

CONNECTICUT HOUSING FINANCE AUTHORITY
CARRYOVER ALLOCATION AGREEMENT OF 2016
LOW-INCOME HOUSING TAX CREDITS

Credit Allocating Agency (the "Authority"):

Connecticut Housing Finance Authority
999 West Street
Rocky Hill, CT 06067-4005
Taxpayer Identification Number: 06-1267528

Owner (together with its successors and/or assigns, collectively, the "Owner"):

[]
[]
[]

Taxpayer Identification Number of Owner:

[-]

Address & Building Identification Number ("BIN") of Each Building:

See **Schedule A** attached hereto and made a part hereof.

Type(s) of Building(s) for purposes of Sections 42(e) and 42(h)(1)(E) of the Code:

- Newly Constructed
- Existing Rehabilitation
- Substantial Rehabilitation

Pursuant to: (i) Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) the regulations and administrative pronouncements promulgated by the United States Department of Treasury (or any agency thereunder) (collectively, the "Treasury") with respect to low-income housing tax credits ("LIHTC"); (iii) the Qualified Allocation Plan (2015 Application Year) (the "Plan") adopted by the Authority, and as supplemented and amended; (iv) the Authority's Low-Income Housing Tax Credit Procedures (the "Procedures"); and (v) the representations and warranties made by the Owner (or the Owner's predecessor-in-interest) in the low-income housing tax credit application submitted to the Authority with respect to the Project dated [], 20 , the following binding Carryover Allocation Agreement (the "Agreement") for the Allocation (as defined below) of LIHTC from the 2016 credit ceiling of the Authority is entered into by and between the undersigned parties with respect to the above listed building(s) (each, a "Building", and collectively, the "Project").

The Date of Allocation is [_____, 2016 (the “Date of Allocation”), and the expected date(s) that each Building will be placed in service is/are [_____, 20____. The housing credit dollar amount allocated to the Building or Project, as applicable under Sections 42(h)(1)(E) or (F) of the Code, respectively, is [_____] (the “Allocation”).

The Owner hereby covenants that each Building for which this Allocation is being made will be a qualified building (as defined in Section 42(h)(1)(E)(ii) of the Code), which means any building which is part of a project in which the Owner's basis with respect to the land or depreciable property that is expected to be part of the Project (determined under Sections 1012 and 1016 of the Code and whether or not amounts are includible in eligible basis under Section 42(d) of the Code) as of the date which is twelve (12) months after the Date of Allocation, is more than ten percent (10%) of the Owner's reasonably expected basis in the Project as of December 31, 2018, all in accordance with Section 1.42-6(b) of the Treasury Regulations. In the case of a multi-building project that receives an allocation under Section 42(h)(1)(F) of the Code, the ten percent (10%) basis requirement is satisfied by reference to the entire project.

Accordingly, the Owner hereby certifies that as of twelve (12) months after the Date of Allocation the Owner will have basis of at least [\$_____] in the Project (land and depreciable property basis), representing [____% (*must be more than 10%*)] of the total reasonably expected basis of [\$_____] in the Project (land and depreciable property basis) as of December 31, 2018. The Owner hereby further certifies that prior to the issuance of this Allocation, the Owner submitted a certification of sources and uses of funds and total financing planned for the Project that meets the requirements of Section 1.42-17(a)(3)(i) of the Treasury Regulations, including, but not limited to, a certification of the full extent of all federal, state and local subsidies that apply (or which the Owner expects to apply) to the Project and all other sources of funds and all development costs for the Project, including anticipated syndication and placement proceeds to be raised. The Authority must be notified of, and approve, any changes, increases or additions to the Project sources and uses of funds as shown on **Schedule B** attached hereto and made a part hereof.

The Owner covenants that each Building in the Project will be “placed in service” by December 31, 2018.

Quarterly reports are required to be submitted for the period after receipt of the tax credit reservation and until each Building is placed in service. Failure to submit the quarterly reports will result in a late fee assessment equal to 0.2 percent of the Allocation per occurrence and failure to file for three (3) consecutive quarters may result in cancellation of this Agreement.

In issuing this Allocation, the Authority has relied upon the information submitted to it by the Owner. The Authority makes no representations or guarantees as to whether the Owner will be eligible to receive the Allocation. The final determination of such eligibility is made by the Internal Revenue Service (the “IRS”).

The Allocation shall become effective upon the execution of this Agreement by the Executive Director (or other authorized officer) of the Authority, *provided, however*, such effectiveness is contingent upon the Owner's payment of the allocation fee of [\$_____].

The Allocation will become and remain effective only upon compliance with, and continued satisfaction of, the following requirements:

- a) Verification by the Authority through a certification of the Owner, in writing and under penalty of perjury, that the Owner has incurred more than ten percent (10%) of its reasonably expected basis in the Project by the date which is twelve (12) months after the Date of Allocation. In accordance with the Procedures, the Owner must submit before such date a schedule of project costs includable in basis accompanied by a third party attorney's or a certified public accountant's opinion or audit report on such schedule. Such audit report, if by an accountant, must be conducted in accordance with generally accepted auditing standards, and the attorney's or auditor's opinion or report must be unqualified.
- b) Timely submission of required status reports.
- c) Compliance with all program requirements for the Project as set out in the Plan and Procedures.
- d) Certification of a credible financing plan (i.e. updated proforma) by the Owner at the time of this Agreement.
- e) A copy of a valid building permit submitted within twelve (12) months of this Agreement, which permit must remain in effect continuously throughout the construction period for the Project.
- f) Completion of the Project in accordance with the deadlines set forth in the Project schedule submitted as part of this Agreement and attached hereto as **Schedule A**.
- g) Satisfaction of such other requirements as are set forth in **Schedule C** attached hereto and made a part hereof.

The Allocation referenced herein is subject to the ongoing analysis of costs until the issuance of IRS Form(s) 8609, and the Allocation may be adjusted downward if the qualified basis of the Project decreases or as a result of a revised equity gap computation. In the event the Allocation is adjusted downward, the undersigned mutually consent to the cancellation and return of LIHTC to the Authority in the amount of such downward adjustment. The Owner must provide the Authority with cost information upon request, in connection with the Allocation and upon cost certification following the placed-in-service date(s) of the Project. In addition, the Owner agrees promptly to provide the Authority with any other information that the Authority deems necessary, in its sole determination, for the implementation of this Agreement in accordance with the Code, the Treasury Regulations thereunder, and the Plan and Procedures. **THIS AGREEMENT WILL BE REVOKED AND THE ALLOCATION RETURNED TO THE AUTHORITY FOR ANY FAILURE TO SATISFY ANY OF THE TERMS AND CONDITIONS OF THIS AGREEMENT.** Notwithstanding anything in this Agreement to the contrary, in the event that the Owner fails to comply fully with the covenants and agreements contained herein or with the Code, the Procedures, rules, rulings, policies, procedures, or other official statements promulgated by the Treasury, the IRS or the Authority from time to time pertaining to the obligations of Owner as set forth therein or herein, the Authority may, in addition to all of the remedies provided by law or in equity, report such noncompliance to the IRS which could result in penalties and/or re-capture of tax credits.

This Agreement for the Allocation of Low-Income Housing Tax Credits will expire on December 31, 2018. THIS AGREEMENT IS NOT ASSIGNABLE OR TRANSFERABLE TO ANY OTHER ENTITY WITHOUT THE PRIOR WRITTEN CONSENT OF THE AUTHORITY. *The Owner hereby irrevocably elects, pursuant to Section 42(b)(2) of the Code, to lock the applicable percentage at nine percent (9%) for each new construction or substantially rehabilitated Building in the Project.*

- () **[ACQUISITION CREDITS LOCKED AT MONTH OF THIS CARRYOVER AGREEMENT:** If this box is checked, the Owner hereby irrevocably elects, pursuant to Section 42(b)(1)(A[sic])(ii)(I) of the Code, to lock the applicable percentage for each Building acquisition in the Project as the percentage prescribed by the Secretary of the Treasury for the month of [_____, 2016, which is the month this Agreement is executed by *both* the Owner and the Authority.
- () **[ACQUISITION CREDITS PREVIOUSLY LOCKED AT MONTH OF PREVIOUS BINDING AGREEMENT:** If this box is checked, the Owner has made an election prior to the date hereof pursuant to Section 42(b)(1)(A[sic])(ii)(I) of the Code, and accordingly, the applicable percentage for each Building acquisition in the Project shall be the percentage prescribed by the Secretary of the Treasury for the month of [_____, 20__, which is the month of that certain binding agreement between the Owner and Authority, a copy of which is attached hereto as **Schedule D** and made a part hereof.
- () **[ACQUISITION CREDITS TO BE LOCKED AT MONTH OF PLACED IN SERVICE:** If this box is checked, the Owner has made no election pursuant to Section 42(b)(1)(A[sic])(ii)(I) of the Code, and accordingly, the applicable percentage for each Building acquisition in the Project shall be the month in which that Building is placed in service.
- () If this box is checked, this Allocation is being made pursuant to the Authority's set-aside of credit authority for "qualified nonprofit organizations" within the meaning of Section 42(h)(5)(C) of the Code. Throughout the compliance period (within the meaning of Section 42(i)(1) of the Code) applicable to the Project under the Code, such a qualified nonprofit organization shall own an interest in the Project (directly or through a partnership or limited liability company) and shall materially participate (within the meaning of Section 469(h) of the Code) in the development and operation of the Project.

The foregoing elections are binding under State law on the Authority, the Owner and any and all successors in interest. This Agreement constitutes a binding agreement by and between the Authority, the Owner and all successors in interest to the Owner (if any) as owners of the Project, pertaining to the allocation of 2016 tax credit authority to the Buildings in the Project, subject to compliance by the Owner with the requirements of Section 42 of the Code, the regulations and administrative pronouncements promulgated by the Treasury or any agency thereunder, as amended, and the Plan and the Procedures, as amended, and is intended to be an allocation document in accordance with Section 1.42-6(d)(2) of the Treasury Regulations.

The Owner covenants to maintain a copy of this Agreement in its books and records for the Project. The Authority will retain the original Agreement.

False statements made herein are punishable under the penalty for false statement set out in C.G.S. Section 53a-157b.

[Intentionally left blank – signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Carryover Allocation Agreement as of the date first written above.

OWNER:

[_____]
By: [_____]
Its [_____]

By: _____
Name:
Title:
Duly Authorized

[Note: under IRS regulations, notarization must be within five (5) calendar days of the end of the month in which this Agreement is made.]

STATE OF CONNECTICUT)
)
COUNTY OF _____) ss: _____, 2016

Personally appeared, [_____] the [_____] of [_____] the [_____] of [_____] as aforesaid Signer and Sealer of the foregoing Instrument, and acknowledged the same to be [his/her] free act and deed as [_____] of [_____] [_____] and the free act and deed of [_____] and that said instrument was signed on behalf of and with the authority of said Owner, before me.

Commissioner of the Superior Court
Notary Public

Schedule B

Project Sources and Uses of Funds

The Authority must be notified of, and approve, any changes, increases or additions to the Project sources and uses of funds.

Schedule C

[Other Requirements -- Copy of Reservation Letter **Exhibit A**]

Schedule D

[Binding Agreement – If Applicable]