VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE SPECIAL MEETING OF THE COMMISSIONERS
HELD ON APRIL 17, 2009

Pursuant to the call of the Chairman and notice duly given, the special meeting of the Commissioners of the Virginia Housing Development Authority (the “Authority”) was held on April 17, 2009 at the offices of the Authority, 601 South Belvidere Street, Richmond, Virginia.

COMMISSIONERS PRESENT:
Gerald W. Hopkins, Chairman
John P. McCann
William C. Shelton
Jacqueline T. Black
Nancy K. O’Brien
Kermit E. Hale

COMMISSIONERS ABSENT:
Charles McConnell, Vice Chairman
Jay Fisette
Manju Ganeriwala
Yvonne T. Allmond
Marjorie N. Leon

OTHERS PRESENT:
Susan F. Dewey, Executive Director
Donald L. Ritenour, Managing Director of Development
Arthur N. Bowen, Managing Director of Finance and Administration
Russ E. Wyatt, General Auditor
J. Judson McKellar, Jr., General Counsel
John F. Hastings, Director of Multi-Family Development Programs
James M. Chandler, Director of Low Income Housing Tax Credit Programs
Paul M. Brennan, Deputy General Counsel
J. Michael Hawkins, Director of Community Housing
Barry Merchant, Policy Analyst
Llewellyn C. Anderson, Strategic Planner
Ronald A. Reger, Strategic Planner
Scott Heiry, Business Intelligence Manager
Tom King, Construction First, Inc.
Ron Hunt, Hunt Investments
John Welsh, AHC, Inc.
Tom Wilkinson, Maramjen Investments

Chairman Hopkins called the special meeting of the Board of Commissioners to order at 10:40 a.m. on April 17, 2009. The Commissioners listed above as present at the meeting were present at that time and remained present throughout the meeting, except Commissioner McCann who joined the meeting in progress as noted below and thereafter remained present during the meeting.

Mr. Ritenour, Mr. Chandler and Mr. Brennan presented reports and recommendations for proposed changes to the Qualified Allocation Plan for the federal low-income housing tax credits and for the allocation of (i) the funds provided in the federal stimulus bill for funding the equity gap in the developments (the "tax credit assistance funds") and (ii) the funds authorized in the federal stimulus bill to be provided in exchange for tax credits (the "monetization funds"). Mr. Ritenour advised the Commissioners as to the comments received at the public forum held on April 14, 2009, and Mr. Chandler and Mr. Brennan discussed with the Commissioners the initial proposals presented at the retreat meeting on March 30, 2009 and the following recommended changes to such proposals as a result of the public comments.

1. For any development requesting tax credit assistance or monetization funds, the Authority will (a) require debt-coverage ratio of at least 1.15:1, (b) underwrite to a cash-flow of 7% vacancy rate and (c) require reserves of six months of operating expenses and six months of debt service.

2. For any development requesting tax credit assistance or monetization funds, the Authority will implement a limitation on developer's fees using a sliding scale of percentages based on the total development cost as follows: 15% of the amount of the total development cost equal to or less than $1,000,000; 12% of the amount of the total development cost in excess of $1,000,000 and equal to or less than $10,000,000; and 8% of the amount of the total development cost in excess of $10,000,000.

3. The Authority will (a) in order to meet the requirement in the federal stimulus bill to "distribute these funds competitively," require that both 9% credits and tax-exempt bond applications seeking tax credit assistance funds be submitted by May 15th, (b) allocate total tax credit assistance funds of $44,247,749 as follows: 15% for tax-exempt bond deals ($6,637,162), 6% for the non-competitive disability pool ($2,654,865), and the remainder or 79% for 9% competitive applications, and applications can be structured with the assumption that up to $2.7535 of tax credit assistance funds per $1 of credit requested are available, (c) allocate tax credits and tax credit assistance funds as follows: (i) the 9% competitive applications will be scored and ranked as usual for credits and tax credit assistance funds; and (ii) tax-exempt bond developments will compete for tax credit assistance funds in their own pool, which will also have Tier 1 and Tier 2 components with applications in Tier 1 to be funded first in rank order to the extent tax credit assistance funds are available and applications in Tier 2 then eligible to be funded in rank order, in the following manner: eligibility for Tier 1 is limited to those applications which are scored as high as the highest ranking 9% competitive application that is not awarded funding in the geographic pool in which the bond deal would otherwise compete, and eligibility for

Tier 2 will be all other tax exempt bond applications scoring above threshold. The decision to award any tax credit assistance funds to Tier 2 developments in either the competitive 9% at-large pool or the tax-exempt bond pool shall be made at the discretion of the Commissioners. If there are unallocated tax credit assistance funds remaining in the competitive 9% at-large pool and the tax-exempt bond pool and potentially other monetization funds, the Commissioners will then have the discretion to allocate such funds between the pools or hold such funds for a separate competition yet to be developed for other eligible developments.

4. The Authority will eliminate the November 6th deadline for closing the syndication of the tax credits and transfer of property to the owner. Staff will establish other dates as necessary to ensure full utilization of the tax credit assistance funds available.

During this discussion, Commissioner McCann joined the meeting. Following a request by Chairman Hopkins for any comments on the proposed changes, Mr. Hunt and Mr. Welch commended the staff for addressing their comments at the public forum and stated that the changes would be workable for them. It was the consensus of the Commissioners that the staff proceed with the proposed changes to the Qualified Allocation Plan and proposals for allocation of the tax credit assistance funds and the monetization funds as recommended by the staff.

Mr. McKellar presented a resolution to authorize designated employees of the Authority to provide Freddie Mac with instructions for the transfer of funds by wire transfer, automated clearing house or other payments system approved by Freddie Mac in connection with any sale of mortgages to Freddie Mac. Upon motion duly made and seconded, the resolution dated April 17, 2009 was approved in the form attached hereto.

Mr. Ritenour advised the Commissioners that the staff is continuing to evaluate the recommendations for usage of REACH funds that were presented by the staff at the retreat meeting on March 31, 2009. He explained that the staff is considering use of REACH funds to support $20,000,000 in funding of single family loans that would be assisted by grant and loan financing by localities but that, because the loans would have loan-to-value ratios less than 80%, would not be insured by FHA and, therefore, would not be eligible for sale to Ginnie Mae. He stated that the staff is also considering extensions of existing SPARC single family commitments that are to expire by June 30, 2009. He further explained that the staff is evaluating the level of REACH funding required for the Borrower Assistance Payments Program. He advised the Commissioners that the staff would report on these matters at the June meeting of the Commissioners.

There being no further business, the meeting was adjourned at approximately 11:45 a.m. on April 17, 2009.

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Gerald W. Hopkins, Chairman	J. Judson McKellar, Jr. Assistant Secretary