

Mississippi Home Corporation

TCAP FAQs

The following questions and answers are intended to assist TCAP applicants to understand and comply with various TCAP requirements. These questions and answers are not a substitute for reading and understanding the Recovery Act, TCAP grant agreement provisions, or other regulatory requirements.

- Q1. Can MHC require a Phase I Environmental Review in lieu of HUD's Environmental Report.
- A1. No, HUD's Environmental Review is mandatory for every project in the State of Mississippi that uses TCAP funds unless HUD determines that the project qualifies for an exemption.
- Q2. Can MHC extend the TCAP Application deadline?
- A2. No, MHC has no plans to extend the TCAP application deadline.
- Q3. I am concerned that I will not score high enough on the TCAP application because I cannot have HUD's Environmental Review completed by the deadline.
- A3. TCAP funds are designed for projects that are "shovel ready", therefore, projects with completed Environmental Reviews will score higher. However, projects may receive a reservation of TCAP funds prior to the Environmental Review being completed.
- Q4. What is the definition of "Related Parties" as it refers to the \$5M cap of TCAP funds?
- A4. The related parties language sought to mirror the 2009 QAP. Related Parties can be defined to be principal members of the ownership, general partnership, and developer entities.
- Q5. What will be or can be exempted from Environmental Review?
- A5. MHC cannot exempt anything from the Environment Review without Approval from HUD.
- Q6. An Environmental Review is a fairly detailed process required by HUD for projects seeking the use of Home Funds. There are several categorical exceptions whereby projects do not need an "ER" under the HOME Guidelines.
- A6. MHC will pursue guidance from HUD on this issue as we do not have the capacity in-house to answer questions related to HUD's Environmental

Review exemptions. MHC will make information available as it becomes available to us from HUD.

- Q7. Please define eligible basis as it relates to the sentence "In addition, developments will not receive funds exceeding its eligible basis".
- A7. Eligible basis is the total development costs less the cost of land as defined in the projects original HTC application.
- Q8. Why is MHC giving more points to projects requesting smaller TCAP grants as a percentage of tax credit proceeds rather than larger TCAP grants?
- A8. MHC hopes to spread the TCAP funds to as many eligible projects as possible and reward the ones needing the least amount of assistance the most.
- Q9. Has MHC sent out an RFP for asset management services relating to TCAP?
- A9. No, MHC has not sent out an RFP for asset management services.
- Q10. When will TCAP funds be made available after the award?
- A10. TCAP funds will be made available to awardees after September 4, 2009.
- Q11. How can ER be completed by the time the TCAP application is due?
- A11. TCAP funds are designed for projects that are "shovel ready", therefore, projects with completed and approved ERs will receive priority funding. However, projects may receive a reservation of TCAP funds prior to the Environmental Review being completed.
- Q12. Will the TCAP funds be provided in the form of a loan or a grant?
- A12. TCAP funds will be provided in the form of loans.
- Q13. What will be the term of the TCAP loan funds?
- A13. The term of TCAP loan funds will be 0% for the first 3 years (during the construction period), and then a permanent loan at 1% for 15 years with an 18 year balloon payment, amortized over 30 years.
- Q14. Will TCAP funds be Construction to Permanent?
- A14. Yes, TCAP funds will be construction to permanent.
- Q15. Will TCAP funds be available at the outset of construction activities?
- A15. TCAP funds will be the first monies put into a project.
- Q16. What will be the distribution process for TCAP funds?
- A16. TCAP funds will be distributed based on work in place.

- Q17. Has legislation changed to allow GO Zone only projects to utilize TCAP funds without nominal credits?
- A17. Yes, GO Zone only projects now qualify for TCAP funds without the need for a nominal amount of ACA credits.
- Q18. How has legislation changed related to Davis-Bacon wage requirements?
- A18. TCAP awardees will only have to implement Davis-Bacon wage requirements to a project going forward upon the award of TCAP funds. The Davis-Bacon wage regulations will not be retro active to the beginning of Construction, but only to that portion remaining when TCAP funds are Awarded (the exact date has not been determined by HUD, e.g., award date, notification date, distribution date, etc).
- Q19. At what point is the ER complete? At the point of Engineer's completion or HUD's approval?
- A19. When MDA Disaster (TCAF), MDA (TCAP) signs off on it.
- Q20. Do we have the ability to submit TCAP applications after the June 24th deadline? For instance, if 2009 reservations are not made until August 15, could we submit an application for TCAP funds after the reservation announcement, assuming there are still funds available?
- A20. Yes, assuming there are still funds available, you would be permitted to apply for TCAP funds after the July 24th deadline.

Please submit questions to tcap@mshc.com

