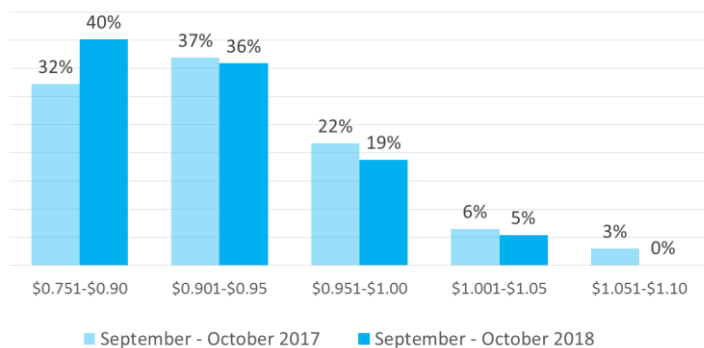




Housing Credit Pricing Update

- On an equity-weighted average basis, participants in our latest survey (September-October 2018) reported a **\$0.91** net equity price and a **5.07%** blended IRR among the national multi-investor funds currently offered. The spread between California funds and national funds has narrowed, decreasing to \$0.03 cents in the most recent survey, versus \$0.055 cents a year ago.
- Some respondents chose to provide "TBD" in place of an average or a range of IRRs. While incomplete, the survey data suggests that many syndicators continue to offer tiered IRRs, with the top tier being priced at 5.50% to 6.00%. The top tier is mostly intended for economic investors whose investment appetite is not driven by CRA footprints.
- The pricing update graph below represents the distribution of lower tier pricing on investments approved by the participating syndicators in the last 60 days. The median reported housing credit price in the last 60 days was **\$0.9163** cents across 187 deals, which is generally consistent with the July-August 2018 survey.

September-October LIHTC Pricing Distribution (Years 2017-2018)



Current National Multi-Investor Funds

Syndicator / Fund Name	Region	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
Alliant Alliant Fund 94	National	\$130	4.25% - 5.75%	\$0.93	December 2018
BFIM Fund XLIX	National	\$182	4% - 5.75%	\$0.914	October 2018
Boston Capital BCCTC Fund 46	National	\$160	TBD	\$0.917	December 2018
CREA CREA Fund 66	National	\$253	4% - 6%	TBD	December 2018
NDC NDC Fund XV	National	\$85	4.50%	TBD	June 2019
PNC PNC Fund 70	National	\$190	4.5% - 6%	\$0.91	December 2018
R4 R4 Fund X	National	\$225	TBD	TBD	November 2018
Raymond James RJTCF 45	National	\$200	TBD	TBD	February 2019
Regions Regions Fund 55	National	\$100	4.65% - 5.75%	\$0.85 - \$0.92	December 2018
WNC WNC Fund 46	National	\$110	5.75%	\$0.90	TBD

Equity-weighted Average	Net Equity Price	Projected After Tax IRR
National Funds	\$0.91	5.07%
State Regional Funds excluding CA	\$0.91	4.97%
California Funds	\$0.94	4.17%

Tax Reform Impact on Year End Planning

- The Tax Cuts and Jobs Act of 2017 created a question that needs to be addressed by every housing credit partnership prior to filing 2018 returns: Will the building owner elect to be a real property trade or business to fully deduct the net business interest expense of the entity?
- The options are three-fold; 1) to make the election in 2018, 2) to make the election effective starting in 2022, 3) or not make the election. The election would allow for full deduction of interest expense and necessitate the switch to the Alternative Depreciation System (ADS) for real property and qualified improvement property.
- For deals with modest interest deductions, you may want to continue to take a 27.5-year depreciation, while highly leveraged deals may find the interest expense deductions more valuable. The value of deferring the election until 2022 will depend on the process the IRS decides to use for elections made after 2018. It is likely to be a change in accounting method, which could be automatic or non-automatic requiring more time and a larger filing fee. IRS guidance on this topic is forthcoming.
- Investment return may not be investors' only consideration. Investors may choose to not maximize tax losses due to other considerations like financial or accounting metrics. The change in depreciation or interest expense deductibility also will affect tax capital accounts which can have an impact upon sale or liquidation of the partnership.

Current Regional Multi-Investor Funds

Syndicator / Fund Name	Region	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
Alliant Alliant Fund 96	AZ, CA, WA	\$105	4.5% - 5%	\$0.91	January 2019
Boston Capital California Fund VIII	CA	\$84	4.25%	\$0.952	December 2018
Cinnaire Mid-Atlantic Fund 4	DE, MD, PA, NJ	\$34	3.85%	\$0.967	November 2018
Merritt Fund XX	CA	\$42	4.15%	\$0.93	November 2018
Merritt Fund XXI	CA	\$75	4.05% - 4.15%	TBD	July 2019
MHEG MHEG Fund 50	Midwest	\$200	5.50%	TBD	November 2018
MHIC MHEF XXV	MA	\$65	4.50%	TBD	June 2019
OCCH OEF Fund XXVIII	OH, KY, WV	\$275.5	4.5% - 5%	\$0.802 - \$1	November 2018
Raymond James CAHOF VIII	CA	\$100	TBD	TBD	February 2019
Riverside West Coast 2018	CA, CO	\$75	4.25%	TBD	October 2018