to the application for a project that is intended for eventual tenant ownership. The project must consist of single-family homes, duplexes, townhomes, or a combination thereof to be eligible. To be eligible for this priority, the applicant must complete the AHFA-provided Homeownership Conversion Proposal and provide a plot plan and counseling agreement in form and content acceptable to AHFA.
8. In the event there is a tie in scoring among two or more non-profit Responsible Owner applications, then a recommendation will be made for the application that has the least amount of

aggregate participation by any one Developer. Aggregate participation is defined as the total of all Housing Credit and HOME/Housing Credit applications recommended for allocation in the current application cycle.

9. If a tie(s) still remains, priority will be given in accordance with a drawing that will be held the next business day after the applications are submitted. The drawing will be held in AHFA's boardroom to determine the order of awards in the event of a tie. An impartial person will be selected to draw. The drawing will be open to the public and the results will be posted on AHFA's website at the conclusion of the drawing.

AHFA reserves the right to deny a Housing Credit allocation to any applicant or project, regardless of that applicant's point ranking if, in AHFA's determination, the applicant's proposed project is not financially feasible or viable. Additionally, AHFA may recommend that a Housing Credit allocation be made irrespective of the ranking order established by the Point Scoring System, based on the amount of Housing Credit allocation needed relative to the amount of allocation available for the project to be financially feasible.

Regardless of strict numerical ranking, the Point Scoring System does not operate to vest in an applicant or project any right to a reservation or allocation of Housing Credits in any amount. AHFA will in all instances reserve and allocate Housing Credits consistent with sound and reasonable judgment, prudent business practices and the exercise of its inherent discretion.

A. POINTS GAINED

1.) Project Characteristics (Maximum 82 Points)

(i.) Type of Construction (Maximum 33 Points)

- (a.) A maximum of 25 points in aggregate will be given to projects that provide extra unit/project amenities. Refer to the application and its instructions for the distinction between an extra amenity and a required amenity. Only the extra amenities listed below will be eligible for points. If a project receives an allocation of Housing Credits and fails to provide any extra amenity in the manner represented in the Application Package, the project and its Responsible Owners will be subject to point penalties and other sanctions in accordance with this QAP.

4 Points will be given for each of the following extra amenities:

- Clubhouse/Community Building/Community Room (*Must have at a minimum a kitchen (with refrigerator/freezer, cabinets, and a sink with counter space), community meeting room (with seating and activity areas commensurate to total number of units), restrooms, community TV with cable, satellite or streaming services with a minimum of 42-inch screen TV, and wireless internet service. A community laundry must be provided if not providing a washer/dryer in each unit and the community laundry must contain at least 1 washer and 1 dryer for every 25 units proposed in the project.*)
- Washer/Dryer provided in each unit (*3-7 Cu. ft. capacity. Washer must be Energy Star rated.*)
- Exterior Security Package - *The Exterior Security Package for the Project must include, at a minimum, the following:*
 - Alarm (sound and/or third-party monitored) system at the clubhouse/community building, resident manager's office, and laundry.

- Camera/Video monitoring system to provide visibility of all pedestrian and vehicular traffic of all main Project entry and exit points, parking lot and Project amenities.
- Lighting of all project amenities, parking lot(s), and all Project entry and exit points.
- Unit Security Package (*Each unit must have an alarm on all entry doors and windows*)
- Storm Shelter (*Must meet the International Code Council National Storm Shelter Association Standard for the Design and Construction of Storm Shelters (ICC-500 August 2008) Standards*)
- Playground (*Must provide commercial grade playground equipment with a minimum of 3 play activities*)
- Outdoor Fitness Activity Area (*Must provide 3 separate types of commercial grade outdoor fitness equipment with a minimum of 3 exercise activities. An instructional sign on the usage of fitness equipment must be placed by each type of fitness equipment*)
- Covered Picnic Pavilion (*Minimum of 2 tables with attached bench seating and 2 grills with a permanent cover*)

3 Points will be given for each of the following extra amenities:

- Furnished Children’s Activity or Senior Arts & Crafts Center (*Room must be no less than 144 square feet and provide a single bowl sink with a minimum 6’-0” countertop with wall and base cabinets and a Storage Closet. Room must be equipped with a minimum 6’ table and chairs. No folding furniture is allowed.*)
- Senior Gathering Area for Multistory Elevator Developments (*Provide a minimum 144 square feet interior conditioned and furnished Gathering Area separate from the Community Building or Community Space. Room must be equipped with a table and chairs, lounge chairs/sofa and minimum 42” TV. No folding furniture is allowed.*)
- Gazebo (Minimum 16’ x 16’) (*Minimum of 1 picnic table with attached bench seating or no picnic table and three benches*)
- Computer center (*two or more computers with printer and internet access*)
- Splash Center (*at least 500 square feet*) which includes at a minimum a spray zone and pad and 3 above ground water features.
- Exercise/Fitness room with equipment (*Room must be no less than 144 square feet and provide a minimum of 3 separate types of commercial grade exercise/fitness equipment*)
- Covered bus stop shelter (minimum 6’ wide by 12’ long) with 2 fixed bench seating underneath same cover (*Must be separate/independent of the mail kiosk unless location allows for proper access of bus to pick-up and drop off*)
- Access Gate (*Must be on all entry points of project if more than one*)
- Walking Trail with Benches (*5 feet wide concrete and minimum of 1/4 of mile long*) (*Must be separate from required sidewalks*)

2 Points will be given for each of the following extra amenities:

- Basketball court (*Must have break-away rim and shatter-proof backboard*)
- Picnic area (minimum of 168 square feet of concrete slab for the picnic area) with grills (*1 grill (permanently fixed) 1 picnic table with attached bench seating for every 14 units proposed in the project*). Rooftop area with 1 picnic table with

attached bench seating for every 14 units proposed in the project.

- Storm doors (Must be aluminum construction)
- Emergency Pull Cord/Call Button (*Minimum of 1 in each unit*)
- Bike Racks (*Minimum of two attached 3-bike racks, one located at the Community Building and one at an outdoor amenity area. Racks must be permanently installed on concrete in such a way that sidewalk traffic is not impeded*)

New Construction Projects Only (Maximum of 8 Points)

- (b.) 4 points will be given for storm windows; thermal break insulated windows or extruded vinyl windows and insulated exterior doors. Windows must be Energy Star Rated.
- (c.) 4 points for full brick/cementitious siding, stucco, cultured stone, or concrete masonry unit (CMU) products (No Exterior Insulation Finishing System is acceptable).

Multifamily units (*two or more units in a building*)

A minimum of 40% of each building, defined as the exterior façade from finished grade elevation to eave line, shall be brick. The remaining 60% can be cementitious siding, stucco, or CMU products. The CMU products must be decorative, textured, patterned, color core, or painted.

All entry areas into the apartment (including covered breezeways, porches, balconies, and patios) must have brick, cementitious siding, stucco, cultured stone, or CMU to be considered full brick.

Single-family units (*single unit/detached building*)

A minimum of 50% of the building, defined as the exterior façade from finished grade elevation to eave line, shall be brick. Each exterior wall must contain brick up to the bottom of the first-floor windows on a two-story unit or the windowsill of a one-story unit. The remaining 50% can be cementitious siding, stucco, cultured stone, or CMU products. The CMU products must be decorative, textured, patterned, color core, or painted.

Rehabilitation Projects Only (Maximum of 8 Points)

- (a.) 2 points will be given for replacing all entry doors with insulated exterior doors and replacing all windows with thermal break insulated windows or extruded vinyl windows. Windows must be Energy Star rated.
- (b.) 2 points will be given for replacing all kitchen cabinets and countertops.
- (c.) 2 points will be given for replacing all plumbing fixtures.
- (d.) 2 points will be given for replacing all HVAC equipment.

All points for rehabilitation construction items will be verified by the Capital Needs Assessment and Architect's Certification submitted. Both documents must be certified by the project Architect.

(ii.) **Energy/Water Conservation and Healthy Living Environment**
(Maximum of 8 Points in Aggregate)

3 points will be given for each of the following:

- HVAC of 14.3 SEER2 (7.8 HSPF2) or above.
- Energy Star rated “cool roof” shingles or metal roof with a fifty (50) year warranty.
- Install Dehumidifiers in all Apartment Units. Install so that controls are inaccessible by tenants. Dehumidifiers may be in-wall, in-line, or free.
- Radiant barrier roof deck at all Buildings to reduce heat buildup in the Attic Space, so the insulation is more effective and lessens heat transfer into the thermal envelope.

2 points will be given for each of the following:

- Kitchen range hood ventilation to be vented to the exterior and equipped with a damper.
- EPA’s Partnership Program “WaterSense” labeled water closet, bathroom faucets and showerheads.
- Installed Jumper Ducts from a heated and cooled space to closets that do not have an HVAC duct.
- Installed LED light fixtures or fixtures with LED bulbs at all interior and exterior Apartment unit light fixtures.
- Humidistat controlled Energy Star ventilation fans in all bathrooms.
- Energy Star rated bath and kitchen exhaust fans.

(iii.) Rent Affordability (Maximum 16 Points).

(a.) **New Funds.** A maximum of 5 points in aggregate will be given to projects which have a commitment for the AHFA approved sources of new funds listed below. Whether the funds are loaned (required repayment) or granted to the project, 100% of the total amount of funds committed for points must be a permanent source of funds. Existing funds that are assumed and/or term(s) extended do not qualify for points under these criteria. To qualify for these points, the application must include a fully executed firm commitment from the entity that will be loaning or granting the funds to project.)

(1.) A maximum of 5 points will be given to projects that have a commitment for AHFA-approved sources of new funds from the following list: Federal Home Loan Bank for Affordable Housing Program (AHP) funds (AHP funds must be in the form of a grant or subordinate loan), HOME Funds (not awarded by AHFA), USDA Rural Development 515 funds, CDBG (Entitlement, State, Mitigation and Disaster Recovery Programs), CHOICE Neighborhood funds, NeighborhoodWorks Capital Grant, Indian Community Development Block Grant (ICDBG), Indian Housing Block Grant (IHBG), Section 108 Loan Guarantee Program, and/or Coronavirus State and Local Fiscal Recovery Funds (SLFRF).

5 points – \$16,001+ per unit

4 points – \$12,001 - 16,000 per unit

3 points – \$8,001 - 12,000 per unit

2 points – \$4,000 - 8,000 per unit

- (2.) A maximum of 3 points will be given to projects that have a commitment for AHFA-approved sources of new funds from the following list: Capital Fund Program, Public Housing Sales Proceeds, HUD Choice Neighborhood Funds, or HUD’s Rental Assistance Demonstration Program.

3 points – \$30,001+ per unit

2 points – \$16,000 - 30,000 per unit

- (b.) **Existing Funds.** A maximum of 3 points will be given to projects that have a letter from USDA stating that the applicant applied for the transfer/assumption of an existing USDA Rural Development 515 loan. Letter may further state that further processing and final underwriting must be completed in accordance with USDA Rural Development requirements.

3 points – \$30,001 + per unit

2 points – \$10,000 - 30,000 per unit

- (c.) **Rental/Operating Subsidies.** A maximum of 2 points will be given to projects that have a commitment for rental/operating subsidies from USDA Rural Development, HUD, or a Public Housing Authority (PHA) based on a written agreement providing additional rental/operating subsidies.

- USDA Rural Development commitment must be for at least 25% of the total proposed units to receive the points.
HUD (HUD through PHA) commitment must be for at least 25% of the total proposed units to receive the points.

- (d.) **Extended Use Period.** 3 points will be given to projects that irrevocably commit in writing to forego submitting a request for a Qualified Contract and to remain a Qualified Affordable Housing Project throughout the Extended Use Period (total of 30 years).

(iv.) **Tenant Needs** (Maximum 5 Points)

(a.) 1 point will be given to projects with 100% of the units in the project designed, equipped and set-aside for the elderly. (For elderly definition, see the AHFA Compliance Manual available at www.ahfa.com).

(b.) 1 point will be given to projects targeting low-income families (individuals with children) with a minimum of 15% of the low-income units having three or more bedrooms. If an applicant chooses 100% elderly, the applicant will not receive additional points for three or more bedrooms. Rehabilitation of existing multifamily rental units must already have the required three or more bedrooms to receive the points.

(c.) Up to 2 points will be given to projects that set-aside a minimum of up to 7% of the total proposed units for tenants with disabilities or homeless populations for a minimum period of thirty (30) years.

- i. 2 points will be given to projects that set-aside a minimum of 7% of the total units for tenants with disabilities or homeless populations for a minimum of 30 years.
- ii. 1 point will be given to projects that set-aside a minimum of 5% of the total proposed units for tenants with disabilities or homeless populations for a minimum of 30 years.

The units must be actively marketed and rented to households with at least one tenant with a disability or a tenant transitioning from being homeless (to include persons fleeing domestic violence; aging out of the foster care system, nursing homes or other institutions, etc.). A marketing and preference plan and an executed Tenant Needs Memorandum of Understanding (TNMOU) will be required if the Project is approved for funding.

- (d.) 1 point will be given to projects that have committed in writing to target households on the public housing waiting lists.
- (e.) 1 point will be given to projects that provide at a minimum 5% of the dwelling units be designed and constructed to be readily accessible to individuals with mobility impairments. An additional 2% of the dwelling units must be accessible to individuals with sensory impairments (i.e., hearing or vision impairments).

(v.) Project Type (Maximum 12 Points)

- (e.) A maximum of 10 points will be given for the rehabilitation of a project with an existing AHFA HOME loan that matures prior to or within the year covered by the applicable QAP. To be eligible for these points, the project must meet one of the following criteria:

10 points – If the proposed project has re-paid 100% of the AHFA HOME loan (principal and interest).

8 points – If the proposed project has closed with AHFA a 15-year extension of the project’s original AHFA HOME loan.

- (f.) 4 points will be given for rehabilitation of existing buildings if application provides sufficient evidence that the project qualifies for the Alabama Historic Rehabilitation Tax Credit or Federal Historic Tax Credit.

- (g.) 2 points will be given for:

- i. Rehabilitation of existing multifamily residential rental housing,
- ii. Replacement of public housing authority (PHA) multifamily housing, or
- iii. Replacement of previously existing multifamily housing that was destroyed or damaged in an area designated as a Presidentially Declared Disaster area.

Previously existing PHA multifamily housing is defined as multifamily housing that has been demolished and cleared within the last 8 years or will be demolished and cleared for the construction of new replacement housing on the same site, except for replacement of existing multifamily housing owned by public housing authorities, which may be constructed on the same site or a new site.

(vi.) **Location** (Maximum 10 Points)

(h.) Points Gained for Site Selection

Neighborhood Services (Maximum 10 Points)

2 points will be given for each of the following neighborhood services located within 3 miles of the site, or

2 points will be given for each of the following neighborhood services located within 5 miles of the site provided they meet the definition of “Rural Area” established by the United States Department of Agriculture, Rural Development, for its Section 515/538 programs. *See* 7 C.F.R. § 3560.11 (January 1, 2023) *and* USDA Administrative Notice No. 4888 (dated October 27, 2022).

Distance will be measured by odometer from the automobile entrance of the proposed project site to the closest automobile entrance to the parking lot of the applicable neighborhood service. Projects located in a federally declared disaster county may receive points for neighborhood services if the neighborhood service is currently under construction and funded in whole or part by Federal or State disaster funds. Existing multifamily projects, located in rural areas, may submit the best option available for the grocery store (i.e., Dollar General, convenience store, etc.). The applicant must provide sufficient evidence of both requirements. Duplicate neighborhood services will not be eligible for additional points. Points will only be given for the neighborhood services listed below. If AHFA cannot locate a service due to incorrect directions, 1 point will be deducted for each service where incorrect directions are provided. (Refer to the Application Site/Project Information Form for instructions on providing directions from site, and a general definition of services eligible for points).

- | | |
|---------------------------|------------------------|
| Grocery Store | Pharmacy or Drug Store |
| Convenience Store | Bank or Credit Union |
| Hospital or Doctor Office | |

(i.) Points Deducted for Site Selection

(1.) Negative Neighborhood Services (No Maximum)

There is not a limit on the amount of points that can be deducted for negative neighborhood services

The following deductions will be taken:

- 2 points will be deducted for applications involving the acquisition and rehabilitation of an AHFA prior-funded project that is at least 85% occupied at the time of application and is adjacent to any incompatible use listed below.
- 5 points will be deducted for applications involving any other project that is adjacent to any incompatible use listed below.

Adjacent is defined as nearby, but not necessarily touching. The following list of incompatible uses is not all inclusive. (Refer to Negative Neighborhood

Services as defined in the Application Instructions)

Junk yard or dump	Pig or chicken farm
Salvage yard	Processing plant
Wastewater treatment facility	Industrial
Distribution facility	Airport
Electrical utility Substation	Prison or Jail
Railroad	Solid waste disposal

Adult video/theater/live entertainment

*Please note: Points will not be deducted for properties located adjacent to a railroad if the noise levels are acceptable (outside noise level < 65 dB; interior noise level < 45 dB). AHFA will rely on the noise level assessment required in the environmental report submitted with the application.

If a project is not adjacent to one of the above incompatible uses, the following deductions will be taken:

- 1 point will be deducted for applications involving the acquisition and rehabilitation of an AHFA prior-funded project that is at least 85% occupied at the time of application and is within .3 miles of any incompatible use listed below.
- 2 points will be deducted for applications involving any other project that is within .3 miles of any incompatible use listed below.

The list is not all inclusive.

Junk yard or dump	Pig or chicken farm
Salvage yard	Processing plant
Wastewater treatment facility	Airport
Prison or Jail	Solid waste disposal

Points will not be deducted for a prison, jail, or detainment facility if it is co-located with a police station or similar law enforcement office.

(2.) Accessibility (Maximum 2 points Deducted)

2 points will be deducted if the condition of the streets and sidewalks are unsatisfactory. The width of the streets and the difficulty of access to the proposed site will be taken into consideration.

2.) Applicant Characteristics (Maximum 25 Points)

- (i.) A maximum of 10 points will be given to applicants with participation of minorities or women. To qualify for the points for participation of minorities or women, the application must meet the following requirements:

5 Points Minorities (Asian American, Native Hawaiian, Pacific Islander, African American, Hispanic, Puerto Rican, Native American, or an Alaska Native) or women who have ownership in the Ownership Entity or any Responsible Owner; and must not have an Identity of Interest defined in Section II(G) (4) of this QAP.

2 Points Minorities (Asian American, Native Hawaiian, Pacific Islander, African American, Hispanic, Puerto Rican, Native American, or an Alaska Native) or women who have ownership in the Ownership Entity or any Responsible Owner

In all cases, the Minority (Asian American, Native Hawaiian, Pacific Islander, African American, Hispanic, Puerto Rican, Native American, or an Alaska Native) or female individual(s) must serve as a general partner or managing member of the Ownership Entity or Responsible Owner with at least a 51% ownership interest in the general partnership or managing member of the Ownership Entity or Responsible Owner.

5 Points - Applicant guarantees that contracts for at least 10% of the total building cost are awarded to Minority- or women-owned businesses.

In all cases, the Minority (Asian American, Native Hawaiian, Pacific Islander, African American, Hispanic, Puerto Rican, Native American, or an Alaska Native) or female individual(s) must have at least 51% ownership interest in the participating business to qualify for the points. The legal name and address of the business and the anticipated contract amount must be listed at the time of application on the form provided by AHFA in the Application Package to receive the points. These businesses include, but are not limited to, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services.

A maximum of 2 points will be given to applicants with participation of non-profit entities who serve as a general partner or managing member of the Ownership Entity or Responsible Owner with at least a 51% ownership interest in the general partnership or managing member of the Ownership Entity or Responsible Owner.

- (ii.) 5 points will be given to Ownership Entities with a Responsible Owner that currently owns and has previous successful experience in the development of Active AHFA Projects that received a Housing Credit Reservation Letter or HOME Written Agreement in 2000 or later.

These 5 points will also be given (without duplication) to Ownership Entities with one or more Responsible Owners that have listed Non-AHFA Projects that were Placed-In-Service in 2006 or later. The Ownership Entity must list each Non-AHFA Project on the Responsible Owner's AHFA Schedule of Real Estate Owned included in the application.

Special limited partners do not qualify for these points. Mobile home developments, hospitals, sanitariums, life care facilities, or intermediate care facilities are not considered multifamily housing for purposes of qualifying for points. The Responsible Owner may include experience gained as a Responsible Owner in another firm, but not as an employee of another firm. Applicants must currently own the properties listed for development points.

5 points = (500+ units or 5+ projects)

- (iii.) 10 points will be given to applicants with sound, experienced managing agents of low-income multifamily housing. This experience is defined by the highest number of units or

projects (with at least 20% of the units being considered low- income) currently managed. Only those units in projects that are considered low- income units will be counted in this total.

10 points = (1000+ units or 10+ projects)

All points relating to Applicant Characteristics will be awarded to the Ownership Entity identified in the application based on the characteristics of (a) for a for-profit Ownership Entity, its Responsible Owners who are individuals, and (b) for non-profit Ownership Entities, the Ownership Entity itself.

B. POINTS LOST

In addition to the points gained, each application submitted by an Ownership Entity may be subject to point deductions. Point deductions resulting from each existing AHFA-Project (approved and/or Placed-In-Service) will be based on AHFA's QAP and HOME Action Plan for the applicable year and will cover all non-compliance with AHFA documents, executed agreements, audits and inspections that is identified during the period from January 1 through December 31 of the year immediately preceding the current QAP or HOME Action Plan Year. Point deductions for non-compliance identified between January 1st and December 31st of each year will take into account whether or not the Ownership Entity or other Responsible Owner completes corrective actions, follow up inspections or other verification of compliance within the deadline required by AHFA, even if the deadline falls after December 31st of such year. Points lost will be assessed based on the following criteria:

1.) Existing AHFA- Project(s) Approved and/or Placed-In-Service (No Maximum)

- (iv.) 5 points (for each occurrence) will be deducted from an application if any Responsible Owner of the Ownership Entity altered an approved project in any manner different from the approved project's original application without prior written consent from AHFA.
- (v.) 5 points (for each occurrence) will be deducted from an application if any Responsible Owner of the Ownership Entity or the Management Company identified in the application is not in compliance with and/or has any uncured failure to meet a requirement specifically listed in any AHFA document(s), the AHFA HOME Loan Restructuring Policy or any applicable agreement(s) without prior written consent from AHFA.
- (vi.) 2 points (for each occurrence) will be deducted from an application if any Responsible Owner of the Ownership Entity or the Management Company identified in the application for any of the following with respect to Davis Bacon requirements on any AHFA-Project (approved and/or Placed-In-Service):
 - Outstanding issues not resolved within 6 months after the General Contractor has been notified of the problem.
 - If required posting of Wage Decision and approved Additional Classifications wages are not posted on site visible to the workers employed on the project.
 - The General Contractor is unable to submit payrolls, causing an escrow account to be established.
 - Outstanding issues remain over 2 years from the notice to proceed.
 - Failure to provide AHFA the Section 3 Summary Report on the required date.
 - Failure to provide AHFA the HUD 2516 Report on the required date.

2.) Non-Compliance after the Initial On-Site Inspection (No Maximum)

Applications are subject to point deductions for failure to comply with the Compliance Requirements as outlined in (Addendum B) Compliance Monitoring Procedures, Requirements and Penalty Criteria.

Applications with Responsible Owners that have Non-AHFA Projects, whether in the State and/or out-of-State, will be subject to the same AHFA requirements defined in attached Addendum B (Health and Safety, Unit, Site, Exterior and Common Area Deficiencies). The 4-point threshold i Addendum B does not apply to Non-AHFA Project(s).

[End of Addendum A]

Addendum B

Alabama Housing Finance Authority's 2025 Housing Credit Qualified Allocation Plan

Compliance Monitoring Procedures, Requirements, Penalty and Suspension Criteria

As referenced in Section III “Compliance Monitoring” of the 2025 Housing Credit Qualified Allocation Plan (QAP), the AHFA Compliance department will conduct monitoring procedures and requirements to ensure Ownership Entity and Project compliance with Section 42 (m)(1)(B)(iii) of the Internal Revenue Code and all requirements as specified in the QAP. In addition, AHFA compliance requirements are specified in the AHFA Compliance Manual available at www.ahfa.com.

I. Compliance Monitoring Procedures, Requirements, and Fees:

- A. AHFA will require each Responsible Owner of a Housing Credit Project to maintain records for each qualified Housing Credit building in the Project. These records must show, for each year in the compliance period, the information required by the record-keeping provisions contained in Section 1.42-5 (b) of the Treasury Regulations, incorporated herein by reference.

- B. Each Ownership Entity must enter by day 15 of each month all tenant events (move in, move out, transfer out, and recertification) into the AHFA DMS Authority Online (AHFA DMS) for the prior month, using the effective date for the current year tenant event. For example, an AHFA household file inspection conducted August 1 will need tenant events completed through June 30 and an AHFA household file inspection conducted August 16 will need tenant events completed through July 31. AHFA also recommends AHFA DMS users check the tenant data entered or imported for completeness and errors by using the Export Events feature.

If, at the time of notification for inspection, the tenant events in AHFA DMS do not match the information in the household file inspected by AHFA for more than 25% of the household files inspected, both the Ownership Entity and the Management Company (including owners and managers of the Management Company) will be subject to a 1-point deduction.

The tenant data in AHFA DMS must match the following household file information:

- Same household
- Same move-in date
- Same move-in income
- Recertification (dated within 120 calendar days before the effective date)

By the first business day of February, all tenant events from January 1 through December 31 of the previous year must be entered into AHFA DMS and finalized. A point deduction, as described in Section II E 1 of Addendum B, will be applied to the Ownership Entity of a Project for failing to enter all tenant events as required.

- C. By the first business day of March each year, AHFA must receive from each Responsible Owner of a Housing Credit Project an Annual Owner’s Certification (AOC), under penalty of perjury, as provided in Section 1.42-5 (c)(1) of the Treasury Regulations. The AOC must

be completed using AHFA DMS or other approved method as provided by AHFA's Compliance department. A point deduction as described in Section II E 2 of Addendum B will be applied if a Responsible Owner fails to submit an AOC by the first business day of March. AHFA will notify the IRS of an Ownership Entity's failure to submit an AOC no later than forty-five (45) calendar days after the end of the timeframe allowed for correction of the failure to certify. AHFA will notify the IRS by filing Form 8823, Low - Income Housing Credit Agencies Report of Noncompliance for the 15-Year Compliance Period. Additionally, AHFA may notify HUD if deemed appropriate. Once the AOC is received, AHFA will review for compliance with the requirements of Section 42.

- D. Each Ownership Entity must submit to AHFA an annual financial statement and form Schedule A (filed with IRS Form 8609 for each year during the 15-Year Compliance Period) for each Project by the first business day of May of each year. All financial statements must be sent electronically by email, flash drive, thumb drive or memory stick. Failure to submit an annual financial statement of the Project and a copy of the Schedule A within 30 calendar days after written notification of non-receipt by AHFA will result in a \$500 late fee.
- E. A copy of the IRS Form 8609 with Part II completed by the Ownership Entity must be submitted to AHFA the first year Housing Credits are claimed for a building. Failure to submit a copy of the IRS Form 8609 with Part II completed by the Ownership Entity to AHFA within 60 calendar days after written notification of nonreceipt by AHFA will result in a \$500 fee.
- F. AHFA will inspect each required Housing Credit Project in accordance with the AHFA Compliance Manual located at www.ahfa.com.
- G. Each Ownership Entity must allow AHFA or its designated representative to perform additional on-site inspections of any Housing Credit unit or building in a Project through the end of the applicable Extended Use Period. These inspections are in addition to any review of tenant files or units under Paragraph F. Inspections performed outside of Paragraph F will be at the expense of the Ownership Entity. Each unit or building inspection will be performed using the physical condition standards published by HUD.
- H. AHFA will promptly notify the Ownership Entity in writing if AHFA is not permitted to inspect Housing Credit Project units or buildings as described in Paragraphs F and G. Fees as described in Chapter 1 Section 1.4 of AHFA's Compliance Manual will apply if a Project's records are not available for review during the date and time for which AHFA established with the Ownership Entity and/or Management Company.
- I. AHFA will promptly notify the Ownership Entity in writing if the Project does not comply with Section 42. The Ownership Entity will be notified in writing of the stipulated period to supply missing documentation or to correct noncompliance commencing on the date of the notification letter. AHFA will notify the IRS of an Ownership Entity's noncompliance no later than forty-five (45) calendar days after the end of the timeframe allowed for correction and no earlier than the end of the correction period, whether or not the noncompliance is corrected. AHFA will notify the IRS by filing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance for the 15-Year Compliance Period. Additionally, AHFA may notify HUD if deemed appropriate.
- J. AHFA will charge fees to cover the administrative expenses in monitoring compliance and the expenses incurred in carrying out its duties as the Housing Credit agency, including, but

not limited to, reasonable fees for legal and professional services. (Reference Chapter 1 Section 1.4 of AHFA's Compliance Manual.)

- K. Compliance with the requirements of Section 42 is the responsibility of the Ownership Entity of the building for which the Housing Credits have been allocated. The Ownership Entity of each building for which the Housing Credits are allowed is also responsible for compliance with all the accessibility, adaptive design and construction requirements of the Fair Housing Act. Failure to comply with the requirements of Section 42 or the Fair Housing Act may result in the loss of Housing Credits pursuant to Section 1.42-9 of the Treasury Regulations.
- L. AHFA's monitoring of an Ownership Entity's compliance with the requirements of Section 42 and the Fair Housing Act does not make AHFA or the State of Alabama liable to any Ownership Entity or to any shareholder, officer, director, partner, member or manager of any Ownership Entity or of any entity comprising any Ownership Entity for an Ownership Entity's non-compliance therewith.
- M. It is the policy of AHFA to immediately report to the appropriate federal department and the cognizant inspector general of such department any indication of fraud, waste, abuse, or potentially criminal activity pertaining to federal funds.
- N. AHFA will report its compliance monitoring activities annually on IRS Form 8610.
- O. The Ownership Entity must submit a copy of any health, safety, or building code violation reports issued by any regulatory or third-party entity to AHFA's Compliance department. AHFA will apply applicable point deductions for items of noncompliance found in any third-party report in accordance with Section II I of this Addendum. If AHFA becomes aware of any health, safety, or building code violation reports issued by any regulatory or third-party entity which were not submitted to AHFA's Compliance department within 30 calendar days of the date the Ownership Entity received the report, AHFA will charge the Ownership Entity a \$500 fee.
- P. If Ownership Entity/Responsible Owner or Management Company acquires a Project and discovers the Project will require extensive file corrections, tenant data corrections, building or unit repairs, it must submit a report to AHFA within 60 calendar days of taking possession of the Project. The report, which must be in a form acceptable to AHFA, must include both sufficient details of the repairs to be completed and a deadline to complete the repairs. If the repairs are not completed by the deadline, the point deductions will be assessed as described in Section II of Addendum B.

II. Penalty Scoring and Suspension Criteria

- A. AHFA has identified specific compliance protocols in Section II I of this Addendum as automatic penalty point deduction items, which for the rest of this document will be referred to as point deduction items, when noncompliance is discovered.
- B. AHFA expects, at a minimum, that each Ownership Entity and Management Company will develop a routine inspection process to ensure the items defined in Section II I are regularly inspected by their respective staff on an ongoing basis. The point deduction item categories address health and safety concerns, sanitary nature and habitable living conditions of each unit and Project. Since AHFA will generally provide up to a 15-day notice when scheduling compliance inspections, no cure period will be allowed for the point deduction items defined under Section II I.
- C. An Ownership Entity or Management Company is required to notify AHFA immediately upon the occurrence of a disruption/discontinuation of any service/amenity, tenant events, or upon the occurrence of any property damage to the Project. Such notification is required to be in a report, in a form acceptable to AHFA, which details the circumstances as well as the plan of corrective action. The plan of corrective action must include both sufficient details of how the issue will be resolved and a deadline for resolution acceptable to AHFA. If the report is submitted immediately upon occurrence, AHFA initially will not deduct points. However, point deductions will be assessed against the Ownership Entity and Management Company (inclusive of owners and managers) if AHFA determines said report was not submitted timely or if the issue is not resolved by the deadline. If AHFA determines that the disruption/discontinuation of any service/amenity, tenant events, or the property damage is a result of deferred maintenance or negligence, appropriate point deductions will be assessed.
- D. Inspections will be performed by AHFA, its designated representative, or other unrelated third party. At the conclusion of the onsite inspection, AHFA will provide a general verbal summary of the deficiencies identified during the inspection to the representatives of the Ownership entity and/or the Management Company who are present at that time. AHFA will provide a formal written notice regarding all applicable deficiencies and will specify the timeframe(s) in which the Ownership Entity will be required to cure all deficiencies.
- E. Point deductions for late or nonsubmittal of an AOC or tenant data will be assessed to the Ownership Entity for the 2025 Competitive Application Cycle as follows:
 - 1.) 1 point will be deducted for each Project for which the Responsible Owner fails to enter required tenant data into AHFA DMS by the first business day of February of each year.
 - 2.) 1 point will be deducted for each Project for which the Responsible Owner fails to submit a correct and complete AOC to AHFA's Compliance department by the first business day of March of each year.
- F. Points will not be deducted from a 2025 applicant's score until the total of all point deductions accumulated during 2024 (January 1 through December 31) exceeds 4 points. If an applicant's total of all point deductions is 5 points or more, then the total of all point

deductions will be deducted from an applicant's score on their applicable 2025 application(s).

- G. AHFA will review any third-party inspection reports received from any local, state, federal or financial entity/institution with an interest in the Project, which identify noncompliance issues as defined in the QAP. AHFA will assess applicable point deductions for items of noncompliance found in any third-party inspection report in accordance with Section II I of this Addendum.
- H. The following criteria will be applied to Ownership Entity and/or Management Company of record:
 - 1.) Should any of the negative actions listed in Section II D or Section II J 2 of the 2025 QAP (not Section II D of this Addendum) occur after a 2025 Application Package has been submitted and prior to approval by AHFA, AHFA has the right to terminate the Application Package.
 - 2.) If an Ownership Entity is assessed a cumulative total of 10 points or more for all AHFA projects audited and/or inspected January 1 through December 31, of the 2024 year, the Ownership Entity will be **suspended immediately** from applying for any AHFA-funded program (Housing Credits, HOME Funds, Housing Trust Fund or Multifamily Housing Revenue Bonds) from the time the Ownership Entity has received a notice of suspension effective through December 31, 2025.
 - 3.) If an Ownership Entity is suspended after a 2025 Application Package has been submitted but prior to approval by AHFA, any Application Package for which the Ownership Entity is included will be **terminated immediately**.
 - 4.) If a Management Company is assessed a cumulative total of 10 points or more for all AHFA projects audited and/or inspected from January 1 through December 31 during 2025, the Management Company will be **suspended immediately** from participating in any AHFA-funded program applications (Housing Credits, HOME Funds, Housing Trust Fund or Multifamily Housing Revenue Bonds) from the time the Management Company is notified of the suspension for the applicable period through December 31, 2025
 - 5.) If a Management Company is suspended after a 2025 AHFA-funded program application has been submitted, and the application is later funded, the Ownership Entity for the newly-funded Project must replace the suspended Management Company with a Management Company which is **not** currently under suspension.
 - 6.) Any transfer of management requests which involve a suspended Management Company will be rejected until the suspended Management Company (inclusive of owners and managers) has completed a compliance audit/inspection year (January 1 through December 31) without a suspension.
 - 7.) If an Ownership Entity or Management Company fails to correct any noncompliance issues related to inspections and/or annual certifications, both will be immediately suspended until the noncompliance issues are corrected.
 - 8.) If an Ownership Entity is prohibited from participating for 5 consecutive calendar years, the Ownership Entity will be permanently banned from applying for any AHFA-funded programs (Housing Credits, HOME Funds, Housing Trust Fund or

Multifamily Housing Revenue Bonds).

- 9.) If a Management Company is prohibited from participating on any application for 5 consecutive calendar years, the Management Company will be permanently banned from participating on any program applications for any AHFA-funded programs (Housing Credits, HOME Funds, Housing Trust Fund or Multifamily Housing Revenue Bonds). Any transfer of management requests which involves a permanently banned Management Company (inclusive of owners and managers) will be rejected.

- I. The following point deduction items discussed in Subsections 1.), 2.), and 3.), below are not intended to supplant the physical condition standards provided by HUD and/or applicable local or other building codes.

Point deductions for funding applications in 2025 will be determined based upon audits and inspections conducted from January 1, 2024, to December 31, 2024, and will be based on the point deduction items listed in Addendum B of AHFA's 2024 QAP and HOME Action Plan.

The point deduction items listed below are applicable to audits and inspections conducted from, January 1 to December 31, 2025, to the Ownership Entity and Management Company of record with AHFA at the time of the inspection.

Point deductions for this QAP will be based on the following methodology:

- 1.) Health and Safety Deficiencies - 1 point per occurrence (or collectively per Project audited if the same deficiency) will be assessed for health and safety deficiencies, if cited as a finding at the time of inspection.
- Point deductions resulting from any deficiencies listed below will be assessed automatically upon discovery, regardless of whether the identified deficiencies have been cured.
 - Furthermore, 2 additional points will be deducted if the Ownership Entity fails to cure the deficiencies within the timeframe specified in the deficiencies notice from AHFA.

The deficiencies that will result in point deductions under this paragraph are as follows "Health and Safety Deficiencies":

(a) Project Site and Common Areas

- i. Exposed electrical wiring or electrical hazards in tenant accessible areas.
- ii. Tripping hazards on exterior walking surfaces.
- iii. Missing, broken or loose handrails or steps.
- iv. Boarded, broken or missing windows.
- v. Missing or damaged entry/exit doors or bathroom doors.

(b) Units

- i. Missing, non-charged or empty fire extinguishers (for Projects funded under the 1999 QAP and thereafter) for more than 25% of

the total units inspected. If applicable, the fire extinguisher service tag is missing, illegible or expired for more than 25% of the total units inspected. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.

- ii. Missing or non-working smoke detectors for more than 25% of the total units inspected. A missing or non-working smoke detector is defined as not having at least 1 operable smoke detector per floor for each unit inspected. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.
- iii. Missing fire canisters above the cooktop surface or temperature limiting plates on the cooktop surface (applies to Projects funded under the 2013 QAP and thereafter) for more than 25% of the total units inspected. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.
- iv. Exposed electrical wiring or electrical hazards in tenant accessible areas for more than 25% of the total units inspected. Any findings related to this category which total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.
- v. Extensive insect infestation (based on visible presence, damage, or reports) for more than 25% of the total units inspected. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.
- vi. Failure to inform AHFA staff in advance of any inspection of any unit(s) of a Project which is currently infested and/or being treated for bed bugs or other similar infestation.
- vii. Boarded, broken, or missing windows or bathroom or bedroom entry doors in more than 25% of the total units inspected. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.
- viii. Missing, broken or loose handrails or steps.

2.) Project and Unit Deficiencies – 1 point per occurrence (or collectively per Project audited if the same deficiency) will be assessed for each of the units inspected for any of the deficiencies listed below, if cited as a finding at the time of inspection.

- Point deductions resulting from any deficiencies listed below will be assessed automatically upon discovery, regardless of whether the identified deficiencies have been cured.

Furthermore, 2 additional points will be deducted if the Ownership Entity fails to cure the deficiencies within the timeframe specified in the deficiencies notice from AHFA.

The deficiencies that will result in point deductions under this paragraph are as follows “Project Deficiencies”:

- (a) A Project amenity listed in the Ownership Entity’s application which is found to be missing without evidence of immediate notification to AHFA.

- (b) A unit amenity listed in the Ownership Entity’s application which is found to be missing or damaged in more than 25% of the total units inspected. Any findings related to this category that total 25% or less will be subject to the penalty criteria as defined in Section II I 3 herein.
 - (c) Units which have been vacant for more than 30 calendar days and are not immediately available for occupancy. A unit which is suitable for occupancy should at a minimum include removal of the previous household’s items (furniture, clothing, and trash), repairs completed to the walls and floors, cleaned carpets and walls and general maintenance completed to the unit which creates an overall market readiness.
 - (d) Noncompliance issues, that have not incurred an automatic point deduction, found in more than 25% of inspected units.
- 3.) Other General Deficiencies – 2 points per occurrence (or collectively per Project audited if the same deficiency is cited) will be assessed for other general deficiencies if cited as a finding at the time of inspection or review of finalized tenant events by AHFA, its designated representative or other unrelated third party and is uncured after the end of the written specified timeframe to cure the deficiencies. All timeframes for curing deficiencies will be submitted in writing. General deficiencies include all violations or deficiencies not listed in the preceding paragraphs that are cited as findings during the AHFA onsite audits.
- J. If an Ownership Entity/Responsible Owner with less than 3 Projects funded with AHFA Housing Credits or HOME Funds submits an application for funding, AHFA reserves the right to apply the penalty criteria as specified herein in Section II of Addendum B to non-AHFA funded Projects. Violations in reports provided by AHFA, its designated representative or other unrelated third-party reports will be subject to the penalty criteria as specified herein in Section II of Addendum B. The 4-point threshold in Section II F of Addendum B does not apply to non-AHFA funded Projects.

[End of Addendum B]

Addendum C
Alabama Housing Finance Authority’s
2025 Housing Credit Qualified Allocation Plan
Special Future Exchange of Housing Credits
for Projects that Received Initial Housing Credit Allocations
during the 2023 Competitive Allocation Cycle
under AHFA’s 2023 Housing Credit Qualified Allocation Plan

I. PURPOSE AND SCOPE OF THIS ADDENDUM

Since 2019, local, national and global economies have been adversely affected by the worldwide pandemic arising from the virus commonly known as COVID-19 and its variants. Despite the lessening health impacts of this pandemic, developers of affordable housing continue to face unforeseeable construction delays for a variety of reasons, including material shortages and supply chain disruptions.

In Alabama, these conditions continue to significantly impact projects that received an initial allocation of Housing Credits during the 2023 Competitive Application Cycle under AHFA’s 2023 Housing Credit Qualified Allocation Plan, many of which are delayed, under construction and/or working to be Placed in Service.

The purpose of this Addendum E (“this Addendum”) is to help mitigate these challenges for affordable housing development in Alabama by allowing projects that received a competitive allocation of Housing Credits in 2023 to request an exchange of their current Housing Credits for 2025 Housing Credits.

This Addendum applies only to the 2025 Housing Credit Qualified Allocation Plan (the “2025 QAP”) and does not modify AHFA’s qualified allocation plan for any prior year. To the extent any provision of this Addendum applies only to a specified period of time, that provision affects the 2025 QAP only for the period specified. Except to the extent expressly modified by this Addendum, all provisions of the 2025 QAP remain in full force effect.

II. TEMPORARY AND SPECIAL PROVISIONS FOR 2025 QUALIFIED ALLOCATION PLAN

1. Section I.B of the 2025 QAP under the heading “Establishment of Housing Priorities” is hereby modified to include the following paragraph at the end of the current language:

“In the current application cycle, this QAP will prioritize the completion and financial feasibility of projects that (i) received an initial allocation of Housing Credits during the 2023 Competitive Application Cycle under AHFA’s 2023 Housing Credit Qualified Allocation Plan (a “2023 Competitive Allocation”), and (ii) were not Placed in Service prior to January 1, 2025.”

2. The language in Section II.A. of the 2025 QAP under the heading “Application Cycle” beginning with “AHFA may allocate . . .” and ending with “considered for a Housing Credit allocation or additional allocation.” is hereby modified to include the underlined language below:

“AHFA may allocate Housing Credits without the use of a Competitive Application Cycle or the Point Scoring System to:

- Any project(s) financed using Multifamily Housing Revenue Bonds as a single or pooled transaction.

- Any project Placed in Service that has already received a Housing Credit allocation, has an Actual Cost Certification as described herein that indicates the need for an additional allocation, and has been approved for additional Housing Credits by AHFA.
- Any project eligible for Housing Credits pursuant to any waiver, exception, program or other special action by the Internal Revenue Service.
- Any project that must be funded to meet the nonprofit set aside requirement as specified in Section 42(h)(5) of Internal Revenue Code or the CHDO set aside as specified in the Final HOME Rule.
- Any project that received a 2023 Competitive Allocation, was not Placed in Service prior to January 1, 2025, and demonstrates the need for an exchange of its 2023 Housing Credits for 2025 Housing Credits, in accordance with the requirements of Section II.N of this QAP.

However, Ownership Entities for the projects listed above may be required to submit a written request, in order to be considered for a Housing Credit allocation or additional allocation.”

3. The following Section II.N is hereby added to the 2025 QAP:

“N. The Ownership Entities for projects that received a 2023 Competitive Allocation may submit a request to exchange 2023 Housing Credits for 2025 Housing Credits in accordance with this Section II.N. Any such exchange shall be subject to the applicant’s satisfaction of the following requirements:

- 1) Each applicant will be required to specify the dollar amount of exchanged Housing Credits requested for each project, describe how the request relates to specific construction delays incurred by the project, and demonstrate that delays were caused by continued supply chain disruptions and not otherwise reasonably foreseeable or avoidable by the Development Team Members.
- 2) Failure to disclose any of the foregoing information to AHFA in a request to exchange Housing Credits under this Section II.N. or failure to notify AHFA in writing of any adjustments, increases or new sources of funding that are received or requested by the applicant after the date of the request to AHFA, may result in termination of any or all prior allocations or awards of funding for that project from AHFA.
- 3) AHFA will exchange 2025 Housing Credits only for applicants that provide evidence satisfactory to AHFA that all the following steps have been taken by the applicant to move forward with the project:
 - The project met the 10% test by December 9, 2024.
 - For projects that received HOME Funds from AHFA, the applicant completed a pre-construction conference with AHFA on or before November 15, 2024.
 - The applicant closed construction financing for the project on or before December 1, 2024.
- 4) If a project receives a reservation letter from AHFA for exchanged 2025 Housing Credits, the applicant must, within fifteen (15) days after the date of the reservation letter, execute and return the reservation letter and pay a reservation fee in an amount equal to 5% of the total amount of Housing Credits exchanged to the project. If the

reservation letter is not timely executed or the reservation fee is not timely paid, the reservation letter for 2025 Housing Credits will be terminated and will have no force or effect.

- 5) The material shortages and supply chain disruptions culminating in significant construction delays and their impact on the affordable housing industry continue to be unprecedented events, and in its evaluation of requests for exchanged 2025 Housing Credits, AHFA will likely be required to consider evolving impacts and circumstances not yet fully understood. Therefore, AHFA reserves the right to determine in its sole and absolute discretion (i) whether to exchange Housing Credits for a project that received a 2023 Competitive Allocation, and (ii) if any such exchange of Housing Credits is made, the amount of the allocation.

On or before the initial due date for applications for 2025 Housing Credits, AHFA will announce the dates for submitting requests for exchanged 2025 Housing Credits for projects that received a 2023 Competitive Allocation. AHFA will make available to prospective applicants the form of request and other supporting documents that must be completed in order to apply.”

III. DISCRETION OF AHFA

WITHOUT LIMITING ANY PROVISION OF THE 2025 QAP AND ITS ADDENDA, BUT IN ADDITION THERETO, ALL DETERMINATIONS, CALCULATIONS, JUDGMENTS, ASSESSMENTS OR OTHER DECISIONS MADE BY AHFA UNDER THIS ADDENDUM (INCLUDING WITHOUT LIMITATION ITS CONSIDERATION FOR A REQUEST TO EXCHANGE HOUSING CREDITS FOR PROJECTS THAT RECEIVED A 2023 COMPETITIVE ALLOCATION) AND AHFA’S INTERPRETATION OF THIS ADDENDUM AND ALL APPLICABLE APPLICATION INSTRUCTIONS, PROGRAM FORMS AND POLICIES AND PROCEDURES, SHALL BE MADE IN AHFA’S SOLE AND ABSOLUTE DISCRETION.

[End of Addendum C]