Instructions for Calculation of Qualified Contract Price

These provisions only apply to projects that received awards of Tax Credits prior to 2019.

Before CHFA will commence marketing your project, you must complete the calculation of the Qualified Contract Price form attached to these instructions (the Calculation Form). This calculation will establish the price at which CHFA will market your project and present an offer for its purchase.

A processing fee of $3,000 must also be submitted along with the request. In addition, all necessary third-party costs related to processing the request will be passed on to the Owners. CHFA may require an Owner to fund a deposit of up to $30,000 to cover such costs. All fees are non-refundable.

To complete the Calculation Form, you must complete Exhibits A through D and, if the project has market-rate units, Exhibit E. The results of Exhibits 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 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 any. 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).

Please remember that the One-year Period for finding a buyer will not commence until the Calculation Form and Exhibits A through E are completed and returned to CHFA with the notification letter, the processing fee, and other required materials. The Calculation Form must be prepared, approved, or reviewed by the accountant for the project Owner. An opinion report from a third-party certified public accountant must also be provided confirming the Qualified Contract Price prior to the start of the One-year Period.

Once CHFA presents a contract for the Qualified Contract Price, the project is bound to the Extended-use Agreement. There is no requirement in the Code that the prospective buyer actually purchase the property. Whether or not the seller actually executes the contract and closes the transaction is a separate, legally unrelated question. Under the Code Section 42(h)96)9E)(i)(II), CHFA's only obligation is to "present" a contract for the Qualified Contract Price. Once this occurs, the Owner may not terminate the extended-use period.

Calculation of Qualified Contract Price

Pursuant to Section 42(h)(6)(F) of the IRC and Treasury Regulations 1.42-18

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) (from Worksheet E)		$ ___________
Qualified Contract Price [Sum of Line A(viii) and Line B]		$ ___________

Worksheet A

Outstanding Indebtedness with Respect to Low-income Building(s)
Code Section 42(h)(6)(F)(i)(I)

Instructions

The Qualified Contract Price includes the unpaid balance of all secured and unsecured indebtedness with respect to the low-income buildings. Worksheet A requires you to provide certain information with respect to each mortgage loan and other project indebtedness: The name of the lender, the unpaid principal balance, the accrued interest, the maturity date, and other relevant information.

In the section marked "Other Information" [subsection (v) with respect to each loan], please provide any information with respect to the loan that may be relevant to CHFA's efforts to market 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). Please also attach to the worksheet an amortization schedule for each loan, if available.

In addition to mortgage indebtedness, you should also 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 provided on this worksheet should be totaled and that total should be transferred to Section A(i) of the Calculation Form.

Any refinancing indebtedness or additional mortgages in excess of qualifying building costs do not qualify as outstanding indebtedness for purposes of Section 42(h)(6)(F) and are therefore not included in the calculation of the Qualified Contract Price.

Worksheet

1. First Mortgage Loan		
(i) Lender: ____________________		
(ii) Principal Balance	$ ________	
(iii) Accrued Interest	$ ________	
(iv) Maturity Date: ____________________		
(v) Other Information: ____________________ ____________________ ____________________ (attach amortization schedule, if available)		
	subtotal	$ ________
2. Second Mortgage Loan		
(i) Lender: ____________________		
(ii) Principal Balance	$ ________	
(iii) Accrued Interest	$ ________	
(iv) Maturity Date: ____________________		
(v) Other Information: ____________________ ____________________ ____________________ (attach amortization schedule, if available)		
	subtotal	$ ________
3. Third Mortgage Loan		
(i) Lender: ____________________		
(ii) Principal Balance	$ ________	
(iii) Accrued Interest	$ ________	
(iv) Maturity Date: ____________________		
(v) Other Information: ____________________ ____________________ ____________________ (attach amortization schedule, if available)		
	subtotal	$ ________

4. Fourth Mortgage Loan		
(i) Lender: ____________________		
(ii) Principal Balance	$ ________	
(iii) Accrued Interest	$ ________	
(iv) Maturity Date: ____________________		
(v) Other Information: ____________________ ____________________ ____________________ (attach amortization schedule, if available)		
	subtotal	$ ________
5. Other Indebtedness with Respect to Low-income Building(s)		
(i) Lender: ____________________		
(ii) Principal Balance	$ ________	
(iii) Accrued Interest	$ ________	
(iv) Maturity Date: ____________________		
(v) Other Information: ____________________ ____________________ ____________________ (attach amortization schedule, if available)		
	subtotal	$ ________
Total Indebtedness with respect to Low-income Portion of the Building(s) (Sum of 1-5 subtotals above)		$ ________

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 IRS, CHFA 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 Tax Credit period (until there is further guidance from the IRS, CHFA will interpret this to include cash actually invested before the beginning of the Tax Credit period and cash invested after the beginning of the Tax Credit period for which there was an obligation to invest at the beginning of the Tax Credit period).

With respect to Worksheet B, subsection (i) for each calendar year requires you to set forth the identity of the investor. Typically, this will be the Tax Credit investor (i.e., the investor limited partner); however, it may include a general partner if the cash investment by a general partner otherwise satisfies the requirements set forth above.

Subsection (ii) requires you 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.

Subsection (iii) sets forth the cost-of-living adjustment 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 is based on the Consumer Price Index – All Urban Consumers available through the U.S. Department of Labor, Bureau of Labor Statistics.

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 provided in column 15 of the worksheet. This total is then transferred to Section A(ii) of the Calculation Form.

Worksheet (change the dates below as appropriate)

1. 1990 Adjusted Investor Equity		
(i) Investor: ______________		
(ii) Investment Amount	$ ______	
(iii) Cost-of-living Adjustment	$ ______	
	subtotal (ii) plus (iii)	$ ______
2. 1991 Adjusted Investor Equity		
(i) Investor: ______________		
(ii) Investment Amount	$ ______	
(iii) Cost-of-living Adjustment	$ ______	
	subtotal (ii) plus (iii)	$ ______
3. 1992 Adjusted Investor Equity		
(i) Investor: ______________		
(ii) Investment Amount	$ ______	
(iii) Cost-of-living Adjustment	$ ______	
	subtotal (ii) plus (iii)	$ ______
4. 1993 Adjusted Investor Equity		
(i) Investor: ______________		
(ii) Investment Amount	$ ______	
(iii) Cost-of-living Adjustment	$ ______	
	subtotal (ii) plus (iii)	$ ______
5. 1994 Adjusted Investor Equity		
(i) Investor: ______________		
(ii) Investment Amount	$ ______	
(iii) Cost-of-living Adjustment	$ ______	
	subtotal (ii) plus (iii)	$ ______

6. 1995 Adjusted Investor Equity		
(i) Investor: ______________		
(ii) Investment Amount	$ ______	
(iii) Cost-of-living Adjustment	$ ______	
	subtotal (ii) plus (iii)	$ ______

7. 1996 Adjusted Investor Equity		
(i) Investor: ____________________		
(ii) Investment Amount	$ ________	
(iii) Cost-of-living Adjustment	$ ________	
subtotal (ii) plus (iii)		$ ________
8. 1997 Adjusted Investor Equity		
(i) Investor: ____________________		
(ii) Investment Amount	$ ________	
(iii) Cost-of-living Adjustment	$ ________	
subtotal (ii) plus (iii)		$ ________
9. 1998 Adjusted Investor Equity		
(i) Investor: ____________________		
(ii) Investment Amount	$ ________	
(iii) Cost-of-living Adjustment	$ ________	
subtotal (ii) plus (iii)		$ ________
10. 1999 Adjusted Investor Equity		
(i) Investor: ____________________		
(ii) Investment Amount	$ ________	
(iii) Cost-of-living Adjustment	$ ________	
subtotal (ii) plus (iii)		$ ________
11. 2000 Adjusted Investor Equity		
(i) Investor: ____________________		
(ii) Investment Amount	$ ________	
(iii) Cost-of-living Adjustment	$ ________	
subtotal (ii) plus (iii)		$ ________
12. 2001 Adjusted Investor Equity		
(i) Investor: ____________________		
(ii) Investment Amount	$ ________	
(iii) Cost-of-living Adjustment	$ ________	
subtotal (ii) plus (iii)		$ ________

13. 2002 Adjusted Investor Equity		
(i) Investor: ____		
(ii) Investment Amount	$ ____________	
(iii) Cost-of-living Adjustment	$ ____________	
subtotal (ii) plus (iii)		$ ____________
14. 2003 Adjusted Investor Equity		
(i) Investor: ____		
(ii) Investment Amount	$ ____________	
(iii) Cost-of-living Adjustment	$ ____________	
subtotal (ii) plus (iii)		$ ____________
total adjusted investor equity (Sum of 1-14 subtotals above)		$ ____________

Worksheet C

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

Instructions

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 IRS) and, therefore, include "in-kind" contributions such as land. However, if you include any noncash contributions in this worksheet, please describe in detail the type of contribution, the value you have assigned to the contribution, and your justification for assigning that value. As with adjusted investor equity, what is counted is the amount of contributions that are received by the project, not the amount made by an investor to an "upper-tier" investment partnership.

Do not include in this Worksheet C any amounts included in Worksheets A or B. Further, all amounts included in this worksheet must constitute contributed capital and not be a debt or advance.

After setting forth the required information with respect to each contribution, please total the contribution amounts and then transfer the total to Section A(iii) of the Calculation Form.

Worksheet

1. Investment Amount	$ ___________	
(i) Name of Investor: ___________________________________		
(ii) Date of Investment: ________________________________		
(iii) Use of Contributions/Proceeds: ______________________ ____ ____		
(iv) Other Information: __________________________________ ____ ____		
2. Investment Amount		
(i) Name of Investor: ___________________________________		
(ii) Date of Investment: ________________________________		
(iii) Use of Contributions/Proceeds: ______________________ ____ ____		
(iv) Other Information: __________________________________ ____ ____		
3. [Add as needed]		
	total of other contributions (1 -_____)	$ ___________

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, we have divided Worksheet D into three sections.

In Section A, set forth all cash distributions with respect to the project for the appropriate calendar years. 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 the worksheet 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 IRS, CHFA will not reduce the Qualified Contract Price by payments of deferred developer fee to the extent the amount of fee was within CHFA's guidelines. We require, 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 the worksheet provides for up to five types of distributions of net operating income for each year [items (i)-(v)]. If there were more in any calendar year, you will need to attach an addendum to the worksheet 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 guidance is provided by the IRS, CHFA 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 all noncash distributions that have been made with respect to the project. Absent unusual circumstances, the amount of noncash distributions will not be applied to reduce the Qualified Contract Price (until contrary guidance from the IRS).

To complete Worksheet D, please 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.

Worksheet

A. Cash Distributed (Change the dates below as appropriate)		
1. 1990 Distributions		
(i) Recipient & characterization: ____________________	amount	$ __________
(ii) Recipient & characterization: ____________________	amount	$ __________
(iii) Recipient & characterization: ____________________	amount	$ __________
(iv) Recipient & characterization: ____________________	amount	$ __________
(v) Recipient & characterization: ____________________	amount	$ __________
	total distributions	$ __________
2. 1991 Adjusted Investor Equity		
(i) Recipient & characterization: ____________________	amount	$ __________
(ii) Recipient & characterization: ____________________	amount	$ __________
(iii) Recipient & characterization: ____________________	amount	$ __________
(iv) Recipient & characterization: ____________________	amount	$ __________
(v) Recipient & characterization: ____________________	amount	$ __________
	total distributions	$ __________
3. 1992 Distributions		
(i) Recipient & characterization: ____________________	amount	$ __________
(ii) Recipient & characterization: ____________________	amount	$ __________
(iii) Recipient & characterization: ____________________	amount	$ __________
(iv) Recipient & characterization: ____________________	amount	$ __________
(v) Recipient & characterization: ____________________	amount	$ __________
	total distributions	$
4. 1993 Distributions		
(i) Recipient & characterization: ____________________	1.1806 in	$ __________
(ii) Recipient & characterization: ____________________	amount	$ __________
(iii) Recipient & characterization: ____________________	amount	$ __________
(iv) Recipient & characterization: ____________________	amount	$ __________
(v) Recipient & characterization: ____________________	amount	$ __________
	total distributions	$ __________

5. 1994 Distributions		
(i) Recipient & characterization:________________________	amount	$ __________
(ii) Recipient & characterization:________________________	amount	$ __________
(iii) Recipient & characterization:________________________	amount	$ __________
(iv) Recipient & characterization:________________________	amount	$ __________
(v) Recipient & characterization:________________________	amount	$ __________
	total distributions	$ __________
6. 1995 Distributions		
(i) Recipient & characterization:________________________	amount	$ __________
(ii) Recipient & characterization:________________________	amount	$ __________
(iii) Recipient & characterization:________________________	amount	$ __________
(iv) Recipient & characterization:________________________	amount	$ __________
(v) Recipient & characterization:________________________	amount	$ __________
	total distributions	$
7. 1996 Distributions		
(i) Recipient & characterization:________________________	amount	$ __________
(ii) Recipient & characterization:________________________	amount	$ __________
(iii) Recipient & characterization:________________________	amount	$ __________
(iv) Recipient & characterization:________________________	amount	$ __________
(v) Recipient & characterization:________________________	amount	$ __________
	total distributions	$ __________
8. 1997 Distributions		
(i) Recipient & characterization:________________________	amount	$ __________
(ii) Recipient & characterization:________________________	amount	$ __________
(iii) Recipient & characterization:________________________	amount	$ __________
(iv) Recipient & characterization:________________________	amount	$ __________
(v) Recipient & characterization:________________________	amount	$ __________
	total distributions	$ __________

9. 1998 Distributions		
(i) Recipient & characterization: ____________________	amount	$ ________
(ii) Recipient & characterization: ____________________	amount	$ ________
(iii) Recipient & characterization: ____________________	amount	$ ________
(iv) Recipient & characterization: ____________________	amount	$ ________
(v) Recipient & characterization: ____________________	amount	$ ________
	total distributions	$

10. 1999 Distributions		
(i) Recipient & characterization: ____________________	amount	$ ________
(ii) Recipient & characterization: ____________________	amount	$ ________
(iii) Recipient & characterization: ____________________	amount	$ ________
(iv) Recipient & characterization: ____________________	amount	$ ________
(v) Recipient & characterization: ____________________	amount	$ ________
	total distributions	$ ________

11. 2000 Distributions		
(i) Recipient & characterization: ____________________	amount	$ ________
(ii) Recipient & characterization: ____________________	amount	$ ________
(iii) Recipient & characterization: ____________________	amount	$ ________
(iv) Recipient & characterization: ____________________	amount	$ ________
(v) Recipient & characterization: ____________________	amount	$ ________
	total distributions	$ ________

12. 2001 Distributions		
(i) Recipient & characterization: ____________________	amount	$ ________
(ii) Recipient & characterization: ____________________	amount	$ ________
(iii) Recipient & characterization: ____________________	amount	$ ________
(iv) Recipient & characterization: ____________________	amount	$ ________
(v) Recipient & characterization: ____________________	amount	$ ________
	total distributions	$ ________

13. 2002 Distributions		
(i) Recipient & characterization: ____________	amount	$ ________
(ii) Recipient & characterization: ____________	amount	$ ________
(iii) Recipient & characterization: ____________	amount	$ ________
(iv) Recipient & characterization: ____________	amount	$ ________
(v) Recipient & characterization: ____________	amount	$ ________
	total distributions	$ ________
14. 2003 Distributions		
(i) Recipient & characterization: ____________	amount	$ ________
(ii) Recipient & characterization: ____________	amount	$ ________
(iii) Recipient & characterization: ____________	amount	$ ________
(iv) Recipient & characterization: ____________	amount	$ ________
(v) Recipient & characterization: ____________	amount	$ ________
	total distributions	$ ________
	total 1990-2003 distributions (Sum of Lines 1(i) – 14(i)) (Change dates as appropriate)	$

B. Cash Available for Distribution	
1. Amounts Held in Replacement Reserve Account(s)	$ ________
a. Amount Available for Distribution	$ ________
2. Amount(s) Held in Operating Reserve Account(s)	$ ________
a. Amount Available for Distribution	$ ________
3. Amounts Held in Other Reserve Accounts (identify each account, the terms thereof, and amount held therein)	$ ________
a. Amount Available for Distribution	$ ________

4. Amounts Held in Partnership Other than Reserves	$ ___________
a. Amount Available for Distribution	$ ___________
total amount available for distribution (Sum of Lines 1a – 4a)	$ ___________
C. List of All Noncash Distributions (identify asset distributed, recipient value, and characterization of distribution)	
1. Asset Distributed: ____	
(i) Recipient: ___________________________________	
(ii) Date of Distribution: ___________________________	
(iii) Estimated Value of Asset When Distributed	$ ___________
(iv) Reason For and/or Characterization of Distribution:______ ____ ____	
2. Asset Distributed: ____	
(i) Recipient: ___________________________________	
(ii) Date of Distribution: ___________________________	
(iii) Estimated Value of Asset When Distributed	$ ___________
(iv) Reason For and/or Characterization of Distribution:______ ____ ____	
3. 1992 Distributions	
(i) Recipient: ___________________________________	
(ii) Date of Distribution: ___________________________	
(iii) Estimated Value of Asset When Distributed	$ ___________
(iv) Reason For and/or Characterization of Distribution:______ ____ ____	

Worksheet E

Fair Market Value on Non Low-income Portion of Building(s)

The fair market value of the non low-income portion of the project buildings is:

$______________________________.

Set forth or attach to this worksheet the appraisal, study, methodology proof, or other support for the fair market value of the non low-income portion of the building(s). The fair market value set forth above should be transferred to Section B of the Calculation Form.