APPENDIX E

2026 LOW-INCOME HOUSING TAX CREDIT MANUAL

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All deadlines listed herein are for 5:00 PM Eastern Standard Time and fall to the next business day if it otherwise would occur on a holiday or weekend.

I. RESERVATION/CARRYOVER ALLOCATION PROCEDURES (9% ONLY)

Any reservation or carryover allocation obtained on the basis of false or misleading information shall be void.

A. Reservation Certificates

The Authority will mail Reservation Certificates to all funded developments upon completion of the competitive scoring process. To acknowledge acceptance of the reservation of LIHTCs, Owner must execute and return the Reservation Certificate and pay all fees then due within ten (10) business days of receipt. The date of the Reservation Certificate is the "Reservation Date."

Once all Reservation Certificates have been executed and returned, the LIHTC Awards List will be released and posted on the Authority's website.

Issuance of a Reservation Certificate does not guarantee that the development will receive an allocation of LIHTC in the amount stated, or at all.

Any violation of the terms and conditions of the Reservation Certification and/or an untimely submission of documentation referenced in the Reservation Certificate may result in its cancellation.

B. Carryover Allocations

Owners seeking a Placed-In-Service (PIS) allocation the year in which the reservation was made must submit a PIS application on or before the second Monday in December. Developments with a reservation of LIHTC that will PIS after December 31 of the reservation year must submit an Application for a Carryover Allocation to the Authority no later than the date specified in the Reservation Certificate.

The Authority will send a Carryover Agreement for signature. The Owner must return the original documents by the due date indicated.

II. VERIFICATION OF 10% EXPENDITURE (9% ONLY)

The Authority requires owners meet the Verification of Ten Percent Expenditure (10% Test) no later than eleven (11) months after the Carryover Allocation date. The Authority may permit an extension of this date only under circumstances beyond the Owner's ability to control. In any event, the Authority may not grant an extension longer than twelve (12) months after the Carryover Allocation date.

The 10% Test application is due to the Authority within three (3) weeks after the 10% Test deadline. Failure to submit by the due date may result in the cancellation of the LIHTC award.

If any of the required documents are missing/incomplete, the following will apply:

- Prior to the Application deadline – the missing/incomplete document(s) may be submitted without penalty.

- After the Application deadline – the missing/incomplete document(s) may be submitted upon payment of the missing document fee.
- If the missing/incomplete documents are not corrected and resubmitted to the Authority within seven (7) business days following the notification, the development may forfeit its allocation of LIHTCs.

III. PROGRESS MONITORING

Applicable to all projects awarded LIHTCs.

A. Progress ~~Reports and~~ Inspections

~~The owner must submit a quarterly Exhibit L Progress Report that accurately describes the status of the development. The first (1st) report will be due April 7 of the calendar year following the Reservation/Carryover. Subsequent reports are due July 7, October 7 and January 7 thereafter until the development submits the placed-in-service application.~~

Developments will be subject to four (4) construction progress inspections during the construction phase (25%, 50%, 75%, and 100%). The 100% inspection must be requested within sixty (60) days of receiving the Certificate of Occupancy on the last building completed.

B. Progress Deadlines

The Authority may grant an extension of the deadlines below for an extension fee. All extension requests must be in writing and submitted not less than one (1) week prior to the deadline along with the required fee. The Authority will only accept and grant extensions for individual categories, not an overall blanket extension for all categories.

1. DEVELOPMENTS WITH A 9% TAX CREDIT ALLOCATION AT 12 MONTHS

The following documents are due not later than twelve (12) months after the Reservation Date:

- Final architect certified development plans and specifications. Final plan and specification requirements are outlined in Appendix B Development Design Criteria.
- The Owner entity must have title to the land as evidenced by a copy of the recorded deed and/or land lease.
- Geotechnical Soil Report(s):
  - All new construction developments and rehabilitation projects adding a new building must submit a complete site-specific Geotechnical soil report and boring site plan not more than one (1) year old at the time of full application.
  - The soil report and boring site plan must reflect the results of laboratory test conducted.
  - The report must be prepared by a registered professional or a certified testing agency with a current license to practice in the State of South Carolina.
- A copy of the executed construction contract.
- A certified copy of the executed, recorded, FINAL construction mortgage document with the recorder's clock mark date stamp showing the date, book, and page number of recording.
- The original executed and recorded Restrictive Covenants. ~~(if applicable).~~

- The executed binding commitment for syndication.

2. DEVELOPMENTS WITH A 9% TAX CREDIT ALLOCATION AT 15 MONTHS

Not later than fifteen (15) months after the Reservation Date:

All developments must be under construction. New construction developments must have all footings or a monolithic slab in place as evidenced by photographs submitted with a Progress Report certified by the development architect or engineer. Rehabilitation developments must have begun actual rehabilitation of the units, as evidenced by photographs submitted with a Progress Report certified by the development architect. Rehabilitation and new construction must be continuous and progressive from this date to completion.

3. DEVELOPMENTS WITH A BOND CEILING ALLOCATION

The following documents will be due ~~as listed on the TEB Schedule posted on the Authority's website at the time of application~~ sixty (60) days after the Bond closing:

- Final architect certified development plans and specifications. Final plan and specification requirements are outlined in Appendix B Development Design Criteria.
- The Owner entity must have title to the land as evidenced by a copy of the recorded deed and/or land lease.
- Geotechnical Soil Report(s)
  - All new construction developments and rehabilitation projects adding a new building must submit a complete site-specific Geotechnical soil report and boring site plan not more than one (1) year old at the time of full application.
  - The soil report and boring site plan must reflect the results of laboratory test conducted.
  - The report must be prepared by a registered professional or a certified testing agency with a current license to practice in the State of South Carolina.
- A copy of the executed construction contract.
- A certified copy of the executed, recorded, FINAL construction mortgage document with the recorder's clock mark date stamp showing the date, book, and page number of recording.
- ~~The original executed and recorded Restrictive Covenants (if applicable).~~
- The executed binding commitment for syndication.

~~Applicants failing to close within the TEB Schedule timeline may not be eligible to apply in any Authority funding cycles the following year.~~

IV. PLACED IN SERVICE ALLOCATION PROCEDURES

The owner must submit a Placed-In-Service (PIS) application and all supporting documentation listed on Exhibit A – Placed in Service Checklist within nine (9) months of the last building placing in service. Applications expecting to claim credits in the current year must submit the PIS application by second Monday in December. Applications not received by this due date may be submitted until the last business day in December of the tax year for which the development expects to claim credits, upon payment of a late delivery fee.

The Authority will review PIS applications in the order received. If the application is incomplete, the following will apply:

- A Missing Document Fee will be assessed per missing item
- If the Authority does not receive the corrected or missing documents and administrative fee within ten (10) business days following December 31, the development may lose its allocation of LIHTCs.

The PIS application must include the Exhibit J-2 as to the actual costs incurred in construction of the project. A Certified Public Accountant must perform an audit and issue an opinion letter in accordance with Generally Accepted Accounting Principles and Generally Accepted Auditing Standards and execute the CPA Certification Form. The development team must certify that all costs have been reported for inclusion in the cost certification.

The certification must include a statement that a final copy of all costs incurred has been reviewed and is in accordance with the requirements of the LIHTC Program, and that after careful review and investigation into the eligible basis, the costs that are not includable have been excluded from the eligible basis. The Authority may require an attorney opinion for costs that are questionable as to their eligibility for LIHTC purposes.

The Authority will use industry standards to determine the total actual allowable cost for construction and may reduce the LIHTC allocation. If either the audit or Authority staff finds that the Contractor's actual allowable costs for construction are less than budgeted costs at application and as amended by any approved change order requests, then the Authority may reduce the eligible basis and decrease the amount of LIHTCs. The Authority assumes no responsibility for determining which costs are eligible.

Once submitted Owners may not modify or resubmit a certification. All underwriting decisions based on the submitted certification are final.

After receipt of a complete PIS application, all units are to be one hundred percent (100%) complete and available for immediate occupancy by the placed in service deadline, as documented by the Certificates of Occupancy or an equivalent provided by the local government entity. Failure to meet either criterion may result in cancellation of the LIHTC allocation.

If the PIS application is complete, the Authority will execute and ~~mail~~ send the Form 8609(s), but not until the last building in a multi-building development has been placed in service.

V. PROJECT CHANGES, TRANSFERS AND RETURN OF CREDITS

A. Material Changes Prohibited

If, upon the submission of the Carryover Allocation Documents, the 10% Test application or the PIS application, the Authority determines that the development is not substantially the same as described in the original Tax Credit Application, the development may not receive an allocation of LIHTCs.

At all times after award, the owner is responsible for promptly informing the Authority of any changes or alterations which deviate from the final plans and specifications approved at award.

B. Transfers

Neither reservations nor carryovers are transferable without the prior written consent of the Authority.

No change in the makeup or identity of a GP in a partnership or its equivalent in a limited liability company is permitted without the prior written consent of the Authority. Without limitation, this prohibition includes indirect transfers through the admission of any "special limited partner(s)" that leads to the eventual exit of a GP or its equivalent in a limited liability company. LIHTCs allocated to developments whose ownership is altered in violation of this provision shall be subject to revocation by the Authority.

C. Return of Credits and Returned Credit Allocation Procedures

LIHTC allocations may be returned only on a date agreed upon by the Authority and the Owner.

D. Recycling Credits

An owner who received an award of 9% tax credits in the previous funding cycle may request to return those credits and receive an allocation from the current tax credit cycle equal to or less than the amount of the original tax credits awarded. ~~The request must be made in the current calendar year and include payment of the Recycling Credit Fee.~~ An owner may only request to recycle credits one time per development and may not be eligible to submit an application in the next 9% tax credit application round. The Authority will process recycle credit requests in May and November of each year. The Recycling Credit Fee will be assessed at the time of recycle.

Projects seeking additional credits will be required to return the development's tax credit allocation and re-apply in the next application cycle.

VI. COMPLIANCE MONITORING PROCEDURES

The procedures the Authority will follow in monitoring are outlined in the LIHTC Compliance Monitoring Manual on the Authority's website. The manual includes but is not limited to procedures that address the following areas: record keeping and record retention; certification and review; on-site inspection; and notification as to noncompliance.

Additionally, all LIHTC developments must comply with the following:

A. Mandatory Compliance Training Session for On-Site Management Staff

Once a development reaches 75% construction completion, the Owner must schedule required attendance at a compliance training session for on-site management staff charged with handling the daily tasks of property management and program eligibility determinations.

B. Rent Increases

Developments cannot increase rent levels without approval from the Compliance Monitoring Department. Rent increases in excess of 5% annually may not be approved.

C. Annual Audited Financial Statements:

All developments, regardless of when funded, must submit audited financial statements and operating expense information not later than June 1st of each year through the appropriate Authority platform. A late delivery fee will be assessed if the audited financial statements and operating expense information is not received by June 1st of each year.

D. Compliance Monitoring Fees:

Compliance monitoring fees are

- subject to change each year, the current QAP will reflect the amount owed per unit for any given year
- due each year through extended use period to include the decontrol period.

VII. PROGRAM SUSPENSION AND DEBARMENT

A. The following events may result in suspension from participating for funding from any of the Authority administered programs for a period of three (3) years:

1. Developments that fail to meet the 10% Test by the date specified in the carryover document or place-in-service by the Code deadline.
2. Developments that fail to close by any deadline thereby allowing carryforward to expire.
3. Removal of the General Partner or its equivalent in a limited liability corporation. The Authority may make exceptions due to death, bankruptcy, or cessation of business operations.
4. Providing a false or inaccurate certification.
5. Failure of a development to remain in compliance with all rules and regulations imposed by the Tax Credit Assistance Program (TCAP) funds or Exchange Program.
6. Interference with a LIHTC application for which an individual or an entity is not a part of the Development Team.

B. Any of the following actions may result in the permanent debarment from participating for funding from any of the Authority administered programs:

1. Any Development Team member who provides false or misleading information to the Authority or the Hearing Officer with regard to a development seeking LIHTC, regardless of when such false or misleading information is discovered.
2. Any partnership formation and/or developer agreement, whether written or otherwise, that attempts to circumvent Authority requirements, regardless of when the violation is discovered.
3. For nonprofit sponsored developments, breach of the requirement for continuous and ongoing material participation. Debarment applies to the nonprofit and all of its officers and directors.

C. The Authority may disqualify an application from the current or upcoming application cycle for any of the reasons below.

1. Member(s) of the Development Team or person(s) on behalf of a development team member(s) contacting Board members from the ~~LIHTC~~ preliminary application submission date through the date of award regarding

   - the scoring or evaluation of any applications,

- interpretation or implementation of the QAP or Appendices, or
- the award of LIHTCs or carryforward.

2. Any of the following applies to a member of the Development Team:
   - debarment from any federal or state program;
   - submission of fraudulent information to the IRS or any federal or state affordable housing program;
   - failure to meet a requirement resulting in full recapture of LIHTCs;
   - failure to comply with laws governing fair housing and accessibility for persons with disabilities resulting in a U.S. Department of Justice finding;
   - default on a loan resulting in foreclosure or deed in lieu of foreclosure that leads to premature termination of a mandatory affordability period*;
   - abandonment or forfeiture of an affordable housing property*;
   - failure to comply with restrictive covenants*;
   - removal or withdrawal as General Partner or Managing General Partner of a LIHTC property*;
   - failure to execute the bond closing by the deadline set in the Authority's Final Resolution*; and/or
   - return of LIHTCs to an allocating agency*.

   *Items denoted with an asterisk are events for which the applicant may request a waiver no later than January 31, 2026.

3. A member of the Development Team is responsible for prior instances of any of the following in the previous ten (10) years without a waiver from the Authority requested no later than January 31, 2026:
   - Forms 8823s and/or health and safety issues not cured within the established period;
   - default or arrearage of at least three months in an affordable housing mortgage or loan;
   - outstanding flags in HUD's 2530 National Participation system;
   - deferred maintenance, mold, building code violations or other evidence of poor maintenance at properties monitored by the Authority;
   - failure to pay Compliance Monitoring Fees;
   - failure to submit rent rolls, annual owner certifications, or other required reporting;
   - failure to report to the Authority any common areas, buildings or dwelling units that has been out of service for a period exceeding 30 days due to damage or disrepair; and/or
   - failure to notify the Authority of a change in property ownership or management.

D. The Authority may determine other acts that require suspension or debarment. Suspensions or debarments based on such acts not otherwise defined shall be conducted as outlined in the Authority's Debarment and Program Suspension Policy.