

Wilbourne, Kim 6-9083

From: Thomas S. Attridge [REDACTED]
Sent: Thursday, August 24, 2023 9:03 AM
To: Wilbourne, Kim 6-9083
Cc: Ray E. Jones - Parker Poe Adams & Bernstein LLP [REDACTED]
Subject: [External] 2024 QAP Comments

Hi Kim – I hope all is well. Please see below for our 2024 QAP comments. Thank you for your consideration and let me know if anything needs to be clarified.

1. On Page 11, Operating Reserves are required to be funded prior to 8609 issuance, but if there were a cost overrun, there could be a condition where the developer might delay funding the reserves as part of a discussion with their tax credit equity provider (Limited Partner).
2. In addition, on page 12 there is a minimum 6-month operating reserve. Lenders are normally comfortable using less (4 months) for our projects and this provision should not apply to deals where SC Housing is the conduit tax-exempt bond issuer.
3. SC Housing also provides a maximum reserve amount and limitations on other reserves, which limits the limited partner providers a developer may choose.
4. There is some confusion on the developer fee, as the QAP and the bond appendix, c-2 seem to differ. The QAP mentions that 'Developer fees are not allowed on Acquisition costs' whereas the bond appendix remains unchanged (at least in that section). We suggest the bond appendix be the governing document for tax-exempt bond deals. With an existing acquisition/rehab utilizing tax-exempt bonds and 4% Federal LIHTCs it is critical that acquisition costs are eligible for the calculation.

Thank you,
Tommy



Thomas S. Attridge

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