

AHIC Risk Rating Guidelines: **STABILIZED PHASE**

2026

RISK RATING	A	B	C	D	F
DCR / ECR	<ul style="list-style-type: none"> DCR is $\geq 1.15x$ or as underwritten ECR is $\geq 1.05x$ or as underwritten 	<ul style="list-style-type: none"> DCR is $< 1.15x$ and $\geq 0.95x$ ECR is $< 1.05x$ and $\geq 0.85x$ Property-level resources are sufficient to meet obligations 	<ul style="list-style-type: none"> DCR $< 0.95x$ with a consistent trend ECR $< 0.85x$ with a consistent trend Deficits being funded by GP / Guarantor Loan is current on must-pay debt 	<ul style="list-style-type: none"> DCR $< 0.95x$ with a consistent trend ECR $< 0.85x$ with a consistent trend Investment of additional LP capital is likely due to GP / Guarantor concerns Loan is delinquent on must pay debt 	<ul style="list-style-type: none"> Loan is in default on must pay debt
OCCUPANCY	<ul style="list-style-type: none"> Economic Occupancy is $\geq 93\%$ 	<ul style="list-style-type: none"> Economic Occupancy is between 90%-93% 	<ul style="list-style-type: none"> Economic Occupancy is between 80-89% 	<ul style="list-style-type: none"> Economic Occupancy is between 70-79% 	<ul style="list-style-type: none"> Economic Occupancy is $\leq 69\%$
RESERVES	<ul style="list-style-type: none"> Reserves and escrows are fully funded as originally underwritten 	<ul style="list-style-type: none"> Property-level reserves and escrows are being funded and are sufficient to meet obligations 	<ul style="list-style-type: none"> Reserves and escrows are underfunded by 25% from original projections, but payments are being made Balances are insufficient to meet long-term project needs 	<ul style="list-style-type: none"> Reserves and escrows are underfunded by 50% from original projections, but payments are being made Balances are insufficient to meet immediate and long-term project needs 	<ul style="list-style-type: none"> Reserves and escrows are depleted, and no payments are being made
PHYSICAL	<ul style="list-style-type: none"> No physical issues 	<ul style="list-style-type: none"> Correctable deferred maintenance with sufficient sources 	<ul style="list-style-type: none"> Deferred maintenance/structural or environmental issues with funding sources not fully identified Building Code violations 	<ul style="list-style-type: none"> Significant deferred maintenance causing life/safety issues, structural and/or environmental issues, with no identified source to remedy 	<ul style="list-style-type: none"> Off-line units with no funding source to remedy Major issues or building(s) condemned
GP / GUARANTOR / MANAGEMENT (GGM)	<ul style="list-style-type: none"> GGM is operationally/financially secure and able to meet all obligations 	<ul style="list-style-type: none"> GGM is financially secure and able to meet all obligations Minor operational concerns may exist 	<ul style="list-style-type: none"> GGM has modest financial capacity, and liquidity has been identified as an issue Operational concerns could lead to replacement Partnership or Investor named in Lawsuit 	<ul style="list-style-type: none"> GGM lacks ability or willingness to cover guarantee obligations GP/Guarantor Bankruptcy is a potential risk GGM not meeting Partnership obligations, replacement likely 	<ul style="list-style-type: none"> GGM Bankruptcy Foreclosure GP removal
PROGRAM COMPLIANCE	<ul style="list-style-type: none"> No material Compliance issues Part III is on track 	<ul style="list-style-type: none"> Correctable Compliance issues with no financial impact Part III is on track 	<ul style="list-style-type: none"> Correctable Compliance issues with financial impact 8609 delayed, impacting Credit delivery HUD inspection failing score with no corrective plan 8823s issued and not corrected within 90 days Part III delay is greater than three months 	<ul style="list-style-type: none"> Uncorrectable Compliance issues 8823s issued and left uncorrected at year-end Part III is in jeopardy with no remedy 	<ul style="list-style-type: none"> 8609s delayed ≥ 3 years Part III denied
INSURANCE / TAXES	<ul style="list-style-type: none"> No insurance/tax issues Adequate coverage is in place 	<ul style="list-style-type: none"> No material insurance/tax issues Variance in Partnership insurance may exist as compared to requirements, but does not materially increase risk 	<ul style="list-style-type: none"> Unpaid real estate taxes, but funds are available Insurance requirements are not being met Expired coverage Material insurance claim is open / in process 	<ul style="list-style-type: none"> Unpaid Real Estate Taxes for two or more years Tax Certificates sold and ownership rights can be asserted Insurance requirements are not being met, and no funds are available 	<ul style="list-style-type: none"> Unpaid real estate taxes/unpaid insurance, and no funds are available
REPORTING	<ul style="list-style-type: none"> No reporting issues 	<ul style="list-style-type: none"> Minor reporting deficiencies 	<ul style="list-style-type: none"> Audited financial statements issued with Going Concern Reporting is consistently delayed 	<ul style="list-style-type: none"> Inadequate or incomplete Reporting Reporting accuracy in question 	<ul style="list-style-type: none"> Reporting not received
RECAPTURE / FORECLOSURE	<ul style="list-style-type: none"> No Recapture 	<ul style="list-style-type: none"> No Recapture 	<ul style="list-style-type: none"> Actual or expected loss or recapture of tax credits, but closing yield maintained Notice of Default 	<ul style="list-style-type: none"> Actual or expected loss or recapture of tax credits, yield below closing Receiver has been appointed 	<ul style="list-style-type: none"> Recapture event resulting in a negative yield Sheriff's Sale

Please see the AHIC Risk Ratings Instructions & Guidelines at www.ahic.org for additional information in employing this Grid.

The best practices described in AHIC guidelines represent the collective views of knowledgeable AHIC volunteers committed to improving the effectiveness of the LIHTC program. AHIC guidelines are not intended to be a substitute for professional (legal or accounting) advice. Outcomes are not guaranteed, and AHIC is not liable for damages relating to the use or application of AHIC guidelines or best practices.