

WHO WE ARE

Enterprise Community Investment, Inc. (Enterprise) is a nationally recognized leader in addressing issues associated with the federal Low-Income Housing Tax Credit (LIHTC) program's post-compliance period (Year 15) transitions. 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.

DISPOSITION ALTERNATIVES

It has been Enterprise's intention from the initial structure and development of Enterprise funded projects that ownership of those projects sponsored by nonprofit entities would be transferred directly to the nonprofit sponsor immediately following the expiration of the 15-year compliance period. Typically, nonprofit ownership would ensure that these projects would be maintained as affordable housing over the long term, preventing the displacement of tenants or loss of housing affordability. But there may be circumstances whereby projects are sold to a third party after the end of the 15-year compliance period—without a loss of tax credits. Enterprise is staffed with seasoned tax professionals able to analyze the impact of exit taxes and, where desired, propose possible mitigation strategies.

ENTERPRISE'S YEAR 15 SERVICES FOR PARTNERS

Development of disposition plans: As projects near the end of the 15-year compliance period, Enterprise is working closely with its nonprofit partners to help develop their plans for the continued viability of each project, usually through its transfer to the nonprofit sponsor. To the extent possible, these plans will provide for long term preservation of affordable housing. As part of that effort, Enterprise is evaluating the financial, physical and tax aspects of each project, and advising our partners on viable options. As part of this analysis, Enterprise evaluates the tax impact of project dispositions in order to provide its investors and project sponsors with accurate projections, including the effect of Year 15 dispositions. Enterprise is well positioned to provide support to organizations beginning to address these issues, including disposition alternatives, as well as to facilitate the disposition of projects either on behalf of investors or sponsors of LIHTC projects.

Strategies: Enterprise is working closely with its sponsors to develop disposition plans for those projects in which Enterprise-managed funds invested, to ensure the continued viability of projects well into the future, as well as ensuring quality affordable housing for the residents. Following are strategies Enterprise is pursuing with its partners:

- After reaching agreement with the project sponsor on the disposition plan, Enterprise and the sponsor are implementing the necessary steps to complete the transfer of the project or the investor's partnership interest to the sponsor.
- For projects that are performing well and in good condition, sponsors are planning to continue operations as they were during the initial 15-year compliance period.
- In some cases, a refinance scenario is appropriate to raise funds for capital improvements to ensure the viability of the project for the foreseeable future.
- Other projects are being re-syndicated with new tax credits, which are used to raise funds for capital improvements and pay off debt, allowing projects to continue operations with more affordable rents.
- In a few instances, projects developed under a lease-purchase concept are being transferred to the low- and moderate-income tenants, helping to create stability in the project neighborhoods.

FOR PARTNERS, INVESTORS, AND OTHERS

Training: Since 2003, Enterprise has conducted numerous training sessions on the Year 15 disposition process. These trainings have been held at both Enterprise-sponsored events and various industry-related conferences. With professionals from various backgrounds—sponsors/general partners, investors, accountants, syndicators, lenders, developers and attorneys—in attendance, Enterprise provides in-depth expertise, guidance and tools on Year 15 transitions.

Re-syndication: Projects with recapitalization needs offer the opportunity for sponsors/developers to consider re-syndication. Enterprise will assist partners in facilitating the re-syndication process, from feasibility to completion, under the following conditions:

- 1) the project has recapitalization needs;
- 2) tax credits are determined to be a viable funding source given the particular State's QAP and alternative sources of funding;
- 3) the sponsor desires to pursue re-syndication to recapitalize the project; and
- 4) Enterprise decides to pursue the re-syndication opportunity.

Consulting: Enterprise is currently assisting organizations that invested directly in LIHTC projects in their disposition process after Year 15. Enterprise's services have included working with the sponsor on alternative disposition plans, analyzing tax impacts for the investor and managing the disposition process.

For more information about our products and services, contact:

John Brandenburg
Vice President, Asset Management
410.772.2554
jbrandy@enterprisecommunity.com

Greg Griffin
Director, Asset Management
410.772.2664
ggriffin@enterprisecommunity.com

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.