



CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

915 Capitol Mall, Suite 485
Sacramento, CA 95814
p (916) 654-6340
f (916) 654-6033
www.treasurer.ca.gov/ctcac

MEMBERS
FIONA MA, CPA, CHAIR
State Treasurer

BETTY YEE
State Controller

KEELY MARTIN BOSLER
Director of Finance

GUSTAVO VELASQUEZ
Director of HCD

TIENA JOHNSON HALL
Executive Director of CalHFA

EXECUTIVE DIRECTOR
NANCEE ROBLES

DATE: March 15, 2022

TO: Low Income Housing Tax Credit Project Applicants and Owners

FROM: California Tax Credit Allocation Committee – Development Section

RE: CTCAC Lease Rider Process

The California Tax Credit Allocation Committee (“CTCAC”) requires a CTCAC Lease Rider Agreement (“Lease Rider”) for all housing projects developed under leasehold interests (ownership of project building(s) with a land “ground” lease). This memo is to provide information about the process for Lease Rider.

The [Lease Rider template](#) is available on the CTCAC website. Final approval from CTCAC must be received prior to the Lease Rider being executed by all parties after permanent loan conversion and all loans are on title, or any time thereafter until immediately preceding the CTCAC Regulatory Agreement (“Regulatory Agreement”) recordation. Due to the unique nature of tribal lands, the Lease Rider is required to be attached to any ground lease at the time submitted to the Bureau of Indian Affairs (“BIA”). Internal Revenue Service (“IRS”) Forms 8609 will only be issued after the CTCAC lease rider is executed by all parties. The Lease Rider template is not subject to negotiated variations and any proposed changes, either substantive or clarifying, will not be accepted. Section 21 is reserved for addressing circumstances unique to a specific project and any additions to this section must be approved by CTCAC.

Please note:

- CTCAC must approve the Lease Rider prior to execution by the lessor and the lessee.
- The Lease Rider legal description must be the same fee simple interest description as is applied to the ground lease.
- The Lease Rider must be recorded ahead of the Regulatory Agreement.
- The Regulatory Agreement legal description is the leasehold interest.

In preparing and reviewing the Lease Rider and Regulatory Agreement, CTCAC staff verifies the accuracy of the legal descriptions. At times, there may be a lack of understanding of the two different legal descriptions. Providing inaccurate legal descriptions may result in delays in executing these agreements due to the additional correspondence time between CTCAC staff and the project owner. CTCAC staff encourages those individuals who prepare and review the Lease Rider and Regulatory Agreement consult with their internal staff most knowledgeable about these legal descriptions.

Once the Lease Rider has been reviewed by all parties, CTCAC will complete one final review at which point the final document may be circulated to all parties for signatures. CTCAC will sign the document last to ensure consistency was maintained during the signing process. CTCAC will send the documents (Lease Rider and, if applicable, the Regulatory Agreement), with recording instructions, to the County Recorder's Office for which the project is located. If the owner request to self-record, approval must be received by CTCAC.

For questions about the Lease Rider or the Lease Rider process, please contact [Marisol Parks](#) and [Cynthia Compton](#).