

Subject: Reminder of Tax Credit/Sec. 1602 Deadlines - 30% Test, 10% Test, etc.

This is a reminder that for any 9% credit project, whether it has any ARRA (TCAP/ Sec. 1602 Exchange) funding or not, the 10% Test must be met no later than one year from the tax credit carryover allocation date; in addition, if the Exchange Assistance Agreement date (if applicable) is before the tax credit carryover allocation date, the 10% Test must be met no later than the earlier of one year from the tax credit carryover allocation or one year from the date of the Exchange Assistance Agreement. The 10% Test must be met by the federal statutory deadline for the purposes of any LIHTC.

If your project has or will have any Sec. 1602 Exchange funding, whether the project is a 2008 or 2009 project, such project must meet the 30% Test by 12/31/2010.

A 4% tax credit project that is financed with tax-exempt bonds will not need to meet any 10% Test; however, if such project has or will have any Sec. 1602 Exchange funding, the 30% Test must be met no later than 12/31/2010.

DCA has posted the 30% Test forms at <http://www.dca.ga.gov/housing/housingdevelopment/programs/TaxCreditExchange.asp>. If a project fails to meet the required 30% Test by the applicable deadline, any and all Exchange funds disbursed to the project shall be repaid by the project owner to the Georgia Housing and Finance Authority.

If the 30% Test is met by the deadline for the 10% Test, the 30% Test can be submitted to DCA in lieu of the 10% Test. If the complete final allocation application is submitted to DCA by the deadline for the 30% Test, the final allocation app can be submitted to DCA in lieu of the 30% Test.

The only exception to the 30% Test requirement on a low income housing project with any Exchange funding is that the project will have ALL Sec. 1602 Exchange funds awarded to the project DISBURSED by DCA (not just expended by the project owner) by 12/31/2010, i.e. if 100% of Section 1602 Exchange funds awarded to the project is disbursed by DCA by 12/31/2010, the 30% Test is not applicable.

Any project with LIHTC - whether it has any TCAP funding or any Exchange funding - must meet all applicable tax credit deadlines, including the 10% Test. For any applicable deadlines, please review the tax credit carryover allocation documents for the project.

Please note that the 30% Test is based on 30% of the project's reasonably expected basis, NOT 30% of the total Exchange award amount, just as the 10% Test is based on 10% of the project's reasonably expected basis, NOT based on 10% of the tax credit amount.

As stated in the ARRA Implementation Plan, any project with TCAP or Sec. 1602 Exchange funding must submit a contractor cost certification upon construction completion. Such contractor cost cert is required for DCA to process the final ARRA draw.

All projects with any tax credit, TCAP, or Exchange funding must submit a final allocation application to DCA by the deadline as specified in the tax credit carryover allocation or Sec. 1602 Tax Credit Exchange carryover Subaward Agreement, if applicable.

If you have any questions regarding the 10% Test or 30% Test deadlines, please call me at 404-679-0647 - please have your tax credit carryover allocation and/or Exchange Assistance Agreement handy when you call.

You are encouraged to submit any applicable 30% Test to DCA (to my attention) before the deadline.

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