

Instructions for Calculation of Qualified Contract Price

Before IFA will commence marketing your Project, you must complete the Calculation of Qualified Contract Price form attached to these instructions (the "Calculation Form"). This calculation will establish the minimum price at which IFA will market your project and present an offer for its purchase.

To complete the Calculation Form, you must complete Exhibits A through D and, if the Project has market rate units, Exhibit E. The results of Exhibits A through E are transferred to the Calculation Form to determine the Qualified Contract Price for the Project.

The Calculation Form is derived from a statutory formula set forth in Section 42(h)(6)(F) of the Internal Revenue Code. The statutory formula divides the purchase price between the low-income portion of the Project and the market rate portion of the Project, if any. QCP for the low-income portion of the Project is equal to the sum of Project indebtedness (Worksheet A), investor equity (Worksheet B), and other capital contributions (Worksheet C) reduced by the total cash that has been distributed, or is available for distribution, from the Project (Worksheet D). If the Project has any market rate units, the QCP is increased by the fair market value of those units (Worksheet E).

Please remember that the twelve-month period for finding a buyer will not commence until the Calculation and Exhibits A through E, are completed and returned to IFA with the notification letter and other required materials. The calculation completed and certified by an independent third-party CPA who is not an employee, officer, partner, member or share holder of the owner.

The Calculation form and its attached exhibits are only one part of completing the Qualified Contract request package. Please refer to IFA's Low Income Housing Tax Credit Program Compliance Monitoring Manual, Section 7.11 for complete discussion of the process. The current compliance manual may be found on our web page located at www.lowaFinanceAuthority.gov.

If you have any questions with respect to the preparation of the Calculation and Exhibits, you are encouraged to contact the Asset Management Senior Compliance Analyst at 515.725. 4900.

Calculation of Qualified Contract Price

Pursuant to Section 42(h)(6)(F) of the Internal Revenue Code

As of _____, 200_____

A. Calculation of Low-Income Portion of Payment:

Outstanding Indebtedness secured by, or with respect to the Buildings	
(i) (from <i>Worksheet A</i>)	\$ <u> -</u>
Adjusted Investor Equity	
(ii) (from <i>Worksheet B</i>)	\$ <u> -</u>
Other Capital Contributions not reflected in (i) or (ii)	
(iii) (from <i>Worksheet C</i>)	\$ <u> -</u>
(iv) Total of (i), (ii) and (iii)	\$ <u> -</u>
Cash Distributions from or available from, the Project	
(v) (from <i>Worksheet D</i>)	\$ <u> -</u>
(vi) Subtract Line (v) from Line (iv)	\$ <u> -</u>
Applicable fraction	
(vii) (as set forth in the Tax Credit Regulatory Agreement)	<u> 0.00%</u>
Low-Income Portion of Qualified Contract Price	
(viii) (Line (vi) multiplied by Line (vii))	\$ <u> -</u>

B. Fair Market Value of Non Low-Income Portion of Building(s)
(from *Worksheet E*) \$ -

Qualified Contract Price
C. (Sum of Line A(viii) and Line B) \$ -

WORKSHEET A
Outstanding Indebtedness
With Respect to Low-Income Building(s)
IRC §42(h)(6)(F)(i)(I)

Instructions for completing Worksheet A

The Qualified Contract Price includes the unpaid balance of all secured and unsecured indebtedness with respect to the low-income buildings. Worksheet A requires you to set forth certain information with respect to each mortgage loan and other Project indebtedness: The name of the lender, the unpaid principal balance, the accrued interest, the maturity date and other relevant information.

In the Section marked "Other Information" [Subsection (v) with respect to each loan], set forth any information with respect to the loan that may be relevant to IFA's efforts to market the Project. Examples of relevant information include whether the loan has a "due-on-sale" clause or if any portion of the loan is payable from net cash flow (i.e., is "soft" debt). Attach to the Worksheet an amortization schedule for each loan.

In addition to mortgage indebtedness, you should also list any unsecured, long-term debt the proceeds of which were used directly in the construction, rehabilitation, or operations of the Project.

The unpaid principal balance and accrued interest for each loan set forth on this Worksheet should be totaled and that total should be transferred to Section A(i) of the QCP Calculation Form.

WORKSHEET A
Outstanding Indebtedness
With Respect to Low-Income Building(s)
IRC §42(h)(6)(F)(i)(I)

1. First Mortgage Loan

(i) Lender:	_____	
(ii) Principal Balance		\$ -
(iii) Accrued Interest		\$ -
(iv) Maturity Date:	_____	
(v) Principal and Interest Payments:		\$ -
(vi) Other Information:	_____	
<hr/>		
Subtotal		\$ -

2. Second Mortgage Loan:

(i) Lender:	_____	
(ii) Principal Balance		\$ -
(iii) Accrued Interest		\$ -
(iv) Maturity Date:	_____	
(v) Principal and Interest Payments:		\$ -
(vi) Other Information:	_____	
<hr/>		
Subtotal		\$ -

3. Third Mortgage Loan:

(i) Lender:	_____	
(ii) Principal Balance		\$ -
(iii) Accrued Interest		\$ -
(iv) Maturity Date:	_____	
(v) Principal and Interest Payments:		\$ -
(vi) Other Information:	_____	
<hr/>		
Subtotal		\$ -

WORKSHEET A
Outstanding Indebtedness
With Respect to Low-Income Building(s)
IRC §42(h)(6)(F)(i)(I)

4. Fourth Mortgage Loan:

(i) Lender: _____	
(ii) Principal Balance	\$ -
(iii) Accrued Interest	\$ -
(iv) Maturity Date: _____	
(v) Principal and Interest Payments:	\$ -
(vi) Other Information: _____	
<hr/>	
Subtotal	\$ -

5. Other Indebtedness with Respect to Low-Income Building(s):

(i) Lender: _____	
(ii) Principal Balance	\$ -
(iii) Accrued Interest	\$ -
(iv) Maturity Date: _____	
(v) Principal and Interest Payments:	\$ -
(vi) Other Information: _____	
<hr/>	
Subtotal	\$ -

Total Indebtedness with respect to Low-Income Portion of the Building(s)

[Sum of 1-5 subtotals above] \$ -

WORKSHEET B
Calculation of Adjusted Investor Equity
In the Low-Income Building(s)
IRC §42(h)(6)(F)(i)(II)

Instructions for completing Worksheet B

The Qualified Contract Price includes the sum of the Adjusted Investor Equity with respect to the Project. Adjusted Investor Equity means, with respect to each calendar year, the aggregate amount of cash that taxpayers invested with respect to the low-income buildings, increased by the applicable cost-of-living adjustment, if any.

Not all capital contributions with respect to the Project qualify as Adjusted investor Equity. Specifically, cash invested in the Project should be included in this Worksheet B only if each of the following are true:

1. The cash is contributed as a capital contribution and not as a loan or advance; and
2. The amount is reflected in the adjusted basis of the Project; and
3. There was an obligation to invest the amount as of the beginning of the credit period (IFA will interpret this to include cash actually invested before the beginning of the credit period and cash invested after the beginning of the credit period for which there was an obligation to invest at the beginning of the credit period).

With respect to Worksheet B, subsection (i), for each calendar year requires you to set forth the identity of the investor. Typically, this will be the tax credit investor (i.e., the investor limited partner); however, it may include a general partner, if the cash investment by a general partner otherwise satisfies the requirements set forth above.

Subsection (ii) requires you to set forth the amount of qualifying cash equity that was invested in the Project for that calendar year. This amount should include only cash that was actually contributed to the Project that year; it should not include amounts for which there was a mere obligation to invest.

Subsection (iii) sets forth the cost-of-living adjust for each calendar year. Investment amounts qualifying as investor equity are entitled to a cost-of-living adjustment. The applicable cost-of-living adjustment for each year is based on the Consumer Price index – All Urban Consumers available through the US Department of Labor, Bureau of Labor Statistics. Pursuant to Section 1(f) and 42(h)(6)(G)(ii) of the Code, the CPI adjustment is calculated for each twelve-month period ending August 31st.

For each calendar year, the amount of Adjusted Investor Equity is the sum of the qualifying investment amount and the cost-of-living adjustment. After calculating the investment amount and cost-of-living adjustment, if any, for each year, these amounts must be totaled and set forth in column 15 of the Worksheet. This total is then transferred to Section A9ii) of the QCP Calculation Form.

WORKSHEET B
Calculation of Adjusted Investor Equity
In the Low-Income Building(s)
IRC § 42(h)(6)(F)(i)(II)

“Adjusted investor equity” means, with respect to each calendar year, the aggregate amount of cash that taxpayers invested with respect to the low-income buildings, increased by the applicable cost of living adjustment. An amount may be taken into account as an investment in a low-income building only to the extent there was an obligation to invest such amount as of the beginning of the credit period and to the extent such amount is reflected in the adjusted basis of the building. Amounts should be included in this Worksheet B only if they satisfy the above requirements.

1. 199__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

2. 199__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

3. 199__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

4. 199__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

5. 199__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

6. 199__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

7. 199__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

WORKSHEET B
Calculation of Adjusted Investor Equity
In the Low-Income Building(s)
IRC § 42(h)(6)(F)(i)(II)

8. 199__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

9. 199__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

10. 200__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

11. 200__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

12. 200__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

13. 200__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

14. 200__ Adjusted Investor Equity

(i) Investor: _____		
(ii) Investment Amount	\$	-
(iii) Cost of Living Adjustment (____%)	\$	-
Subtotal (ii) plus (iii)	\$	-

Total Adjusted Investor Equity:

[Sum of 1-14 subtotals above] \$ -

WORKSHEET C
Other Capital Contributions
IRC §42(h)(6)(F)(i)(III)

Instructions for completing Worksheet C

The Qualified Contract Price includes the amount of other capital contributions made with respect to the Project. For this purpose, other capital contributions are not limited to cash and, therefore, include in-kind contributions such as land. However, if you include any non-cash contributions in this Worksheet, please describe in detail the type of contribution, the value you have assigned to the contribution, and your justification for assigning that value.

Do not include in this Worksheet C any amounts included in Worksheets A or B. Further, all amounts included in this worksheet must constitute contributed capital and not be a debt or advance.

After setting forth the required information with respect to each contribution, total the contribution amounts and transfer the total to Section A(iii) of the QCP Calculation Form.

WORKSHEET C
Other Capital Contributions
IRC § 42(h)(6)(F)(i)(III)

Please set forth below the amount of any other capital contributions made by an investor with respect to the low income portion of the building(s) that are not included in the "Outstanding Indebtedness" identified in Worksheet A or the "Adjusted Investor Equity" identified in Worksheet B.

1. Investment Amount \$ -

(i) Name of Investor: _____

(ii) Date of Investment: _____

(iii) Use of Contributions/ Proceeds: _____

(iv) Other Information: _____

2. Investment Amount \$ -

(i) Name of Investor: _____

(ii) Date of Investment: _____

(iii) Use of Contributions/ Proceeds: _____

(iv) Other Information: _____

3. Investment Amount \$ -

(i) Name of Investor: _____

(ii) Date of Investment: _____

(iii) Use of Contributions/ Proceeds: _____

(iv) Other Information: _____

4. [Add as needed] _____

Total of Other Contributions -

WORKSHEET D
Cash Distributions
From or available from the Project
IRC §42(h)(6)(F)(ii)

Instructions for completing Worksheet D

The Qualified Contract Price is reduced by the total of all cash distributions from, or available from, the Project. To assist you in this calculation, Worksheet D is divided into three Sections.

In Section A, set forth all cash distributions with respect to the Project for calendar years 1990 and on. Generally, this will include all cash payments and distribution from net operating income (i.e.; “below the line” distributions and payments after the payment of operating expenses, debt service and reserves). Distributions set forth in Section A of the worksheet will include, but not be limited to, (i) amounts paid to partners or affiliates as fees (including investor fees, partnership management fees, incentive management fees and guaranty fees) and (ii) amounts distributed to partners as a return of capital or otherwise. Until guidance is provided by the IRS, IFA will not reduce the Qualified Contract Price by payments of deferred Developer Fees to the extent the amount of fees were within IFA’s policies and guidelines. We require, however, that any portion of a payment or distribution should be excluded from the calculation (such as deferred Developer Fee), identify such payments or distributions and provide an explanation of why is should be excluded.

Section A of the Worksheet provides up to five (5) types of distributions of net operating income for each year [items (i)-(v)]. If there were more in any calendar year, attach an addendum to the Worksheet setting forth the recipient, characterization and amount of such distribution.

The Qualified Contract Price is reduced not only by cash distributions made with respect to the Project but also all cash that is available for distribution. In Section B provide amounts held in reserve and other Project accounts and the amounts thereof that are available for distribution. Until such time as guidance is provided by the IRS, IFA will interpret “available for distribution” to mean all cash held in Project accounts, the distribution of which is not prohibited by mortgage restrictions, regulatory agreements or similar third-party contractual prohibitions. An amount currently held in a Project account that will become unrestricted and available for distribution on or before the expiration of the one-year qualified contract period should be listed as available for distribution in Section B.

Finally, Section C requires you to set forth and describe any non-cash distributions that have been made with respect to the Project. Absent unusual circumstances, the amount of “non-cash distributions” will not be applied to reduce the Qualified Contract Price.

To complete Worksheet D, please total the qualifying cash distributed for all calendar years under Section A and the cash available (or that will be available) for distribution in Section B. The total of Sections A and B should be transferred to Section A(v) of the QCP Calculation Form.

WORKSHEET D
Cash Distributions
From, or Available From, the Development
IRC § 42(h)(6)(F)(ii)

The "qualified contract" price is reduced by the total of all cash distributions from, or available from the Development. Accordingly, in Section A below, please set forth all cash distributions by the Development owner for each of the calendar years during the compliance period. For this purpose, please include all cash distributed or paid to a partner (or member, in the case of a limited liability company) or any related party or affiliate thereof, whether characterized as a return of capital fee, a distribution, or otherwise. Further, if you believe that any portion of the cash distribution is not properly included in this calculation, please set forth the amount you believe should be excluded with an explanation of why you believe it should be excluded.

In Section B please set forth the amount of cash currently held in the described accounts and the amounts thereof you believe are, or will be, available for distribution. Finally, in Section C please set forth and describe any non-cash distributions that have been made by the Development owner. Absent unusual circumstances, the amount of non-cash distributions will not be applied to reduce the 'qualified contract' price.

A. Cash Distributed

1. 199____ Distributions
 (i) Total Distributions \$ _____ -
 (ii) Recipient: _____
 (iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

2. 199____ Distributions
 (i) Total Distributions \$ _____ -
 (ii) Recipient: _____
 (iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

3. 199____ Distributions
 (i) Total Distributions \$ _____ -
 (ii) Recipient: _____
 (iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

4. 199____ Distributions
 (i) Total Distributions \$ _____ -
 (ii) Recipient: _____
 (iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

5. 199____ Distributions
 (i) Total Distributions \$ _____ -
 (ii) Recipient: _____
 (iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

6. 199____ Distributions
 (i) Total Distributions \$ _____ -
 (ii) Recipient: _____
 (iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

7. 199____ Distributions
 (i) Total Distributions \$ _____ -
 (ii) Recipient: _____
 (iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

WORKSHEET D
Cash Distributions
From, or Available From, the Development
IRC § 42(h)(6)(F)(ii)

8. 199___ Distributions
(i) Total Distributions \$ _____ -
(ii) Recipient: _____
(iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

9. 199___ Distributions
(i) Total Distributions \$ _____ -
(ii) Recipient: _____
(iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

10. 200___ Distributions
(i) Total Distributions \$ _____ -
(ii) Recipient: _____
(iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

11. 200___ Distributions
(i) Total Distributions \$ _____ -
(ii) Recipient: _____
(iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

12. 200___ Distributions
(i) Total Distributions \$ _____ -
(ii) Recipient: _____
(iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

13. 200___ Distributions
(i) Total Distributions \$ _____ -
(ii) Recipient: _____
(iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

14. 200___ Distributions
(i) Total Distributions \$ _____ -
(ii) Recipient: _____
(iii) Characterization of Distribution (i.e.: return of capital, etc.): _____

Total Distributions

[Sum of Lines 1(i) - 14 (i)] \$ _____ -

WORKSHEET D
Cash Distributions
From, or Available From, the Development
IRC § 42(h)(6)(F)(ii)

C. Non-Cash Distributions

1. Asset Distributed: _____
(i) Recipient: _____
(ii) Date of Distribution: _____
(iii) Estimated Value at Distribution: \$ _____ -
(iv) Reason For and/or Characterization of Distribution: _____

2. Asset Distributed: _____
(i) Recipient: _____
(ii) Date of Distribution: _____
(iii) Estimated Value at Distribution: \$ _____ -
(iv) Reason For and/or Characterization of Distribution: _____

3. Asset Distributed: _____
(i) Recipient: _____
(ii) Date of Distribution: _____
(iii) Estimated Value at Distribution: \$ _____ -
(iv) Reason For and/or Characterization of Distribution: _____

WORKSHEET E

Fair Market Value of Non-Low-Income Portion of the Building(s)

Set forth or attach to this Worksheet the appraisal, study, methodology proof or other support for the fair market value of the non-low-income portion of the building(s).