RAYMOND JAMES® | TAX CREDIT FUNDS, INC.

January 2020

OUTLOOK ON ASSET MANAGEMENT

INSIDE THIS ISSUE

ASSET MANAGEMENT TEAM

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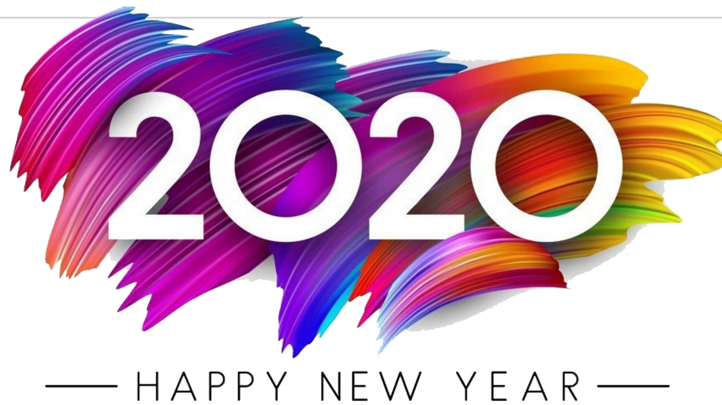
Mindy Waggener, Asset Management Coordinator

Pamela Williford, Asset Manager

Nikki Winkler, Asset Manager



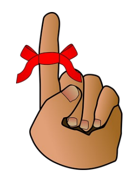
May We Have Your Reporting, Please?

By Pamela Williford, RJTCF Asset Manager

As we welcome 2020, RJTCF is busy preparing for year-end reporting and we need your help!

2020 Budgets are due now and upcoming expected 2019 reporting items include:

- **Annual Business Reports (due January 30)**
- **12/31/2019 Rent Rolls (due January 31)**
- **12/31/2019 GP Certificates (due January 31)**
- **Draft Tax Returns (due February 17)**
- **Audited Financial Statements (due March 2)**
- **Annual Compliance Audits (due March 2)**



We will be reaching out to you with reminders, notices and forms to complete in the coming weeks and would like to take this time to expound on the importance of on time reporting.

While these documents are a requirement of our Partnership Agreement with you, they mostly represent a way to ensure compliance with IRS Code §42 and protect the investment. The various due dates are not arbitrary – they allow for processing time for further reporting up to the Investor of each Partnership. Please respond to our requests as soon as possible – whether it be that the reporting will be delayed or with any questions.

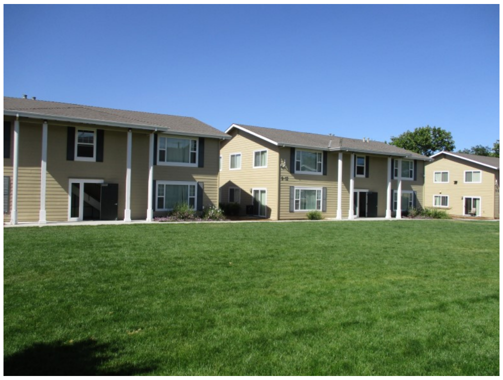
Please refer to the last page of this Newsletter for details on where and when to send the requested items. Your RJTCF Asset Manager is here to assist you with any questions or concerns, so feel free to reach out to us. We're in this together!

If you have properties with 09/30 or 10/31 year-ends, please contact us for those due dates.

PROPERTY SPOTLIGHT

South Sacramento Trio (Glen Ellen, Greenway, Los Robles), Sacramento, CA

By Richard Eng, RJTCF Asset Manager

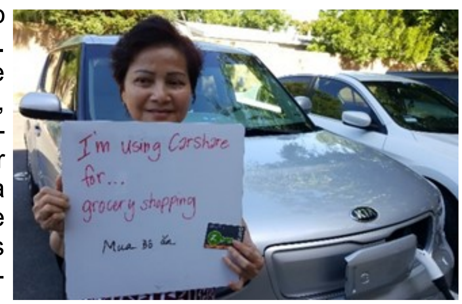


In the early 1990's, Mutual Housing California added three affordable housing apartment communities to their portfolio in South Sacramento, California. Mutual Housing at Sky Park, Mutual Housing on the Greenway and Glen Ellen Mutual Housing Communities collectively consisted 169 apartment homes, ranging from 1 to 5 bedroom units to low income families in the State's Capital. The communities were originally acquired with preservation of increasingly scarce affordable housing units in mind.

In 2013, with a $10 million Tax Credit investment from RJTCF and $6 Million in soft debt financing from the local Sacramento Housing and Redevelopment Agency, Mutual Housing completed major renovations at these three aging communities. The communities received new kitchens, bathrooms, appliances, flooring, roofs, mechanical systems, drought tolerant landscaping and Photovoltaic systems. Mutual Housing on the Greenway also required a new building envelope.

Mutual Housing California, a Sacramento based non-profit developer, was established in 1988 with a mission to develop, operate and advocate for sustainable housing that builds strong communities through resident participation and leadership development. They have a strong desire to create green and sustainable communities for the residents, some of whom serve on their Board of Directors. In early 2019, Mutual Housing implemented a smoke free policy across its housing portfolio including these three South Sacramento communities. The goal of the policy is to protect residents from the harmful effects of 2nd and 3rd hand smoke. Designated smoking areas were established on-site at least 25 feet away from any building, play area, or public spaces. Mutual Housing California also partnered with Breathe California to offer cessation resources for those residents hoping to quit smoking.

Another extremely well-received initiative Mutual Housing implemented at TRIO to bridge the green divide is an innovative electric vehicle car share program. Through a partnership with the Sacramento Metropolitan Air Quality Management District and Zipcar, residents have access to an electric vehicle free of charge for local trips. Residents can check-out the zero emissions vehicles for up to three hours. The cars are typically utilized for trips to the grocery store, taking children to school, medical appointments and more. The program has proven to be incredibly popular not only with residents who do not own a car, but anyone who wants to utilize the electric vehicles for economic and convenience reasons. Many of the residents wouldn't otherwise have access to clean transportation options without this innovative program.



With these unique programs, Mutual Housing and RJTCF not only are providing much needed affordable housing in California's capital, but also providing programs to help residents live healthier and greener lives.

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5 Polite Ways to Say NO - and Why You Really Should

Sprout Marketing

By Barbara Savona, Sprout Marketing wwww.watchyourbusinesssprout.com

SPROUT MARKETING

Have you ever been in a situation so uncomfortable you start to doubt all the life choices you've made up to this point? Yep, we've been there too. From awkward dates to catsitting for your neighbor. Saying "no" avoids these situations, but it isn't always easy.

Saying no can feel confrontational, so we sometimes say "yes" to appease everyone at the expense of our own wellbeing. Do that enough times and you'll wish you had said no at the very start - not a fun situation.

In the workplace and in our personal lives, learning to say no without leaving people feeling rebuffed is a valuable skill. When a coworker asks you to help out on a project you know you don't have the bandwidth for, knowing how to say no politely will keep it from getting awkward. At the other end of the spectrum, turning down an invite you just aren't interested in, can create tension - but not if you say no the right way.

If it's not a resounding "YES!", then you should probably say no.

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5 Polite Ways to Say NO - and Why You Really *Should*, continued

SPROUT MARKETING

1. Cushion with compliments!

This is the classic “it’s not you, it’s me”. You want to give the recipient a few kind words about their request or invite, so they can feel good despite the rejection. This won’t work well if you aren’t honest in what you say.

Example: Thank you so much for thinking of me and I’m really happy for you and this opportunity! Unfortunately, I just can’t help out. I’m swamped with work this week.

Example: I think this is a great initiative and I’m excited to see our company bring this to life! I want to give it my full attention, though. So I can’t work on it fully till a couple of weeks from now. Can we revisit this later?

2. To give a reason, or not give a reason?

If it’s a colleague, friend or family member, you owe them a valid reason when you say “no”. If you don’t offer a reason, they could end up feeling like you don’t care, which could damage the relationship later. On the other hand, if you offer up too many reasons, they can begin to sound more like excuses. Don’t be defensive or emotional, or go on at length, but do offer a clear and valid reason.

Be honest! If your boss comes to you with a request that you take on an additional project - while you already have so much on your plate that your performance would struggle - be honest and explain that if you took on that project, it would suffer.

Valid reasons: you have a previous commitment, you have to work, you are completely exhausted, etc.

3. Be brief

No need to go on at length with why you don’t want to accept an invite or can't take on another project. At the worst, you will sound undecided and leave room for negotiations and for the other person to try to change your “no” to a “yes”. Ideally, you will be direct enough, that it leaves no room for interpretation, but not so short that you come off as rude and dismissive. Find a happy medium!

Good Example: Sadly, I just can’t help out with that.

What not to say: Nope! Can’t do that.

4. Give options and offer an alternative

If a coworker wants assistance and you’re swamped, offer an alternative with some quick guidance to get them started, or some resources that have helped you.

This way your interest in their wellbeing and success comes through without your commitment.

If there’s an invite to happy hour, but drinking isn’t your thing, suggest a different activity that’s more your style.

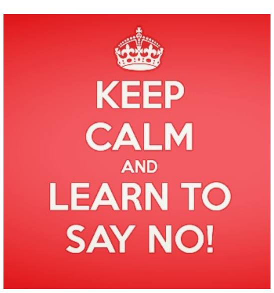
Example: With my full schedule right now, I won’t be available to commit to this project. My colleague is interested in taking more on. Could I introduce you?

Example: I can’t make it work this weekend, what does next week look like for you?

5. Leave the door cracked

Sometimes what you really want to say is “not now” instead of “no”. Warning: Use this approach sparingly! You don’t want to put off people or opportunities indefinitely. People could feel like they don’t matter, and will wish you would be honest and just say no from the start.

Example: Thank you for thinking of me for this. Sadly, I can’t make it work this year. Keep me in mind for next year’s conference! I’d love to attend.



Creating boundaries and protecting your time is critical to your success. If you can prioritize your values, by only saying yes to those things that will help you keep them in their place, you’ll be one step closer to a focused life. Saying no is essential to keeping a work-life balance, regardless of the situation. Need some help figuring out what those priorities are? Hop on over to Casey’s Van-Zandt’s guest blog to outline those today. (BLOG LINK TO CVZ WORK-LIFE

Compliance Corner

A Not-So-Casual Look at Casualty Loss — Part 1: Introduction and IRS Guidance

By Scott Michael Dunn, Chief Executive Officer/Owner, www.costellocompliance.com

"I've already lost my property, will I lose tax credits, too?"

Whether it is a kitchen fire that destroys a unit or a hurricane that takes out an entire apartment community, property damage events result in casualty loss. As far as major disasters, a review of the last three years FEMA data shows that there were 124 areas affected by declared disasters in 2018 and there were 137 in 2017. There were 94 in 2019 as of October, mostly resulting from storms and wildfires. These events potentially affect or destroy many, many affordable housing units. On top of these major disasters, there are other losses that result from more localized events, such as the kitchen fire mentioned above. Owners, agents and investors may be forced to review the impact of casualty loss on their tax credits while a unit, building or property is off-line after an event. Considering all the above, it seems a good time to review IRS guidance on casualty loss as it applies to tax credit properties. What happens to the credits while the property is down? Also, will the additional penalty of tax credit recapture result? The answers will depend on how quickly the loss is restored and whether the loss resulted from a presidentially declared disaster or a lesser event. We will discuss these issues in two parts.

Part 1: - Definition of casualty loss and where we find IRS guidance on the matter

- What happens when a casualty loss is related to a presidentially declared disaster.

Part 2: - Casualty losses that do not relate to a declared disaster

- IRS provisions designed to assist victims of major disasters.

Definition of casualty loss

A casualty loss is the damage, destruction, or loss of property resulting from an identifiable event that is sudden, unexpected, or unusual. Property damage is not considered a casualty loss if the damage occurred during normal use, the owner willfully caused the damage or was willfully negligent, or if it was progressive deterioration such as damage caused by termites. Major storms, flooding and wildfires often result in casualty loss. Leaking pipes that eventually result in mold and property destruction and gradual deterioration of parking lots due to seasonal weather heaving are NOT examples of casualty loss.

Usually, a building will be subject to tax credit recapture if, as of the close of any tax year after the first year in the compliance period, the qualified basis of the building is less than it was as of the close of the prior tax year. Qualified basis is reduced when individual units or a building is not (1) housing tax credit-qualified residents (or the former residents weren't qualified, if vacant), or (2) the residents are not paying program appropriate rent, or (3) the units are not habitable and not reasonably up to HUD's Uniform Physical Conditions Standards (UPCS) or local code. The third item is where property damage events potentially affect tax credits. However, an exception to the general rule exists if the reduction in qualified basis results from a casualty loss, and the loss is replaced or reconstructed within a reasonable period, as determined by the IRS. As we will see, the exact length of this reasonable period is maximum established by IRS guidance, and is further delegated to the state tax credit agency in the case of major disasters. The maximum period itself is also different for declared disasters and other casualty losses.

Casualty Loss Bonus FAQ #1

Question: Where do I find IRS guidance on casualty loss?

Answer: At first, guidance on casualty loss relating to declared disasters was issued for specific major disasters. However, after a series of individualized disaster instructions, 2014 guidance applicable to all future major disasters declared on or after 8/21/14 was issued in Revenue Procedure 2014-49. Additional relevant history can be tracked in the following document: Chief Counsel Advice Memorandum (CCAM) 200134006, IRS Publication 547, Rev Proc 95-28 (for disasters declared on or after 1/1/95), Rev Proc 2007-54 (for disasters declared on or after 7/2/07), CCAM 200913012 and the tax credit Audit Technique Guide.

Casualty Loss and Declared Disasters

Declared Disasters

When disasters warranting assistance from the federal government occur, the Robert T. Stafford Disaster Relief and Emergency Assistance Act gives the President authority to issue a major disaster declaration for affected areas. Following the declaration, the Federal Emergency Management Agency (FEMA) may designate specific cities, counties, or other local jurisdictions as eligible for assistance. Such designations are published by FEMA via the Federal Register.

What happens to our credits until the loss is restored? Is there also recapture? Assume that a building's qualified basis is restored within a reasonable period. If a building that is in a FEMA major disaster area suffers a reduction in qualified basis because of the disaster, the building will not be subject to tax credit recapture and may continue to claim credits during the restoration period.

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A Not-So-Casual Look at Casualty Loss — Part 1, continued

What constitutes a reasonable period is determined by the state tax credit agency that monitors the building. However, the period may not extend beyond the end of the **25th month following the close of the month of the major disaster declaration.** It is important to note that Revenue Procedure 2014-49 changed the allowable period from what had been included in earlier technical guidance and differs from the time frame for other casualty losses, which is **24 months from the end of the calendar year in which the casualty occurred.** Therefore, the declared disaster has a more restrictive maximum deadline.

Casualty Loss Bonus FAQ #2

Question: What qualified basis will I use to calculate the credits while the building is down?

Answer: When calculating the allowable credits during the reasonable restoration period, the building's qualified basis at the end of the taxable year immediately preceding the first day of the major disaster incidence period (a date determined by FEMA) should be used.

Casualty Loss Bonus FAQ #3

Question: We got a carryover allocation of credits toward the end of last year, but a declared disaster hurricane just destroyed what we had built of the buildings. Is there any way to get more time to finish the buildings?

Answer: Once a project receives a carryover allocation, there are two deadlines that owners must meet to continue to hold the right to claim credits. At least 10% of the reasonably expected costs must be spent within no more than 12 months of the carryover (the 10% test). Once that is accomplished, the building must be placed in-service no later than the end of the second year following the allocation. In cases of declared disasters, the deadline to meet the 10% test is extended by 6 months for damaged properties. The deadline to place in-service is extended one year to December 31 of the year after the usual two-year deadline.

Casualty Loss Bonus FAQ #4

Question: My project was in lease-up and we intended to claim credits this year. Then a major declared disaster wildfire destroyed the buildings. What happens to the tax credits?

Answer: The state agency has the discretion to treat the allocation as a returned credit. If, however, they opt to allow the allocation to continue with the destroyed property, they may pause or "toll" the deadline for the beginning of the first year of the credit period. The tolling period must not extend beyond the end of the 25th month following the close of the month of the Major Disaster declaration. Owners may not claim any low-income housing credit during the restoration period of these first-year buildings.

Casualty Loss Bonus FAQ #5

Question: Will an 8823 be filed for my damaged building before it is restored?

Answer: Probably not. Official guidance allows that an 8823 resulting from major disaster casualty may not have to be submitted, if the rebuild is within the state-allowed reasonable period. This is because there is no reduction in qualified bases.

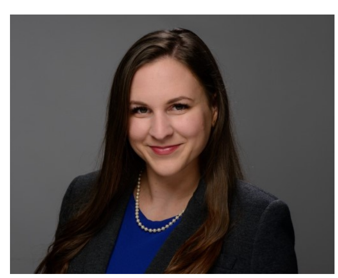
Example Casualty Loss in a Declared Disaster :

A disaster is declared for an area in March of 2018. A building is seriously damaged in the disaster. The latest the building can be restored and avoid disallowance of credits and recapture is 25 months later, or April of 2020. The qualified basis that was applicable prior to the declaration of disaster will be used when calculating the allowable credit.

Join us in the next edition for Part 2

New Employee Spotlight

Lucine McCann, Asset Management Analyst, joined Raymond James Tax Credit Funds, Inc. in November 2019. Ms. McCann earned a MS in Finance from the University of Tampa and went on to work as an investment analyst for a private equity firm specializing in multifamily assets acquisitions and management. There, she participated to the feasibility review of investment opportunities and worked closely together with asset managers providing continued financial analysis throughout the lifecycle of the investment. Additional experience includes property management. Ms. McCann most recently served as a portfolio manager, overseeing operations for a national single family home rental company. She also holds a Florida Real Estate license.



WHERE DO I SEND MY REPORTING??

RJTCFCompliance@RaymondJames.com	Quarterly Reports (Balance Sheets and YTD P&L Statements) Rent Rolls, GP Certificates Insurance Renewal Certificates Monthly Financials
RJTaxCreditDocs@RaymondJames.com	Tax Returns Audits —Year-End Financial Statements from CPA's
RJTCFAssetManagementReporting@RaymondJames.com	Annual Business Report — ABR 2019 12.31 YE Budgets
RJTCFTenantFiles@RaymondJames.com	Initial Tenant Files & Corrections Annual Compliance Audit (20% Tenant File Testing)

Who is Raymond James?

Raymond James Tax Credit Funds (RJTCF) is a wholly owned subsidiary of Raymond James Financial, Inc. (NYSE-RJF). Since 1972, subsidiaries of RJF have been among the leading syndicators of affordable housing. Raymond James Tax Credit Funds has raised over $10.6 billion in equity for more than 2,100 properties in 47 states since the inception of the tax credit program in 1986. Our firm has closed over 150 funds with investors and each of our funds has been successful. Our corporate culture revolves around a philosophy known as "Service 1st," which pervades everything we do, especially in how we cultivate and manage our relationships with partners and investors. We have a deeply experienced Asset Management Team whose portfolio continues to grow with more than 100 projects acquired and added to our portfolio over the past year.

YOUR INPUT IS VALUED

If you have an idea for an article or would like your property to be spotlighted in an upcoming issue of
"Outlook on Asset Management"
please feel free to contact
Mindy Waggener at (800) 438-8088
Mindy.Waggener@RaymondJames.com

Any & All Comments Are Welcome!