

Tara Hall

From: Greg Mayo <gmayo@CAHEC.com>
Sent: Monday, October 11, 2021 2:42 PM
To: Scott Farmer; Tara Hall
Subject: 2022 QAP Comment - Income Averaging

As previously discussed, the Income Averaging election is preventing North Carolina allocations from receiving equity offers from some of the largest institutional investors. Until acceptable rules are issued by IRS that reduces the recapture risk to match the other elections, these investors will not accept and invest in allocations utilizing the Income Averaging election. We respectfully request that the 2022 Qualified Allocation Plan allow the 2020 and 2021 awards to change their respective elections from Income Averaging to 40% at 60% AMI with NCHFA underwriting approval. We believe the change is necessary to provide these prior allocations to the widest selection of equity investors and thus ensure competitive equity offers for North Carolina's prior awards. Without the change or IRS action, there will be less demand and interest for these awards resulting in cheaper equity offers and potentially excessive guarantor obligations to offset the perceived risk caused by the draft IRS rules. We also encourage NCHFA to eliminate the irrevocable election at time of application until this matter has been satisfactory addressed. We and our partners are willing to work with NCHFA to address any underwriting questions that may arise from changing elections post-award.



Greg Mayo
Vice President, Acquisitions & Risk Management
7700 Falls of Neuse Road, Suite 200, Raleigh, NC 27615
Direct: (919) 788-1810 **Fax:** (919) 532-1810 **Cell:** (919) 623-3574
gmayo@cahec.com
www.cahec.com



This institution is an equal opportunity provider.

[Learn more about CAHEC!](#)

Confidentiality Notice: This email belongs to the intended recipient and may contain privileged information. If you are not the intended recipient, notify the sender immediately and permanently delete this message from your inbox.

IRS Circular 230 Notice: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. tax advice contained in this communication (or in any attachment) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed in this communication (or in any attachment)