



Applegate &
Thorne-Thomsen

ATTORNEYS AT LAW

Housing Action Illinois

October 2, 2014

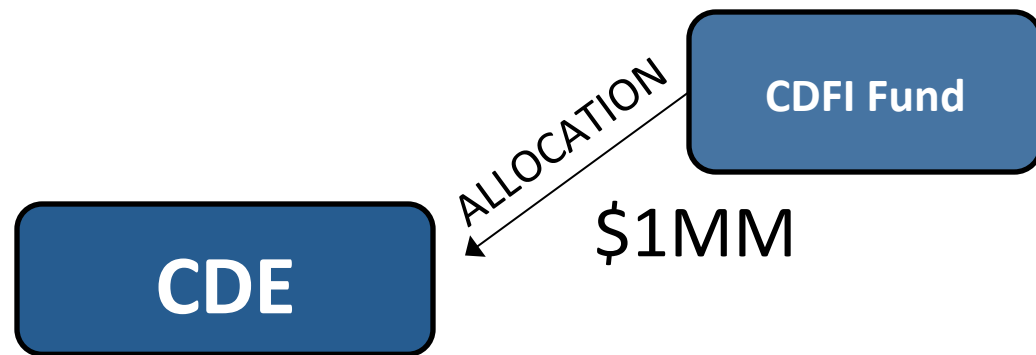
New Markets Tax Credit



NMTC Benefits

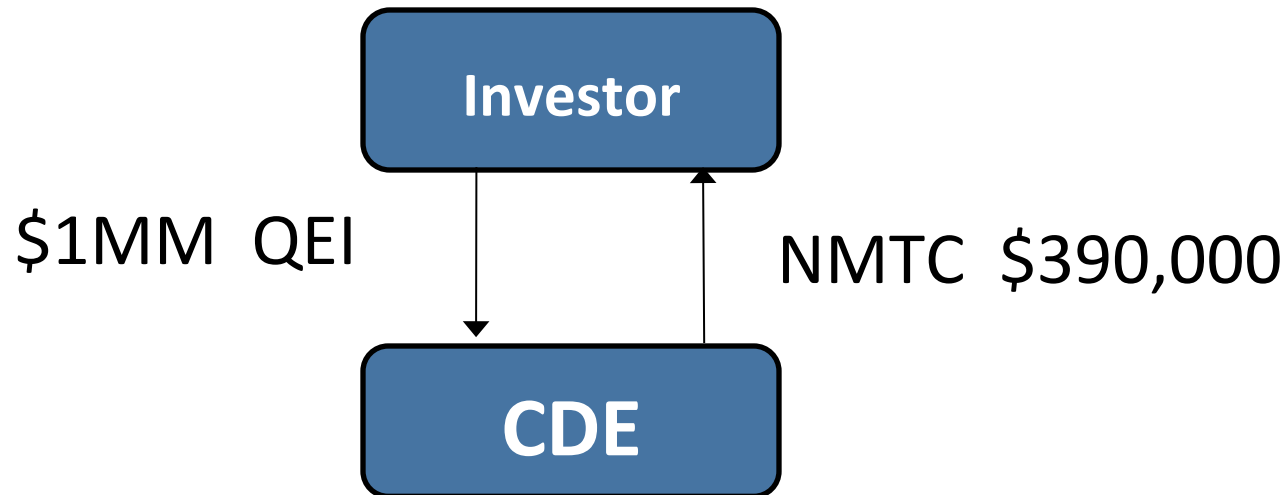
- Interest Only for 7 Years
- Favorable Rate
- Unwind “Unlocks” Equity

Mechanics 1: Allocation Process



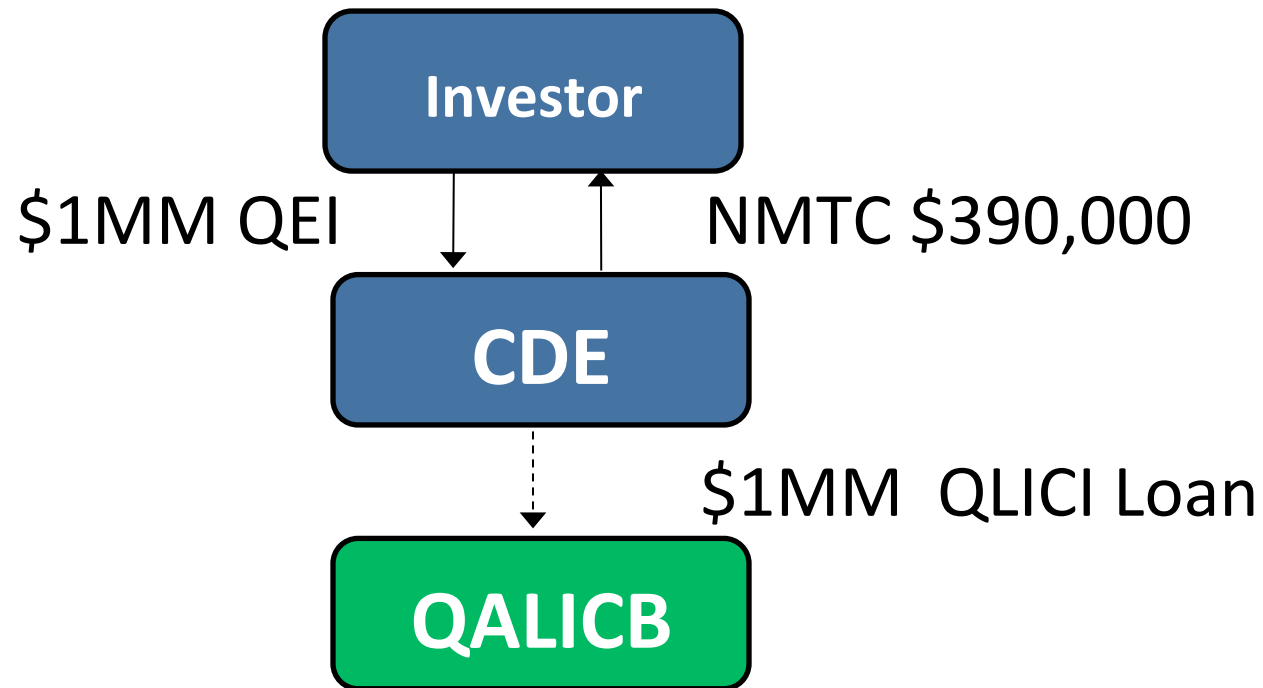
- CDE, not Borrower, applies for Allocation
- Allocation is not project specific
- Highly competitive

Mechanics 2: NMTC “Basis” is Investment



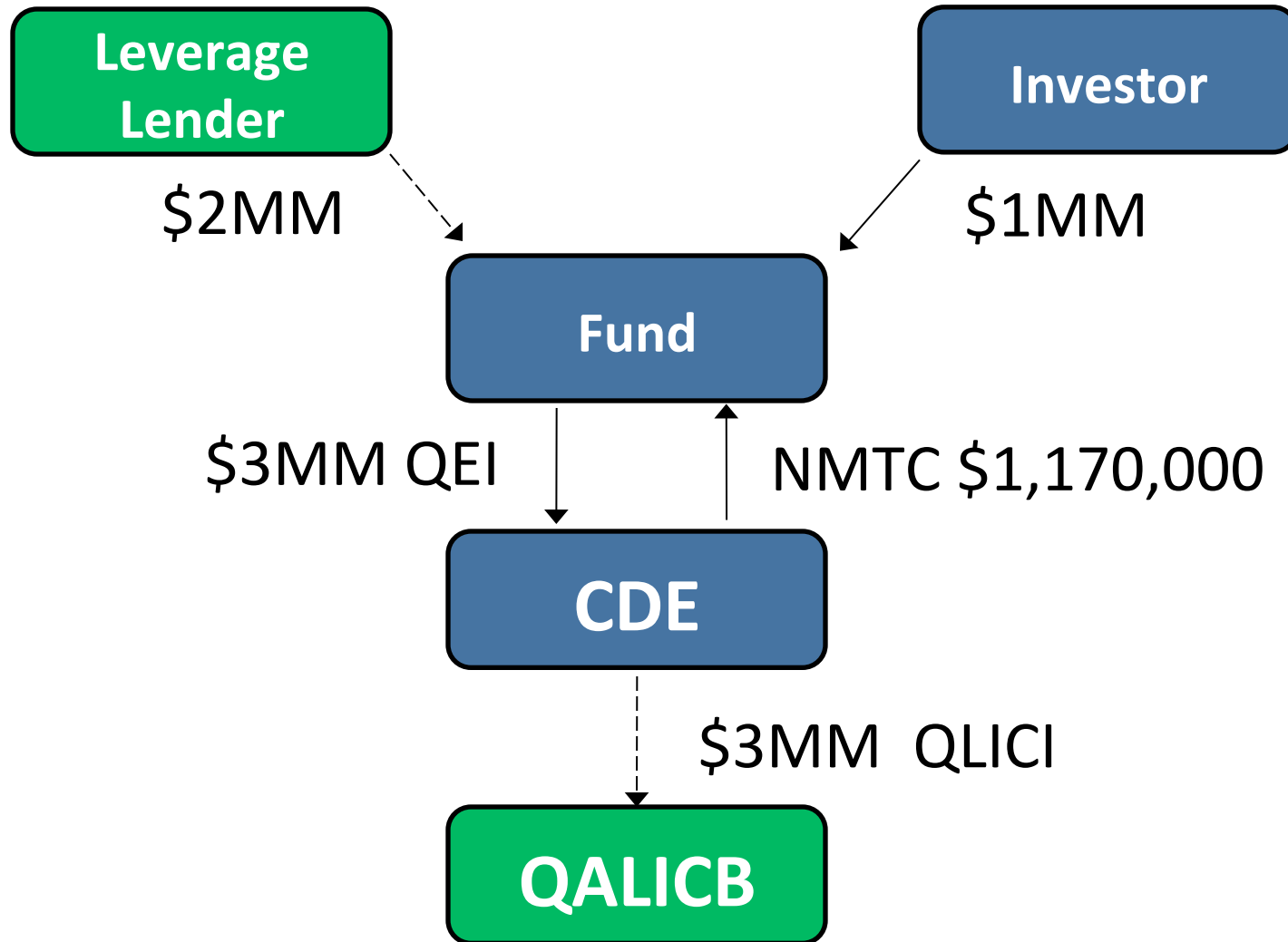
- Credits result from Investment, not project costs
- Credit = 39% of Investment over 7 years
- Investment known as “QEI”

Mechanics 3: NMTC Enhanced Loan (QLICI)

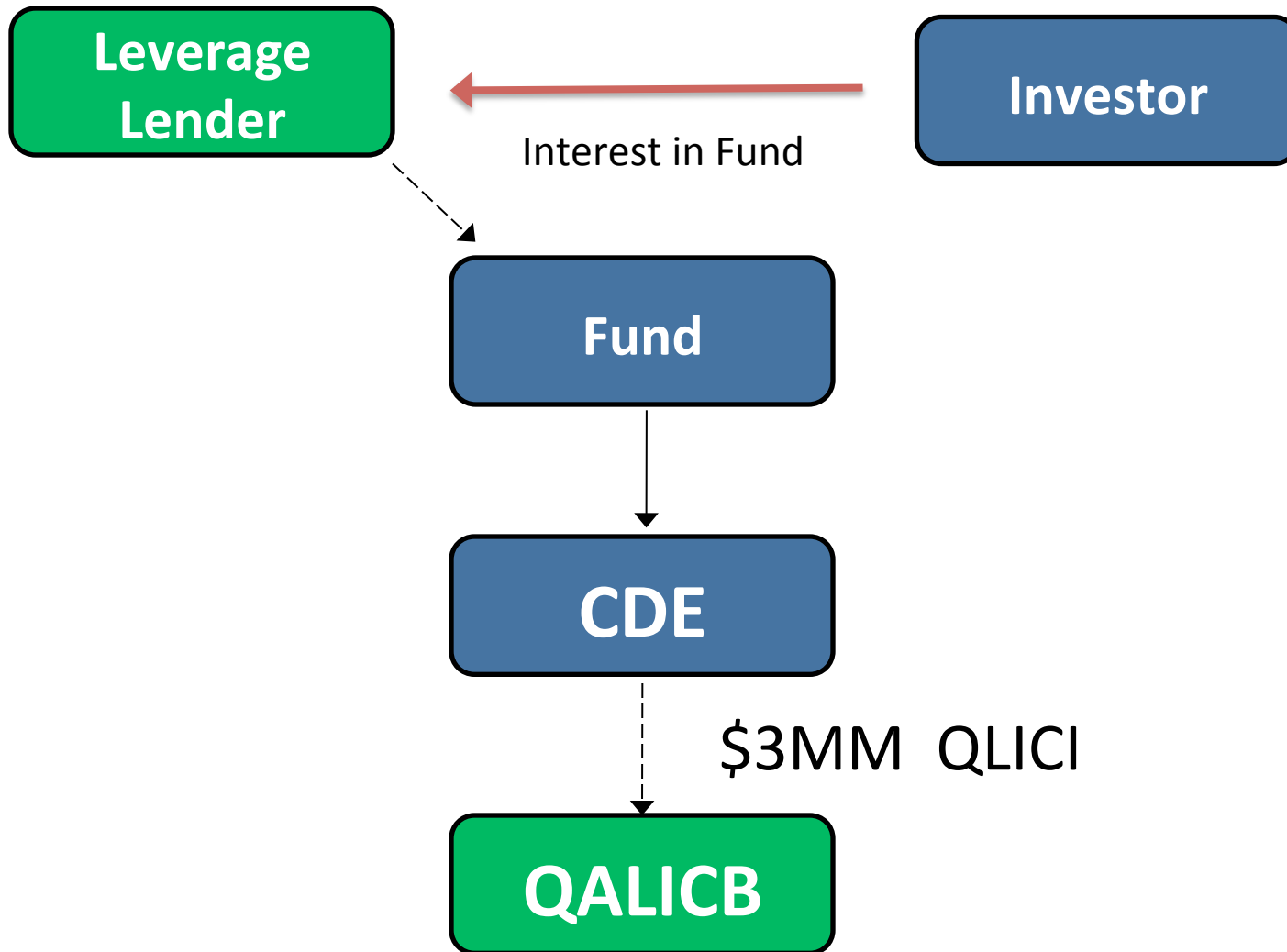


- Debt not Equity
- No Investor or CDE Ownership of Borrower

Mechanics 4: Leveraged Structure



Mechanics: Unwind "Put"



Who Qualifies as a Borrower? (QALICB)

- Located in Low Income Community
- Commercial, Industrial, Institutional, Non-Profit Projects
- Is an Active Business (Revenue Generating)
- Not Residential Rental
- Not a “Sin” Business

How do I find NMTC?

- Talk to CDEs that service your area – list at: cdfifund.org/awardees/db/index.asp
- Attractive projects have “Impact”: jobs created, services provided, catalyst for development
- Identify leverage sources – closing readiness

OK, but this is a housing conference...

- Housing OK but not “residential rental property” – must have commercial
- No LIHTC building, but can condo with LIHTC
- Complementary development: retail, groceries, health care, schools

Contact:
Ben Swartzendruber
312-491-2209
bswartzen@att-law.com

