

AMENDMENT TO MONTANA'S 2009 QUALIFIED ALLOCATION PLAN

The following amendment is made to the Montana Board of Housing ("MBOH") 2009 Qualified Allocation Plan adopted pursuant to the Low Income Housing Tax Credit Program enacted by the Tax Reform Act of 1986 for the purpose of implementing the tax credit provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"), Pub. L. 111 - 5.

ARRA provides for two programs affecting low-income tax credit projects:

1. The Tax Credit Assistance Program ("Assistance Program") provides funding for capital investment in Low Income Housing Tax Credit (LITHC) projects. Projects awarded tax credits between the dates of October 1, 2006 and September 30, 2009 are eligible for funding under this program.
2. Tax Credit Exchange Program ("Exchange Program") provides funding for the construction, or acquisition and rehabilitation of "qualified low-income buildings" within the meaning of the LITHC rules. Exchange Program sub-awards may be made to projects with tax credit awards and to those without an award if the sub-award will increase the total funds available to the state for the development of affordable housing and the applicant first demonstrates a good faith effort to obtain tax credit equity investments.

ASSISTANCE PROGRAM

MBOH will make sub-awards under the Assistance Program to fill gaps for projects that have received, or will receive low-income housing tax credits between the dates of October 1, 2006 and September 30, 2009. Recipients of tax credits in any of those years may apply for a sub-award by submitting an application to MBOH on or before a date specified by the MBOH. An application for a sub-award must be consistent with the criteria contained in MBOH's 2009 Qualified Allocation Plan ("QAP"). If a provision of the QAP is in conflict with any provision of ARRA, implementing regulations or HUD guidelines, the QAP provision is preempted and the ARRA provision, the implementing regulation or the HUD guideline will control.

MBOH may provide for additional rounds of applications for any Assistance Program funds remaining un-allocated after making sub-awards based on initial and subsequent application opportunities, provided that no sub-awards may be made after September 30, 2011.

MBOH will not allocate an Assistance Program sub-award to a project for more funds than are necessary for the financial feasibility of the project and its

viability as a qualified low income housing project throughout the compliance period.

An applicant must demonstrate to MBOH that it will expend 75% of the Assistance Program sub-award by February 16, 2011 and 100% by February 16, 2012.

Assistance Program sub-awards will be awarded by MBOH competitively to those projects best meeting the needs of low income people within the state of Montana.

MBOH will consider the following factors in making sub-awards under this program:

- readiness to proceed of the project; and
- expected completion by February 16, 2012;

The MBOH may consider the following additional factors in making sub-awards under this program:

- the geographical distribution of tax credit projects;
- the rural or urban location of the qualifying projects;
- the overall income levels targeted by the projects;
- rehabilitation of existing low income housing stock;
- sustainable energy savings initiatives;
- financial and operational ability of the applicant to fund, complete, and maintain the project through the extended use period;
- past performance of an applicant in initiating and completing tax credit projects; and
- cost of construction, land, and utilities.

EXCHANGE PROGRAM

MBOH will award sub-awards under the Exchange Program that directly finance qualified low income projects. Exchange Program sub-awards may be made to projects that have a tax credit allocation or to projects without a tax credit allocation if MBOH determines that such an allocation will increase the total funds available to the State for affordable housing.

An applicant for an Exchange Program sub-award must demonstrate to the satisfaction of MBOH that good faith efforts have been made to obtain a commitment for the purchase of the applicant's tax credits.

An Exchange Program sub-award will be made in the same manner and subject to the same rent, income and use restrictions as an allocation of tax credits under the QAP.

An Exchange Program sub-award may be recaptured by MBOH if the building with respect to which the sub-award is made does not remain a qualified low-income building during the compliance period.

ASSET MANAGEMENT FUNCTION

MBOH may be required to perform asset-management functions to ensure compliance with the rules and long-term viability of some projects financed with Assistance Program or Exchange Program sub-awards. MBOH may perform this function itself or hire a contractor.

FEES

At the time of making application for an Assistance Program sub-award, an application fee must be paid to MBOH by the applicant equal to one percent (1%) of the sub-award requested.

An application fee consistent with the existing fee outlined in the Qualified Allocation Plan will be collected for the Exchange Program.

In the event that asset management functions will be required to be performed by MBOH or a contractor, a sub-award recipient will be required to pay a fee determined by MBOH to be reasonable and necessary to cover the expense of the asset-management functions.