



Dauby O'Connor & Zaleski, LLC

A Limited Liability Company

Certified Public Accountants

# Updates on LIHTC Brokerage, Transaction, Case Studies, & Tax Issues

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## What is a tax capital account?

- A tax capital account is a representation of each partner's residual value in the partnership at a point in time
- Section 704(b) requires a partnership to maintain tax capital accounts for each partner, and liquidate in accordance with positive

# TAX CAPITAL ACCOUNT OVERVIEW

Capital accounts are increased by contributions

The LP contribution is based upon the tax credits and losses received during a 15 year period

The GP contribution is usually a small amount like \$100 or \$1000

After the project is completed, losses are allocated to the partners based upon their partnership percentages

Distributions generated from cash flow also reduces the capital accounts

Typically, the majority of the distributions is allocated to the general partner.

If the property is sold at year 15, then the gain is allocated to zero out the partner's capital accounts.



## What is soft debt?

Soft debt is a loan with favorable (soft) payment terms that often comes from a state housing agency, city, etc. as additional gap financing in return for serving a certain purpose. Gap financing is a tranche of financing obtained when a partnership can't get enough hard debt due to debt service coverage issues.

Example: A state housing agency loans a partnership funds needed to fill a gap in its potential financing at the following terms:

- Original principal balance of \$500,000;
- Annual simple interest at 1% of outstanding balance due only to the extent property has excess cash flow;
- 45 year maturity; and
- Property must lease 25 units to tenants at or below 30% of area median income for next 45 years

## What are some issues soft debt can cause in year 15?

### Loan generally isn't repaid by year 15

- In the case of a property sale, use proceeds to pay off the balance
- Loan may be forgivable, but this causes cancellation of debt income. So one or both partners will have an income event as a result
- In the case of a resyndication, the lender may allow for the loan to roll over to the next project, but this will increase the gain to be recognized on the sale for the existing partnership.
  - The ability to roll the loan over to the next project is dependent upon the property appreciating
  - The reason the debt was originally obtained is because there wasn't enough income to support the higher debt balance

## What are some issues soft debt can cause in year 15?

Soft debt generally have much longer extended use periods than the state agency's land use restriction agreement (LURA)

## What is soft debt?

Soft debt is a loan with favorable (soft) payment terms that often comes from a state housing agency, city, etc. as additional gap financing in return for serving a certain tenant type

Example: A state housing agency loans a partnership funds needed to fill a gap in its potential financing at the following terms:

- Original principal balance of \$500,000;
- Annual simple interest at 1% of outstanding balance due only to the extent property has excess cash flow;
- 45 year maturity; and
- Property must lease 25 units to tenants at or below 30% of area median income for next 45 years

## What are some issues soft debt can cause in year 15?

### Loan generally isn't repaid by year 15

- In the case of a property sale, use proceeds to pay off the balance
- Loan may be forgivable, but this causes cancellation of debt income. So one or both partners will have an income event as a result
- In the case of a resyndication, the lender may allow for the loan to roll over to the next project, but this will increase the gain to be recognized on the sale for the existing partnership.
  - The ability to roll the loan over to the next project is dependent upon the property appreciating
  - The reason the debt was originally obtained is because there wasn't enough income to support the higher debt balance



# YEAR 15 OPTIONS

Most important aspect when analyzing options for year 15 is a firm understanding of the LPA

- Is the manner of LP's exit already specifically spelled out?
- Does the LP have the ability to force/block a sale?
- Does the LPA require LP approval to refinance debt?
- What does the capital/sales waterfall look like?
- Does the LPA require payment of exit taxes?
- Is there a right of first refusal?\*

\*IRC Sec. 42(i)(7)



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# YEAR 15 OPTIONS

Also be sure to review your loan documents prior to analyzing a potential transaction

- Are there any prepayment penalties?
- Does the loan require lender approval to be paid off?
- Do any of the existing loans have a balloon payment approaching?



# PROPERTY SALE

|                    |   | Sale of property        |
|--------------------|---|-------------------------|
| Sales price        |   | 15,000,000              |
| Closing costs (8%) | * | <u>(1,200,000)</u>      |
| Net sales price    |   | 13,800,000              |
| Pay off mortgage   |   | <u>(10,000,000)</u>     |
| Net sales proceeds |   | <u><u>3,800,000</u></u> |



## Transfer taxes

- Transfer taxes are imposed by the state, city or county in the case of a property sale
- Generally calculated as a % of the total sales price
- More prevalent in the Northeast, but becoming more common
- Some due upon sale or within a short time period following the sale
- New trend is for transfer taxes to be imposed on interest transfers as well

# PROPERTY SALE

## Transfer taxes

|                            |   |                       |
|----------------------------|---|-----------------------|
| Sales price                |   | 15,000,000            |
| Transfer tax rate (0.75%)* | x | <u>0.75%</u>          |
| Transfer tax               |   | <u><u>112,500</u></u> |

\* New Hampshire transfer tax equal to \$0.75 per \$100



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# PROPERTY SALE

## Prepayment penalty

|                            |   |                       |
|----------------------------|---|-----------------------|
| Mortgage balance           |   | 10,000,000            |
| Prepayment penalty (1.00%) | x | <u>1.00%</u>          |
| Prepayment penalty         |   | <u><u>100,000</u></u> |



# PROPERTY SALE

## Sale of property

|                    |                         |
|--------------------|-------------------------|
| Sales price        | 15,000,000              |
| Closing costs (8%) | <u>(1,200,000)</u>      |
| Net sales price    | 13,800,000              |
| Pay off mortgage   | <u>(10,000,000)</u>     |
| Net sales proceeds | <u><u>3,800,000</u></u> |



# PROPERTY SALE

| Sale of property   |                         |
|--------------------|-------------------------|
| Sales price        | 15,000,000              |
| Transfer tax       | (112,500)               |
| Prepayment penalty | (100,000)               |
| Closing costs (8%) | <u>(1,200,000)</u>      |
| Net sales price    | 13,587,500              |
| Pay off mortgage   | <u>(10,000,000)</u>     |
| Net sales proceeds | <u><u>3,587,500</u></u> |





# PROPERTY SALE

| Sale of property   |                         |
|--------------------|-------------------------|
| Sales price        | 15,000,000              |
| Closing costs (8%) | <u>(1,200,000)</u>      |
| Net sales price    | 13,800,000              |
| Pay off mortgage   | <u>(10,000,000)</u>     |
| Net sales proceeds | <u><u>3,800,000</u></u> |



# PROPERTY SALE

## Balance sheet before sale

|                               |                         |
|-------------------------------|-------------------------|
| Cash                          | 100,000                 |
| Building                      | 8,000,000               |
| Total assets                  | <u><u>8,100,000</u></u> |
| Mortgage                      | 10,000,000              |
| Asset management fee          | 15,000                  |
| Developer fee                 | 300,000                 |
| Total liabilities             | <u>10,315,000</u>       |
| GP capital account            | (235,000)               |
| LP capital account            | (1,980,000)             |
| Total capital                 | <u>(2,215,000)</u>      |
| Total liabilities and capital | <u><u>8,100,000</u></u> |



# PROPERTY SALE

## Balance sheet after sale

|                               |                         |
|-------------------------------|-------------------------|
| Cash                          | 3,900,000               |
| Total assets                  | <u>3,900,000</u>        |
| Asset management fee          | 15,000                  |
| Developer fee                 | 300,000                 |
| Total liabilities             | <u>315,000</u>          |
| GP capital account            | (235,000)               |
| LP capital account            | (1,980,000)             |
| Unallocated net income        | 5,800,000               |
| Total capital                 | <u>3,585,000</u>        |
| Total liabilities and capital | <u><u>3,900,000</u></u> |



## Sales Waterfall

- Every LPA will have a section which states how excess cash shall be distributed
- Generally included in same section as profit and loss allocations
- Usually two different waterfalls (operating and sales)

# PROPERTY SALE

## Sales Waterfall

**Net Sales Proceeds shall be paid in the following order and priority:**

*First*, to discharge the debts and obligations of the Company;

*Second*, to repay any unpaid loans made by the Investor Member;

*Third*, to the Investor Member for any adjusters due;

*Fourth*, to the Investor Member an amount equal to the federal tax liability created as a result of the sale;

*Fifth*, to the payment of any accrued unpaid Asset Management Fee;

*Sixth*, to the payment of any unpaid Developer Fee; and

*Seventh*, the balance 90% to the Managing Member and 10% to the Investor Member



## Profit and Loss Allocation

- Similar to the sales waterfall, every LPA will have a section which states how the gain on sale shall be allocated among the partners
- Generally included directly after the allocation of operating profits and losses
- Usually two different allocations (operating and sales)
- Generally the allocations are set to follow the allocations of cash in the sales waterfall

## Profit and Loss Allocation

**All items of Company income or gain arising from events resulting in net cash from a sales transaction shall be allocated:**

*First*, 100% to the Investor Member until the Investor Member's negative capital account is reduced to zero;

*Second*, to the Managing Member until the Managing Member's negative capital account is reduced to zero;

*Third*, to each Member until such Member's positive capital account balances equal the amount to be distributed pursuant to [sales waterfall]

# PROPERTY SALE

|  | <u>GP</u>                 | <u>LP</u>                 | <u>Total</u>              |
|--|---------------------------|---------------------------|---------------------------|
| Capital account before sale                  | <b>(235,000)</b>          | <b>(1,980,000)</b>        | <b>(2,215,000)</b>        |
| Gain on sale                                 |                           |                           |                           |
| First, to negative LP capital                | -                         | 1,980,000                 | 1,980,000                 |
| Second, to negative GP capital               | 235,000                   | -                         | 235,000                   |
| Third, based on distributions to be received | <u>2,151,131</u>          | <u>1,433,869</u>          | <u>3,585,000</u>          |
| Total gain allocation                        | <b><u>2,386,131</u></b>   | <b><u>3,413,869</u></b>   | <b><u>5,800,000</u></b>   |
| Exit tax distribution                        | -                         | (1,194,854)               | (1,194,854)               |
| Remaining distribution                       | <u>(2,151,131)</u>        | <u>(239,015)</u>          | <u>(2,390,146)</u>        |
| Total distributions                          | <b><u>(2,151,131)</u></b> | <b><u>(1,433,869)</u></b> | <b><u>(3,585,000)</u></b> |
| Capital account balance after sale           | <u>-</u>                  | <u>-</u>                  | <u>-</u>                  |





# PROPERTY SALE

|  | <u>GP</u>                 | <u>LP</u>                 | <u>Total</u>              |
|--|---------------------------|---------------------------|---------------------------|
| Capital account before sale                  | <b>(235,000)</b>          | <b>(1,980,000)</b>        | <b>(2,215,000)</b>        |
| Gain on sale                                 |                           |                           |                           |
| First, to negative LP capital                | -                         | 1,980,000                 | 1,980,000                 |
| Second, to negative GP capital               | 235,000                   | -                         | 235,000                   |
| Third, based on distributions to be received | <u>2,151,131</u>          | <u>1,433,869</u>          | <u>3,585,000</u>          |
| Total gain allocation                        | <b><u>2,386,131</u></b>   | <b><u>3,413,869</u></b>   | <b><u>5,800,000</u></b>   |
| Exit tax distribution                        | -                         | (1,194,854)               | (1,194,854)               |
| Remaining distribution                       | <u>(2,151,131)</u>        | <u>(239,015)</u>          | <u>(2,390,146)</u>        |
| Total distributions                          | <b><u>(2,151,131)</u></b> | <b><u>(1,433,869)</u></b> | <b><u>(3,585,000)</u></b> |
| Capital account balance after sale           | <u>-</u>                  | <u>-</u>                  | <u>-</u>                  |



# PROPERTY SALE

## Exit Taxes

|   |           |
|---|-----------|
| Total gain                                      | 5,800,000 |
| Net sales proceeds after payment of liabilities | 3,585,000 |
| Net sales proceeds after payment of exit taxes  | 3,585,000 |

### LP's gain allocation:

|                                 |                  |
|---------------------------------|------------------|
| First, to negative LP capital   | 1,980,000        |
| Exit taxes                      | -                |
| 10% of remaining sales proceeds | 358,500          |
| Total                           | <u>2,338,500</u> |

|                       |                |
|-----------------------|----------------|
| LP's portion of gain  | 2,338,500      |
| x marginal rate       | <u>35%</u>     |
| Exit tax distribution | <u>818,475</u> |



# PROPERTY SALE

## Exit Taxes

|   |           |
|---|-----------|
| Total gain                                      | 5,800,000 |
| Net sales proceeds after payment of liabilities | 3,585,000 |
| Net sales proceeds after payment of exit taxes  | 2,766,525 |

### LP's gain allocation:

|                                 |                  |
|---------------------------------|------------------|
| First, to negative LP capital   | 1,980,000        |
| Exit taxes                      | 818,475          |
| 10% of remaining sales proceeds | 276,653          |
| Total                           | <u>3,075,128</u> |

|                       |                |
|-----------------------|----------------|
| LP's portion of gain  | 2,338,500      |
| x marginal rate       | <u>35%</u>     |
| Exit tax distribution | <u>818,475</u> |



# PROPERTY SALE

## Exit Taxes

|   |           |
|---|-----------|
| Total gain                                      | 5,800,000 |
| Net sales proceeds after payment of liabilities | 3,585,000 |
| Net sales proceeds after payment of exit taxes  | 2,766,525 |

### LP's gain allocation:

|                                 |                  |
|---------------------------------|------------------|
| First, to negative LP capital   | 1,980,000        |
| Exit taxes                      | 818,475          |
| 10% of remaining sales proceeds | 276,653          |
| Total                           | <u>3,075,128</u> |

|                       |                  |
|-----------------------|------------------|
| LP's portion of gain  | 3,075,128        |
| x marginal rate       | <u>35%</u>       |
| Exit tax distribution | <u>1,076,295</u> |





# PROPERTY SALE

## Exit Taxes

|   |           |
|---|-----------|
| Total gain                                      | 5,800,000 |
| Net sales proceeds after payment of liabilities | 3,585,000 |
| Net sales proceeds after payment of exit taxes  | 2,390,146 |

### LP's gain allocation:

|                                 |                  |
|---------------------------------|------------------|
| First, to negative LP capital   | 1,980,000        |
| Exit taxes                      | 1,194,854        |
| 10% of remaining sales proceeds | 239,015          |
| Total                           | <u>3,413,869</u> |
| LP's portion of gain            | 3,413,869        |
| x marginal rate                 | 35%              |
| Exit tax distribution           | <u>1,194,854</u> |



# PROPERTY SALE

|  | <u>GP</u>                 | <u>LP</u>                 | <u>Total</u>              |
|--|---------------------------|---------------------------|---------------------------|
| Capital account before sale                  | <b>(235,000)</b>          | <b>(1,980,000)</b>        | <b>(2,215,000)</b>        |
| Gain on sale                                 |                           |                           |                           |
| First, to negative LP capital                | -                         | 1,980,000                 | 1,980,000                 |
| Second, to negative GP capital               | 235,000                   | -                         | 235,000                   |
| Third, based on distributions to be received | <u>2,151,131</u>          | <u>1,433,869</u>          | <u>3,585,000</u>          |
| Total gain allocation                        | <b><u>2,386,131</u></b>   | <b><u>3,413,869</u></b>   | <b><u>5,800,000</u></b>   |
| Exit tax distribution                        | -                         | (1,194,854)               | (1,194,854)               |
| Remaining distribution                       | <u>(2,151,131)</u>        | <u>(239,015)</u>          | <u>(2,390,146)</u>        |
| Total distributions                          | <b><u>(2,151,131)</u></b> | <b><u>(1,433,869)</u></b> | <b><u>(3,585,000)</u></b> |
| Capital account balance after sale           | <u>-</u>                  | <u>-</u>                  | <u>-</u>                  |



# PROPERTY SALE

|                             | <u>GP</u>                 | <u>LP</u>               | <u>Total</u>     |
|-----------------------------|---------------------------|-------------------------|------------------|
| <b>With exit taxes:</b>     |                           |                         |                  |
| Exit tax distribution       | -                         | 1,194,854               | 1,194,854        |
| Remaining distribution      | 2,151,131                 | 239,015                 | 2,390,146        |
| Total distributions         | <u>2,151,131</u>          | <u>1,433,869</u>        | <u>3,585,000</u> |
| <br>                        |                           |                         |                  |
| <b>Without exit taxes:</b>  |                           |                         |                  |
| Distributions (90/10 split) | <u>3,226,500</u>          | <u>358,500</u>          | <u>3,585,000</u> |
| <br>                        |                           |                         |                  |
| \$ Difference               | <u><u>(1,075,369)</u></u> | <u><u>1,075,369</u></u> | <u><u>-</u></u>  |





# PROPERTY SALE

## Sale of property (example 2)

|                    |   |                         |
|--------------------|---|-------------------------|
| Sales price        | → | 12,000,000              |
| Closing costs (8%) | → | <u>(960,000)</u>        |
| Net sales price    |   | 11,040,000              |
| Pay off mortgage   |   | <u>(10,000,000)</u>     |
| Net sales proceeds | → | <u><u>1,040,000</u></u> |



# PROPERTY SALE

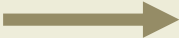

## Balance sheet before sale

|                               |   |                          |
|-------------------------------|---|--------------------------|
| Cash                          |   | 100,000                  |
| Building                      |  | 13,000,000               |
| Total assets                  |   | <u><u>13,100,000</u></u> |
| Mortgage                      |   | 10,000,000               |
| Asset management fee          |   | 15,000                   |
| Developer fee                 |   | 300,000                  |
| Total liabilities             |   | <u>10,315,000</u>        |
| GP capital account            |  | -                        |
| LP capital account            |  | 2,785,000                |
| Total capital                 |   | <u>2,785,000</u>         |
| Total liabilities and capital |   | <u><u>13,100,000</u></u> |



# PROPERTY SALE

## Balance sheet after sale

|                               |   |                    |
|-------------------------------|---|--------------------|
| Cash                          |  | 1,140,000          |
| Total assets                  |   | <u>1,140,000</u>   |
| Asset management fee          |   | 15,000             |
| Developer fee                 |   | 300,000            |
| Total liabilities             |   | <u>315,000</u>     |
| GP capital account            |   | -                  |
| LP capital account            |   | 2,785,000          |
| Unallocated net loss          |  | <u>(1,960,000)</u> |
| Total capital                 |   | <u>825,000</u>     |
| Total liabilities and capital |   | <u>1,140,000</u>   |



# PROPERTY SALE

|   | <u>GP</u> | <u>LP</u>          | <u>Total</u>       |
|---|-----------|--------------------|--------------------|
| Capital account before sale                                 | -         | 2,785,000          | 2,785,000          |
| Loss on sale  |           |                    |                    |
| To partners in accordance with<br>positive capital balances | -         | (1,960,000)        | (1,960,000)        |
| Total loss allocation                                       | -         | <b>(1,960,000)</b> | <b>(1,960,000)</b> |
| Exit tax distribution                                       | -         | -                  | -                  |
| Remaining distribution                                      | -         | (825,000)          | (825,000)          |
| Total distributions   | -         | <b>(825,000)</b>   | <b>(825,000)</b>   |
| Capital account balance after sale                          | <u>-</u>  | <u>-</u>           | <u>-</u>           |



# PROPERTY SALE


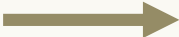
## Sale of property (example 3)

|                    |                         |
|--------------------|-------------------------|
| Sales price        | 12,000,000              |
| Closing costs (8%) | <u>(960,000)</u>        |
| Net sales price    | 11,040,000              |
| Pay off mortgage   | <u>(10,000,000)</u>     |
| Net sales proceeds | <u><u>1,040,000</u></u> |



# PROPERTY SALE

## Balance sheet before sale

|                               |   |
|-------------------------------|---|
| Cash                          | 100,000   |
| Building                      | 13,000,000  |
| Total assets                  | <u><u>13,100,000</u></u>  |
| Mortgage                      | 10,000,000  |
| Asset management fee          | 15,000  |
| Developer fee                 | 300,000   |
| Total liabilities             | <u>10,315,000</u>   |
| GP capital account            |  (400,000) |
| LP capital account            |  3,185,000 |
| Total capital                 | <u>2,785,000</u>  |
| Total liabilities and capital | <u><u>13,100,000</u></u>  |



# PROPERTY SALE

## Balance sheet after sale

|                               |                         |
|-------------------------------|-------------------------|
| Cash                          | 1,140,000               |
| Total assets                  | <u><u>1,140,000</u></u> |
| Asset management fee          | 15,000                  |
| Developer fee                 | 300,000                 |
| Total liabilities             | <u>315,000</u>          |
| GP capital account            | (400,000)               |
| LP capital account            | 3,185,000               |
| Unallocated net loss          | (1,960,000)             |
| Total capital                 | <u>825,000</u>          |
| Total liabilities and capital | <u><u>1,140,000</u></u> |



# PROPERTY SALE

|   | <u>GP</u>               | <u>LP</u>             | <u>Total</u>       |
|---|-------------------------|-----------------------|--------------------|
| Capital account before sale                                 | <u>(400,000)</u>        | <u>3,185,000</u>      | <u>2,785,000</u>   |
| Loss on sale  |                         |                       |                    |
| To partners in accordance with<br>positive capital balances | -                       | (1,960,000)           | (1,960,000)        |
| Total loss allocation                                       | <u>-</u>                | <u>(1,960,000)</u>    | <u>(1,960,000)</u> |
| Exit tax distribution                                       | -                       | -                     | -                  |
| Remaining distribution                                      | -                       | (825,000)             | (825,000)          |
| Total distributions   | <u>-</u>                | <u>(825,000)</u>      | <u>(825,000)</u>   |
| Capital account balance after sale                          | <u><u>(400,000)</u></u> | <u><u>400,000</u></u> | <u><u>-</u></u>    |





# PROPERTY SALE

|   | <u>GP</u>             | <u>LP</u>                 | <u>Total</u>            |
|---|-----------------------|---------------------------|-------------------------|
| Capital account before sale                                 | <b>(400,000)</b>      | <b>3,185,000</b>          | <b>2,785,000</b>        |
| Loss on sale  |                       |                           |                         |
| To partners in accordance with<br>positive capital balances | -                     | (1,960,000)               | (1,960,000)             |
| Total loss allocation                                       | <u>-</u>              | <u>(1,960,000)</u>        | <u>(1,960,000)</u>      |
| Exit tax distribution                                       | -                     | -                         | -                       |
| Remaining distribution                                      | -                     | (825,000)                 | (825,000)               |
| Deficit restoration obligation                              | 400,000               | (400,000)                 | -                       |
| Total contributions (distributions)                         | <u><b>400,000</b></u> | <u><b>(1,225,000)</b></u> | <u><b>(825,000)</b></u> |
| Capital account balance after sale                          | <u><u>-</u></u>       | <u><u>-</u></u>           | <u><u>-</u></u>         |



## Pros/Cons of Property Sale

- Pros
  - GP and LP receive cash immediately
  - No longer have to manage property
- Cons
  - GP's ability to own property outright is limited to its ability to purchase at FMV
  - GP and LP have to recognize income at time of sale
  - Generally requires approval of investors in fund
  - Possible nonresident withholding taxes at state level

## How is LP buyout price determined?

- Generally determined by a hypothetical sale calculation
  - Obtain appraisal or broker's opinion of value
  - Calculate amount of cash LP would receive if property was sold for determined value
  - Apply discount factor for lack of control and lower marketability of an LP interest versus a property sale
  - Time value of money may be taken in to account
- Everything is up for negotiation

## Pros/Cons of LP Buyout

- Pros
  - GP (and affiliate) owns property outright and has more flexibility
  - GP avoids income recognition
  - LP receives cash as if property was sold
  - Helps w/ resyndication by avoiding reset of 10-year hold rule
  - Avoid non-resident withholding tax
  - If GP is property manager, retain property management fee income stream

## Pros/Cons of LP Buyout

- Cons
  - GP doesn't receive cash as if property was sold
  - LP buyout price can be very expensive for GP
  - Often requires more negotiation than property sale
  - May still have transfer taxes

## What happens after an LP buyout?



## Pros/Cons of Resyndication

- Pros
  - GP able to earn/receive a new developer fee
  - Property becomes “like new” again with little cash from GP
  - GP able to take cash out of project when sold to the new entity
- Cons
  - Capital needs assessment may show little need for substantial rehabilitation
  - Requires a reset of the extended use period
  - Slow down in cash flow while project is rehabilitated
  - Obtaining a tax credit allocation can be very competitive

# BIG TAKEAWAYS

## What can I do at year -2 to prepare for year 15?

- Have a qualified tax expert review the LPA for any potential pitfalls prior to signing
- Review loan documents for restrictions on the property (soft debt)
- Review loan documents for prepayment penalties and debt covenants
- Review LP projections in detail





# BIG TAKEAWAYS

My LPA has been signed. How can I be proactive about prepping for year 15?

- Know your LPA!
- Monitor capital accounts on an ongoing basis
- Each year, compare tax losses to the projections in LPA
- Communicate with LP early and often
- Be aware of the physical state of the property
- Be aware of the restrictions placed on your property by the LURA and any loans
- When seeking consultants, be sure they are familiar with LIHTC transactions

