Ohio Housing Finance Agency
Low Income Housing Tax Credit Program

Instructions for
Calculation of Qualified Contract Price

In order for OHFA to assist in identifying a purchaser for 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 your project will be offered for purchase. The completed worksheets must be accompanied by a specific written request, by the owner, that OHFA identify a purchaser of the qualified contract. The "Calculation of QCP" worksheet, Worksheets A-E, and a copy of the recorded restrictive covenant must accompany the written request, or be submitted via e-mail.

To complete the Calculation Form, you must complete **Worksheets A through D** and, if the project has market rate units, **Worksheet E**. The results of Worksheets 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 applicable. The Qualified Contract Price 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 Qualified Contract Price is increased by the fair market value of those units **(Worksheet E)**.

The twelve month period in which OHFA has, if it so chooses, to identify a buyer for your project will not commence until the Calculation Form, and Worksheets A through E, are completed and returned to OHFA with the notification letter and all other required materials.

Note: If the project received gap financing from OHFA (e.g. HDAP), the obligations for that funding will remain in force, regardless of the results of the qualified contract review.

If you have any questions with respect to the preparation of the Calculation Form and Worksheets, you are encouraged to contact the OHFA Compliance Analyst assigned to the project.

Calculation of Qualified Contract Price

IRC Section 42(h)(6)(F)

Project Name [   ]

OHFA Tracking # [   ]

A.   Calculation of Low Income Portion of Payment:

(i)   Outstanding Indebtedness secured by or with respect to the Buildings (from *Worksheet A*)   [   ]

(ii)   Adjusted Investor Equity (from *Worksheet B*)   [   ]

(iii)   Other Capital Contributions not reflected in (i) or (ii) (from *Worksheet C*)   [   ]

(iv)   Total of (i), (ii) and (iii)   [   ]

(v)   Cash Distributions from or available from the Project (from *Worksheet D*)   [   ]

(vi)   Line (iv) reduced by Line (v)   [   ]

(vii)   Applicable fraction (as set forth in the Tax Credit Regulatory Agreement)   [   ]

(viii) Low-Income Portion of Qualified Contract Price (Line (vi) multiplied by Line (vii))   [   ]

B.   Fair Market Value of Non Low Income Portion of Building(s) (See *Worksheet E*)   [   ]

C.   Qualified Contract Price (Sum of Line A (viii) and Line B)   [   ]

D.   Comparative Data

(i)   Fair Market Value of Building(s) including low income and non low income portions   [   ]

(ii)   PIS date (year) for last building placed in service   [   ]

(iii)   Initial year of construction (if rehabilitation project)   [   ]

Prepared by: [   ]

_____
Signature

Title: [   ]   Date: [   ]

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WORKSHEET A
Outstanding Indebtedness With Respect to Low-Income Buildings(s)
Code Section 42(h)(6)(F)(i)(I)

Instructions

The Qualified Contract Price includes the unpaid balance of all secured and unsecured indebtedness (as of 12/31 of Year 15) 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, such as the name of the lender, the unpaid principal balance, the accrued interest, the maturity date, and other relevant information.

In the box marked "Other Information," please set forth any information with respect to that particular loan that may be relevant to OHFA's efforts to assist in locating a purchaser for 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).

In addition to mortgage indebtedness, 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 A should be totaled and that total will be transferred to Section A(i) of the Calculation Form.

First Mortgage Loan:
- Lender:
- Principal Balance
- Accrued Interest
- Maturity Date
- Other Information

Subtotal

Second Mortgage Loan:
- Lender:
- Principal Balance
- Accrued Interest
- Maturity Date
- Other Information

Subtotal

Third Mortgage Loan:
- Lender:
- Principal Balance
- Accrued Interest
- Maturity Date
- Other Information

Subtotal

Fourth Mortgage Loan:
- Lender:
- Principal Balance
- Accrued Interest
- Maturity Date
- Other Information

Subtotal

Other Indebtedness:
- Lender:
- Principal Balance
- Accrued Interest
- Maturity Date
- Other Information

Subtotal

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

- Project Name
- OHFA Tracking Number

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Worksheet B
Calculation of Adjusted Investor Equity In the Low-Income Building(s)
Code Section 42 (h)(6)(F)(i)(II)

Instructions

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 is true:

(i)   The cash is contributed as a capital contribution and not as a loan or advance;

(ii)   the amount is reflected in the adjusted basis of the project (until there is further guidance from the Internal Revenue Service, OHFA will interpret this to mean cash contributions used to directly fund adjusted basis and cash contributions used to pay off a construction or bridge loan the proceeds of which directly funded adjusted basis); and

(iii)
        there was an obligation to invest the amount as of the beginning of the credit period (until there is further guidance from the Internal Revenue Service, OHFA 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, for each calendar year you are required to set forth the identity of the investor. Typically, this will be the tax credit investor (i.e., the limited partner); however, it may include a general partner if the cash investment by a general partner otherwise satisfies the requirements set forth above.

You are also required 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.

The cost of living adjustment should be set forth 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 should be calculated based on the Consumer Price Index – All Urban Consumers available through the U.S. Department of Labor, Bureau of Labor Statistics (See "CPI Index" tab). Pursuant to Sections 1(f) and 42(h)(6)(G)(II) of the Code, the CPI adjustment is calculated for each twelve month period ending August 31st. Accordingly, in September of each year, the cost of living Adjustment must be recalculated.

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 on this Worksheet B. This total is then transferred to Section A(ii) of the Calculation Form.

Year	**Adjusted Investor Equity**		Year	**Adjusted Investor Equity**	
	Investor:			Investor:	
	Investment Amount			Investment Amount	
	Cost of Living Adjustment %			Cost of Living Adjustment %	
	Cost of Living Increase			Cost of Living Increase	
	Subtotal			Subtotal	

Year	**Adjusted Investor Equity**		Year	**Adjusted Investor Equity**	
	Investor:			Investor:	
	Investment Amount			Investment Amount	
	Cost of Living Adjustment %			Cost of Living Adjustment %	
	Cost of Living Increase			Cost of Living Increase	
	Subtotal			Subtotal	

Year	**Adjusted Investor Equity**		Year	**Adjusted Investor Equity**	
	Investor:			Investor:	
	Investment Amount			Investment Amount	
	Cost of Living Adjustment %			Cost of Living Adjustment %	
	Cost of Living Increase			Cost of Living Increase	
	Subtotal			Subtotal	

Year	**Adjusted Investor Equity**		Year	**Adjusted Investor Equity**	
	Investor:			Investor:	
	Investment Amount			Investment Amount	
	Cost of Living Adjustment %			Cost of Living Adjustment %	
	Cost of Living Increase			Cost of Living Increase	
	Subtotal			Subtotal	

Year	**Adjusted Investor Equity**		Year	**Adjusted Investor Equity**	
	Investor:			Investor:	
	Investment Amount			Investment Amount	
	Cost of Living Adjustment %			Cost of Living Adjustment %	
	Cost of Living Increase			Cost of Living Increase	
	Subtotal			Subtotal	

Year	**Adjusted Investor Equity**		Year	**Adjusted Investor Equity**	
	Investor:			Investor:	
	Investment Amount			Investment Amount	
	Cost of Living Adjustment %			Cost of Living Adjustment %	
	Cost of Living Increase			Cost of Living Increase	
	Subtotal			Subtotal	

Year	**Adjusted Investor Equity**		Year	**Adjusted Investor Equity**	
	Investor:			Investor:	
	Investment Amount			Investment Amount	
	Cost of Living Adjustment %			Cost of Living Adjustment %	
	Cost of Living Increase			Cost of Living Increase	
	Subtotal			Subtotal	

Total Adjusted Investor Equity

Project Name

OHFA Tracking Number

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WORKSHEET C
Other Capital Contributions
Code Section 42(h)(6)(F)(i)(III)

<u>**Instructions**</u>

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 (at least until there is contrary guidance from the Internal Revenue Service) and, therefore, include "in kind" contributions such as land. However, if you include any non-cash contributions in this **Worksheet C**, 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 C** must constitute contributed capital and not be a debt or advance.

Investment Amount
Name of Investor:
Date of Investment
Use of Contributions/Proceeds:

Other Information:

Investment Amount
Name of Investor:
Date of Investment
Use of Contributions/Proceeds:

Other Information:

Investment Amount
Name of Investor:
Date of Investment
Use of Contributions/Proceeds:

Other Information:

Total of Other Contributions

Project Name
OHFA Tracking Number

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WORKSHEET D
Cash Distributions From, or available from, the Project
Code Section 42(h)(6)(F)(ii)

Instructions

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 each of the fourteen calendar years of the Project. Generally, this will include all cash payments and distributions from net operating income (i.e., "below the line" distributions and payments, after the payment of operating expenses, debt service, and reserve). Distributions set forth in Section A of Worksheet D 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 Internal Revenue Service, OHFA will not reduce the Qualified Contract Price by payments of deferred Developer Fee to the extent the amount of such fee was within OHFA's guidelines. OHFA requires, however, that you list all payments and distributions from net cash flow. If you believe any portion of a payment or distribution should be excluded from the calculation (such as deferred Developer Fee), please identify such payments or distributions and provide an explanation of why it should be excluded.

Section A of Worksheet D provides for up to five (5) types of distributions of net operating income for each year. If there were more in any calendar year, you will need to attach an addendum to Worksheet D 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** you are required to set forth 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 Internal Revenue Service, OHFA 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 (until contrary guidance from the Internal Revenue Service).

To complete **Worksheet D**, 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 **Calculation Form**.

Section A.   Cash Distributed

Year	Distributions		Year	Distributions	
	Total Distributions			Total Distributions	
	Recipient:			Recipient:	
	Characterization of Distribution:			Characterization of Distribution:	

Year	Distributions		Year	Distributions	
	Total Distributions			Total Distributions	
	Recipient:			Recipient:	
	Characterization of Distribution:			Characterization of Distribution:	

Year	Distributions		Year	Distributions	
	Total Distributions			Total Distributions	
	Recipient:			Recipient:	
	Characterization of Distribution:			Characterization of Distribution:	

Year	Distributions		Year	Distributions	
	Total Distributions			Total Distributions	
	Recipient:			Recipient:	
	Characterization of Distribution:			Characterization of Distribution:	

Year	Distributions		Year	Distributions	
	Total Distributions			Total Distributions	
	Recipient:			Recipient:	
	Characterization of Distribution:			Characterization of Distribution:	

Year	Distributions		Year	Distributions	
	Total Distributions			Total Distributions	
	Recipient:			Recipient:	
	Characterization of Distribution:			Characterization of Distribution:	

Year	Distributions		Year	Distributions	
	Total Distributions			Total Distributions	
	Recipient:			Recipient:	
	Characterization of Distribution:			Characterization of Distribution:	

Total Distributions in First 14 Years of Compliance Period

Project Name

OHFA Tracking Number

Worksheet D (continued)

Section B.   **Cash Available for Distribution**

Amounts Held in Replacement Reserve Account(s)

   Amount available for Distribution

Amounts Held in Operating Reserve Account(s)

   Amount available for Distribution

Amounts Held in Other Reserve Accounts

   Account

      Amount Held

      Amount available for Distribution

   Account

      Amount Held

      Amount available for Distribution

   Account

      Amount Held

      Amount available for Distribution

Amounts Held in Partnership Accounts Other than Reserves

   Amount available for Distribution

Total Amount Available for Distribution   Total Cash Distributed and Available for Distribution

Section C.   **All Non-Cash Distributions**

Asset Distributed

   Recipient

   Date of Distribution

   Estimated Value of Asset at the time of Distribution

   Reason for /or Characterization of Distribution

Asset Distributed

   Recipient

   Date of Distribution

   Estimated Value of Asset at the time of Distribution

   Reason for /or Characterization of Distribution

Asset Distributed

   Recipient

   Date of Distribution

   Estimated Value of Asset at the time of Distribution

   Reason for /or Characterization of Distribution

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WORKSHEET E
Fair Market Value of Low and Non Low Income Portion of Building(s) and Land

Set forth or attach to this worksheet the appraisal, study, methodology proof or other support (e.g. appraisal for insurance; county auditor's assessed value for the fair market value of the non-low income portion of the building(s).

Project Name
OHFA Tracking Number