

EXHIBIT EUP-5

EXTENDED USE PERIOD (EUP)

REQUIREMENTS FOR INCOME WAIVER

I. Purpose of the Income Waiver

MHDC may authorize an income waiver to 80% of Area Median Income (as defined by HUD) in locations where evidence, as deemed acceptable by staff, suggests high vacancy rates related to more restrictive income levels.

II. Requesting an Income Waiver

All requests for a waiver to 80% of Area Median Income must be in writing, outline the factors that the owner/owner agent believes contributed to the need to request the income waiver and provide support to the items outlined on the waiver request.

III. Required Documentation

The following documents must accompany the request for the income waiver:

1. Proof that the proper income limits (i.e., MTSP, HERA, National Non-Metro limits, etc.) are being used.
2. If a waiting list is maintained, a notarized statement that the specific development has no eligible applicants on their waiting list and that the owner/owner agent is aggressively advertising to fill all vacancies.
3. A current pro forma (a year to date income statement and balance sheet) for the 12 month period prior to the waiver request.
4. Copy of the most recent audited financial statement with notes.
5. Copies of comparable market surveys with rent comparables from at least three non subsidized properties in the specific geographical location and/or HUD MSA.
6. Marketing efforts/traffic reports and copies of all invoices for marketing expenses for the 12 month period prior to the waiver request.
7. Copies of newspaper ads, flyers etc. for the 12 month period prior to the waiver request.
8. Copies of denied applications, especially for denials due to over income applicants.
9. Move-in/move-out occupancy data for the 12 month period prior to the waiver request.
10. Copies of tenant satisfaction surveys completed for the 12 month period prior to the waiver request. If tenant satisfaction surveys have not been previously conducted, a current tenant satisfaction survey must be completed.
11. A detailed list of all concessions and/or losses to lease for the 12 month period prior to the waiver request.
12. A comprehensive list of all property enhancements for the 12 month period prior to the waiver request.
13. Copies of rent rolls for the 12 month period prior to the waiver request.
14. Back up documentation for all statements made in the request letter, if not covered above.
15. Any additional documentation that supports the request for an income waiver.

IV. Granting of Income Waivers

If MHDC authorizes a waiver of the income, the development will be subject to the following rules:

1. All income waivers are granted for a maximum period of one year (less in specific instances) and are subject to evaluation if circumstances with the development or the owner/owner agent change or are altered or program requirements change.
2. Continue aggressive efforts to locate pre-waiver income eligible tenants and retain all documentation of the marketing efforts/outreach.
3. Tenant satisfaction surveys must be conducted with all tenants during the waiver period.
4. During the waiver period, agree to place an ad in the local newspaper to inform the public of your intent to *temporarily* rent apartments to all persons in the 80% income guidelines
5. The lease agreement signed by applicants qualifying at 80% AMI must be no less than a 6 month term with a maximum term of one-year.
6. As required by Section 42 regulations, the minimum set aside must be maintained at the established (40% of units at 60% AMGI or 20% of the units at 50% AMGI) during the approved income waiver period. (See your completed IRS form 8609 line 10(c) and your Land Use Restriction Agreement (LURA) to determine the irrevocable compliance requirement; also see Section 42 (g) (A) or (B))
7. Tenants residing in HOME, Section 8, Section 236 or other income restricted units must continue to maintain the program specific guidelines during the term of the waiver; the waiver will only apply to LIHTC designated units within the property during the term of the waiver.
8. **NOTE:** Developments which are in the 3-year decontrol period, the "opt out" process, or have additional restrictions or special circumstances may not be eligible for an income waiver.