

**AHIC Risk Rating Guidelines**

**DEVELOPMENT PHASE**

Risk Rating	A	B	C	D	F
<b>CONSTRUCTION/LEASE-UP</b>	<ul style="list-style-type: none"> <li>Construction/Lease-up is on schedule or ahead of schedule</li> </ul>	<ul style="list-style-type: none"> <li>Construction/Lease-Up is greater than 30 days delayed</li> </ul>	<ul style="list-style-type: none"> <li>Estimated Construction Completion/Lease-Up Completion is greater than 90 days delayed</li> </ul>	<ul style="list-style-type: none"> <li>Construction/Lease-Up is greater than 180 days delayed</li> <li>Mechanics Liens exist</li> </ul>	<ul style="list-style-type: none"> <li>Construction has halted and the General Partner/Guarantor is unable to remediate</li> <li>Leasing activity has stopped prior to 100% Qualified Occupancy and the General Partner/Guarantor is unable to remediate</li> <li>Mechanics Liens filed but not satisfied within 30 days</li> </ul>
<b>FINANCIAL</b>	<ul style="list-style-type: none"> <li>Sources and Uses are in balance</li> <li>Cost Overruns/Change Orders are less than 5% of original contract and there are sufficient sources to cover shortfalls</li> </ul>	<ul style="list-style-type: none"> <li>Sources and Uses are between 5% and 10% but identified sources needed to cover shortfalls are available</li> <li>Cost Overruns/Change Orders are between 5% and 10% of original contract and there are sufficient sources to cover shortfalls</li> </ul>	<ul style="list-style-type: none"> <li>Sources and Uses are out of balance between 10% and 15% but there are identified sources to cover shortfalls</li> <li>Cost Overruns/Change Orders are between 10% and 15% of original contract and sources have been identified to cover shortfalls</li> </ul>	<ul style="list-style-type: none"> <li>Sources and Uses are out of balance between 15% and 20% with no identified sources to cover shortfalls</li> <li>Cost Overruns/Change Orders are between 15% and 20% of original contract with no identified source to cover shortfalls</li> </ul>	<ul style="list-style-type: none"> <li>Sources and Uses are out of balance exceeding 20% and there is no identified source to cover shortfalls</li> <li>Cost Overruns/Change Orders exceed 20% of original contract with no identified source to cover shortfalls</li> </ul>
<b>CONSTRUCTION LOAN</b>	<ul style="list-style-type: none"> <li>Construction Loan is anticipated to be paid down according to Original Projections</li> </ul>	<ul style="list-style-type: none"> <li>Construction Loan is not anticipated to be paid down by original maturity but an extension has been secured</li> </ul>	<ul style="list-style-type: none"> <li>Construction Loan is not anticipated to be paid down by first extension and second extension is being pursued</li> </ul>	<ul style="list-style-type: none"> <li>Construction Loan is not anticipated to be paid down by any agreed extension</li> <li>Debt Restructure needed or in process</li> </ul>	<ul style="list-style-type: none"> <li>Risk of Foreclosure</li> <li>Expired LOC</li> </ul>
<b>PERMANENT LOAN</b>	<ul style="list-style-type: none"> <li>Permanent Loan Conversion is on-track according to Original Projections</li> </ul>	<ul style="list-style-type: none"> <li>Permanent Loan Conversion is delayed no more than 3 months from Original Projections</li> </ul>	<ul style="list-style-type: none"> <li>Permanent Loan Conversion is delayed 6 months or more from Original Projections and Conversion may be in jeopardy</li> <li>Notice of Default has been issued</li> </ul>	<ul style="list-style-type: none"> <li>Permanent Loan Conversion is delayed in excess of one-year from Original Projections</li> <li>Original Loan terms have changed unfavorably</li> </ul>	<ul style="list-style-type: none"> <li>Permanent source of loan is lost and no other source has been identified</li> <li>Gap to Convert and no identified source of gap filler</li> </ul>
<b>PROGRAM COMPLIANCE</b>	<ul style="list-style-type: none"> <li>Property is anticipated to be complete by PIS deadline or has received a Carryover Extension from the Allocating Agency</li> <li>No material Compliance issues</li> </ul>	<ul style="list-style-type: none"> <li>Correctable Compliance issues with no financial impact</li> </ul>	<ul style="list-style-type: none"> <li>Receipt of 8609s is delayed</li> <li>Achieving Minimum Set-Aside Qualification is a concern</li> <li>Material Non-Compliance including the issuance of 8823s</li> <li>Annual Compliance Certification has not been submitted</li> <li>Potential for 15-year Credit for 10% or more of units</li> </ul>	<ul style="list-style-type: none"> <li>Property is not expected to be complete by PIS deadline and Tax Credit delivery is in question</li> <li>Unresolved 8823s</li> </ul>	<ul style="list-style-type: none"> <li>Property will not meet PIS deadline</li> <li>Loss or Recapture of all Tax Credits</li> <li>Property will not reach Minimum Set-Aside Qualification date</li> <li>Expected loss of Credits due to uncorrectable 8823s</li> </ul>

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<b>GENERAL CONTRACTOR</b>	<ul style="list-style-type: none"> <li>General Contractor is in place and work is on-track with Original Projections</li> </ul>	<ul style="list-style-type: none"> <li>General Contractor has been removed but a replacement GC is in place and work is on-track with Original Projections</li> </ul>	<ul style="list-style-type: none"> <li>General Contractor is not performing and has not been removed</li> <li>General Contractor has been removed for 30+ days and a replacement GC has not been identified</li> </ul>	<ul style="list-style-type: none"> <li>General Contractor has been removed for 60+ days and a replacement GC has not been identified</li> </ul>	<ul style="list-style-type: none"> <li>Significant misappropriation of funds and/or construction defects due to General Contractor mismanagement</li> </ul>
<b>GP/SPONSOR/ DEVELOPER/ MANAGEMENT</b>	<ul style="list-style-type: none"> <li>GP/Sponsor/Developer is financially secure and able to meet all obligations as identified in the Partnership Agreement</li> </ul>	<ul style="list-style-type: none"> <li>GP/Sponsor/Developer is financially secure and able to meet all obligations</li> </ul>	<ul style="list-style-type: none"> <li>GP/Sponsor/Developer has modest financial capacity and liquidity has been identified as an issue</li> <li>Partnership or Investor named in Lawsuit</li> </ul>	<ul style="list-style-type: none"> <li>GP/Sponsor/Developer lacks ability or willingness to cover Guarantee Obligations</li> <li>Bankruptcy is a potential risk</li> <li>Default has been issued</li> </ul>	<ul style="list-style-type: none"> <li>GP/Sponsor/Developer Bankruptcy</li> <li>Material Damages/Litigation and Costs Incurred</li> <li>Foreclosure</li> </ul>
<b>RECAPTURE</b>	<ul style="list-style-type: none"> <li>No Recapture</li> </ul>	<ul style="list-style-type: none"> <li>No Recapture</li> </ul>	<ul style="list-style-type: none"> <li>Nominal Actual or Expected Loss or Recapture of Tax Credits</li> <li>2/3 Credit</li> </ul>	<ul style="list-style-type: none"> <li>Material Actual or Expected Loss or Recapture of Tax Credits</li> <li>Notice of Default issued</li> </ul>	<ul style="list-style-type: none"> <li>Total Investment Loss Expected</li> <li>Foreclosure Imminent with Loss of Affordability Requirements</li> </ul>