

ENTERPRISE: A LEADER IN THE LIHTC INDUSTRY

Enterprise Community Investment, Inc. (Enterprise) is a national leader in investment and development services for affordable housing and community revitalization efforts. Founded in 1984 as a socially motivated for-profit corporation, Enterprise's core business is syndicating tax credit equity investments through the federal Low-Income Housing Tax Credit (LIHTC) program. Enterprise took a lead role in the creation of the LIHTC program, and to date our investments are helping to build affordable homes in 45 states, Puerto Rico and the District of Columbia.

THE LIHTC PROGRAM

The federal LIHTC program was enacted in 1986 and provides tax incentives to encourage the private investment of capital for the development of decent, affordable rental housing. To receive the benefits of the LIHTC, the program requires owners of qualifying rental housing to maintain compliance with low-income occupancy requirements for a minimum of 15 years. Those projects that received their tax credit allocations after 1989 must continue to meet federal low-income occupancy requirements for an extended period (usually a minimum of 30 years).

ASSET MANAGEMENT EXPERTISE

Since 1986, Enterprise has utilized the Low-Income Housing Tax Credit—for which it was both advocate and pioneer—to finance affordable apartments and homes. Enterprise monitors the projects in its tax credit equity investments, focusing on real estate management, tax credit and lender compliance as well as financial and tax review. Enterprise proactively manages the proper allocation of tax losses and credits throughout its investors' ownership of the project. The asset management Enterprise provides to its investment projects not only adds value to the properties in the portfolio but is also a customary way for Enterprise to do business.

YEAR 15 EXPERIENCE

In addition to delivering oversight to a growing portfolio of housing investments, Enterprise also works with partners to transfer project ownership to the sponsor when the 15-year compliance period is complete. The first tax credit projects in which Enterprise-managed funds invested are currently reaching the end of the 15-year compliance period, and are now eligible to be sold. At this point in a LIHTC project's life cycle, the investor typically no longer has an economic interest in the investment, and would like to dispose of its investment in the project.

Beginning in 2002, Enterprise has worked with investors and sponsors on disposition strategies for LIHTC projects. These include multifamily, inner city scattered site, mixed-use, mixed-income and lease purchase projects. In most cases the investor's interest in the partnership was transferred to the nonprofit sponsor, following the expiration of the LIHTC compliance period. The exceptions involved lease purchase projects where the project was sold to the nonprofit sponsor, who in turn sold the homes to the residents and the partnership was dissolved. In a few cases the investor disposed of its investment prior to the expiration of the LIHTC compliance period (an early out), requiring disposition bonds. In addition to guiding Year 15 transactions with its own partners and sponsors, Enterprise also provides training, refinancing, resyndication, and consulting services to investors and developers with LIHTC properties reaching the end of the tax credit compliance period.

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Enterprise Community Investment, Inc. is a leading provider of the development capital and expertise it takes to create decent, affordable homes and rebuild communities. Enterprise leverages low-income housing, new markets and historic rehabilitation tax credits; short- and long-term debt, and development services to capitalize projects that make a catalytic difference in communities. For over two decades, Enterprise has privately raised \$7 billion in capital to finance affordable housing, create vital communities and help transform the lives of low-income Americans, particularly those at the lowest end of the economic scale. Currently, Enterprise is investing in communities at a rate of \$1 billion a year. Visit www.enterprisecommunity.com to learn more about Enterprise's efforts to build communities and opportunity.