

Housing Tax Credit (HTC) Program
2006 Policy for Granting Forward Commitments to Rural “Rescue” Developments

I. Introduction

§50.10(c) of the 2006 Qualified Allocation Plan and Rules (QAP) states: “The Board may utilize the forward commitment authority to allocate credits to TX-USDA-RHS Developments which are experiencing foreclosure or loan acceleration at any time during the 2006 calendar year, also referred to as Rural Rescue Developments.” This language was included in the QAP so that RHS developments that have experienced foreclosure, are facing foreclosure or loan acceleration, or which are otherwise in danger of default and foreclosure, and missed the HTC filing deadline would still have an opportunity to receive credits without a delay until the following year’s credit cycle. These developments are termed rural “rescue” developments.

Because the QAP does not include the details of how these requests and awards would be handled, this policy provides the procedures for application, staff review and recommendation specifically for Rural Rescue developments.

II. Definitions

All definitions used in this policy are definitions found in the 2006 QAP.

III. Eligibility

Applications must:

1. be funded through RHS; and
2. must be able to provide evidence that the loan:
 - a. has been foreclosed and is in the RHS inventory, or
 - b. is being foreclosed, or
 - c. is being accelerated, or
 - d. is in imminent danger of foreclosure or acceleration, or
 - e. is for an application in which two adjacent parcels are involved, of which at least one parcel qualifies under clauses (a) through (d) of this item and for which the application is submitted under one ownership structure, one financing plan and for which there are no market rate units.
3. Applicants must be identified as in compliance with TX-USDA-RHS regulations.

IV. Credit Ceiling and Applicability of QAP

All applicants will receive their credit allocation out of the 2007 Credit Ceiling and therefore, will be required to follow the rules and guidelines identified in the 2007 QAP. However, because the 2007 QAP will not be in effect during the time period that the Rural Rescue applications can be submitted, applications submitted under this policy will be considered by the Board to have satisfied the requirements of the 2007 QAP and are waived from 2007 QAP requirements that are changes from the 2006 QAP, to the extent permitted by statute.

V. Procedures for Intake and Review

1. Applications for Rural Rescue deals may be submitted between March 2, 2006 and November 15, 2006 and must be submitted in accordance with §50.21 of the QAP. A complete Application must be submitted at least 40 days prior to the date of the Board meeting at which the Applicant would like the Board to act on the proposed Development. Applications must include the full Application Fee of \$30 per Unit as further described in §50.20(c) of the QAP. Applicants must submit documents in accordance with the procedures set out in the 2006 Application Submission Procedures Manual for Volumes I, II, III and IV. Volume IV, evidencing Selection Criteria, MUST be submitted.
2. Applicants do not need to participate in the Pre-Application process outlined in §50.8 of the QAP, nor will they need to submit pre-certification documents identified in §50.9(g) of the QAP.
3. Applications will be processed on a first-come, first-served basis. Applications unable to meet all deficiency and underwriting requirements within 30 days of the request by the Department, will remain under consideration, but will lose their submission status and the next application in line will be moved ahead in order to expedite those applications most able to proceed. Applications for Rural Rescue will be processed and evaluated as described in §50.9(f) of the QAP. Applications will be reviewed to ensure that the Application is eligible as a rural “rescue” Development as described in paragraph III of this Policy.
4. Prior to the Development being recommended to the Board, RHS must provide TDHCA with a copy of the physical site inspection report performed by RHS, as provided in §49.9(d)(8) of the QAP.

VI. Procedures for Recommendation to the Board

Consistent with §50.9(k) of the QAP, staff will make its recommendation to the Executive Award and Review Advisory Committee (“The Committee”). The Office of Rural Community Affairs (ORCA) will be invited to be in attendance at these meetings and give feedback on the proposed recommendation. The Committee will make commitment recommendations to the Board. Staff will provide the Board with a written, documented recommendation which will address at a minimum the financial and programmatic viability of each Application and a breakdown of which Selection Criteria were met by the Applicant. The Board will make its decision based on §50.10(a) of the QAP.

Any award made to a Rural Rescue Development will be credited against the Rural Regional Allocation for the 2007 Application Round, but will not be reduced from (or attributed to) the USDA Allocation target for 2007. For purposes of allocating credits based on the regional allocation formula, any award made to a Rural Rescue Development will also be credited against the region in which each Development is located for the 2007 Application Round.

VII. Applicability

All Developments submitted under this policy are subject to all rules, definitions, policies and deadlines of TDHCA, as more specifically outlined in the Qualified Allocation Plan and Rules and the Underwriting Rules and Guidelines, except as specifically excepted above.

VIII. Limitation on Allocation

No more than \$350,000 in credits will be forward committed from the 2007 credit ceiling by this Policy. To the extent applications are received that exceed the maximum limitation, staff will prepare the award for Board consideration noting for the Board that the award would require a waiver of this limitation.