

## Chris Austin

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**From:** Sean Brady <seanbrady@reaventures.com>  
**Sent:** Tuesday, October 17, 2017 12:09 PM  
**To:** rentalhelp  
**Cc:** Bill Rea; Eric Buffenbarger; Trey Coogle; Matt Monroe  
**Subject:** Comments on 2nd Draft NC QAP

Thank you for making several improvements in the 2<sup>nd</sup> draft of the North Carolina QAP. Further increasing the vertical cost/unit limit, removing the small town unit cap, and restoring prior underwriting guidelines (operating cost/unit, credit cap per deal, etc) were all positive revisions.

We would like to encourage NCHFA to restore Section IV.F.2.Credits Per Unit Average to its language in the 2017 QAP where maximum points are awarded based on a request falling within 5% of the average (above or below). The new revision, awarding maximum points for below-average credit requests, once again incentivizes developers to present NCHFA with overly-aggressive underwriting in order to win an award they may not be able to close. Scoring deals based on 5% of the average request (up or down) incentivizes an efficient use of Agency resources without resorting to unrealistic underwriting. We encourage NCHFA to keep in mind the current market environment consists of falling equity prices, rising construction costs, and rising interest rates on developments that won't close for a year or more after application submittal. This section worked well in last year's QAP and in our opinion should be retained as it was written in the 2017 QAP.



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