

# Test Your Knowledge!

## MAP Guide- Chapter 14

LIHTC and Other Tax Credit Program Guidance

## Question #1

HUD will not allow a General Partner in a LIHTC transaction to pledge its ownership interest as security for the EBL.

- A) It Depends
- B) True
- C) False

## Answer #1

HUD will not allow a General Partner in a LIHTC transaction to pledge its ownership interest as security for the EBL.

C) False

## Question #2

Must a final allocation of Tax Credits be secured prior to submission of a Firm Application?

- A) Yes
- B) No

## Answer #2

Must a final allocation of  
Tax Credits be secured prior  
to submission of a Firm  
Application?

B) No

## Question #3

What is the MIP rate for “Broadly Affordable” projects with 90% project-based rental assistance and LIHTC transactions in which 90% of the units have an affordability use restriction that sets rents 10% below comparable market rate rental housing or similar State or local programs that achieve the same level of affordability?

- A) 45 bps
- B) 35 bps
- C) 25 bps

## Answer #3

What is the MIP rate for “Broadly Affordable” projects with 90% project-based rental assistance and LIHTC transactions in which 90% of the units have an affordability use restriction that sets rents 10% below comparable market rate rental housing or similar State or local programs that achieve the same level of affordability?

C) 25 bps

## Question #4

Should the Rent Comparability Study used to request a HAP Contract Renewal Request be provided in the submission of a mortgage insurance application?

- A) Yes
- B) No



## Answer #4

Should the Rent Comparability Study used to request a HAP Contract Renewal Request be provided in the submission of a mortgage insurance application?

A) Yes

## Question #5

All MAP Lenders are eligible to submit deals under the Pilot.

A)

True

B)

False

## Answer #5

All MAP Lenders are eligible to submit deals under the Pilot.

## B) False

Only Lenders who have closed FHA-insured loans with LIHTC over the past five years and who attend LIHTC training at HUD HQ will be eligible to use the Pilot.

## Question #6

Eligible Deal Types under the New Pilot include:

- A) 9% LIHTC, New Construction Projects.
- B) 4% or 9% LIHTC, Sub. Rehab. Projects with a project-based Section 8 HAP Contract.
- C) 4% or 9% LIHTC, Sub. Rehab. projects being re-syndicated with LIHTC, but without Section 8 rental assistance.
- D) All of the above.
- E) A and B only.

## Answer #6

Eligible Deal Types under the New Pilot include:

D) All of the above.

## Question #7

A train leaves a station and travels north at a speed of 50 mph. Five hours later, a second train leaves on a parallel track and travels north at 175 mph. How much Net Equity is required at Construction Completion for LIHTC 221(d) (4)?

## Answer #7

A train leaves a station and travels north at a speed of 50 mph. Five hours later, a second train leaves on a parallel track and travels north at 175 mph. How much Net Equity is required at Construction Completion for LIHTC 221(d) (4)?

37.5%

## Question #8

How many designated Pilot processing offices are there?

- A) 3
- B) 4
- C) 5

Bonus points for listing the correct offices.



## Answer #8

How many designated Pilot processing offices are there?

C) 5

New York, Chicago, Atlanta, Ft Worth and San Francisco

## Question #9

Deals processed under the Expedited Approval Processing track will be processed within:

- A) 30
- B) 45
- C) 60

days of the Firm Application being placed into processing.

## Question #9

Deals processed under the Expedited Approval Processing track will be processed within:

A) 30

days of the Firm Application being placed into processing.

## Question #10

Concept meetings are optional under the new PILOT Program.

A)

True

B)

False

## Answer #10

Concept meetings are optional under the new Pilot Program.

B) False

Concept Meetings are required for all Pilot transactions.

## Question #11

Both a General Contractor Profit and Developer Fee can be claimed in LIHTC projects where there is an Identity of Interest relationship between the two.

- A) True
- B) False

## Answer #11

Both a General Contractor Profit and Developer Fee can be claimed in LIHTC projects where there is an Identity of Interest relationship between the two.

A)

True

## Question #12

Deferred Developer Fees may only be treated as Secondary Debt and must be documented through a Surplus Cash Note.

- A) True
- B) False



## Answer #12

Deferred Developer Fees may only be treated as Secondary Debt and must be documented through a Surplus Cash Note.

B) False

## Question #13

The CNA e-Tool is optional for Pilot deals.

- A) True
- B) False

## Answer #13

The CNA e-Tool is optional for Pilot deals.

B) False

## Question #14

Will HUD entertain waivers of the first 20% minimum equity installment?

- A) Yes
- B) No

## Answer #14

Will HUD entertain waivers of the first 20% minimum equity installment?

B) No

## Question #15

Firm Application exhibits may be submitted to the Pilot Office for review and processing post-Concept Meeting and prior to submission of complete Firm Application.

- A) True
- B) False

## Answer #15

Firm Application exhibits may be submitted to the Pilot Office for review and processing post-Concept Meeting and prior to submission of complete Firm Application.

A) True

Once HUD encourages the application under the Pilot program, Lender can begin submitting documentation for processing in advance of the application.

## Question #16

The Minimum Vacancy Rate to be used for HUD-assisted properties with Section 8 HAP contracts covering 90% or more of the units is:

- A) 3%
- B) 5%
- C) 7%



## Answer #16

The Minimum Vacancy Rate to be used for HUD-assisted properties with Section 8 HAP contracts covering 90% or more of the units is:

A) 3%

## Question #17

FHA-insured loan proceeds may be used to serve as collateral for the bonds, and they may be paid to the bond trustee or sent to other accounts to facilitate issuance of the bonds.

- A) True
- B) False

## Answer #17

FHA-insured loan proceeds may be used to serve as collateral for the bonds, and they may be paid to the bond trustee or sent to other accounts to facilitate issuance of the bonds.

B) False

Lender's funding process must provide for advancing non FHA-insured proceeds to the bond trustee.

## Question #18

To qualify for the “Affordable” MIP rate, the Borrower must sign a Rider to the HUD Regulatory Agreement evidencing the Owner’s Agreement to accept Section 8 Vouchers for a period of 20 years.

- A) True
- B) False

## Answer #18

To qualify for the “Affordable” MIP rate, the Borrower must sign a Rider to the HUD Regulatory Agreement evidencing the Owner’s Agreement to accept Section 8 Vouchers for a period of 20 years.

B) False

## Question #19

The Lender's MAP Appraisal can double as the borrower's RCS and the HUD commissioned RCS.

- A) True
- B) False
- C) Sometimes

## Answer #19

The Lender's MAP Appraisal can double as the borrower's RCS and the HUD commissioned RCS.

B) False

The MAP Appraisal can only double as the HUD commissioned RCS.

## Question #20

How many processing tracks are there under the new Pilot?

- A) 1
- B) 2
- C) 3



## Answer #20

How many processing tracks are there under the new Pilot?

B) 2

Expedited Approval  
Processing and Standard  
Approval Processing

## Question #21

Eligible deal types under the New Pilot may exceed a LTC ratio of 80% as long as they cost certify.

- A) True
- B) False

## Answer #21

Eligible deal types under the New Pilot may exceed a LTC ratio of 80% as long as they cost certify.

B) False

Deals cannot exceed 75% LTC ratio

## Question #22

Projects with more than 200 units are eligible for processing under both the Expedited Approval and Standard Approval processing tracks.

- A) True
- B) False

## Answer #22

Projects with more than 200 units are eligible for processing under both the Expedited Approval and Standard Approval processing tracks.

B) False

Deals with more than 200 units do not qualify for Expedited Approval processing.

## Question #23

A lender, not Love Funding or Highland Mortgage, submits a LIHTC 223(f) pre-application for an existing project with 90% LIHTC units and attainable rents at a 10% discount to market. A HAP contract covers 100% of the units and thus the underwritten occupancy is 3%. HUD promptly sends the application back. Why?

## Answer #23

A lender, not Love Funding or Highland Mortgage, submits a LIHTC 223(f) pre-application for an existing project with 90% LIHTC units and attainable rents at a 10% discount to market. A HAP contract covers 100% of the units and thus the underwritten occupancy is 3%. HUD promptly sends the application back. Why?

There is no Pre-Application stage for 223(f) transactions.

## Question #24

The Band of Investment is currently on its North American tour, selling out stadium venues faster than the Backstreet Boys. Can the BOI be used, solely, to determine a capitalization rate for 223(f) LIHTC transactions?

- A) Yes
- B) No



## Answer #24

The Band of Investment is currently on its North American tour, selling out stadium venues faster than the Backstreet Boys. Can the BOI be used, solely, to determine a capitalization rate for 223(f) LIHTC transactions?

B) No

# Final Question

What speaks all languages?

Final Answer

An Echo

That's All Folks!  
Thanks for playing!