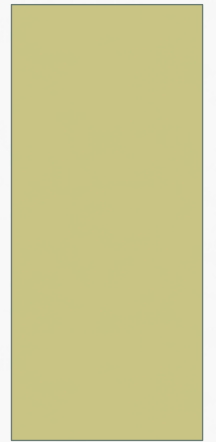


HOUSING TAX CREDIT EXAMPLES



























PARTNERSHIP STRUCTURE

- You purchase a home:
 - Generally put down 10%-20%
 - Finance the rest (mortgage)
 - Your mortgage is your largest monthly expense



PARTNERSHIP STRUCTURE

- LITHC Community
 - The tax credits are awarded by the State and sold to an investor (bank, insurance company, syndicator)
 - The proceeds are used as equity, usually 80%-90%
 - The remaining amount is your debt (mortgage)
 - BUT IT'S THE SAME HOUSE



PARTNERSHIP STRUCTURE

- For the next 15 years the community will have to operate under guidance by the Department of Community Affairs, being audited every few years.
- Most communities will remain affordable for another 15 years under an Extended Use Agreement
- After the first 15 years the owners (developer) can apply with the State for another round of tax credits and update the property drastically (so no slums).
- The entire time, the community is owned by the developer (which can be a joint venture with a local government entity).