

1

IRS allocates tax credits to each state based on population.



2

State allocating agency adopts a Qualified Allocation Plan (QAP) which reflects the state's priorities for housing development.



3

Developers submit proposals to the allocating agency.



4



Allocating agency awards tax credits to some developers, in accordance with priorities set in the QAP.

The Basic Structure of a Low-Income Housing Tax Credit Deal



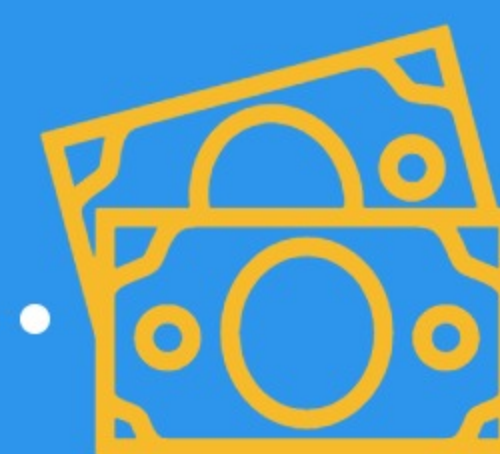
7



The developer submits compliance reports to the allocating agency.

6

Developer builds and operates the housing.



5



Investors purchase a share in the development, providing the equity needed to fund the project.