

ALABAMA HOUSING
FINANCE AUTHORITY

November 8, 2006

Eric Solomon, Esq.
Acting Assistant Secretary for
Tax Policy and Regulatory Affairs
Department of the Treasury
1500 Pennsylvania Ave., N.W. Room 3120
Washington, D.C. 20220

Re: Qualified Contract Price

Dear Mr. Solomon:

It is my understanding that your office is currently working on guidance and clarification to the rules regarding the Qualified Contract Price (QCP) and procedures outlined in Section 42 of the IRS Code. As our first developments became eligible to exercise their right to sell their property at the QCP, we established Qualified Contract Policies and Procedures subject to any further guidance from the IRS.

We feel that in some cases the QCP may exceed the Fair Market Value (FMV) of a property. We are concerned that as other restrictions expire, owners will elect to exercise their Option Year and establish a legally allowed QCP that exceeds FMV.

Therefore, we suggest that you consider placing a cap on the low-income portion of a property, which must not exceed the FMV for that portion. We believe this would allow an owner to sell his or her property at a fair price to another owner who wishes to continue the low-income use of that property and: would prevent the loss of low-income units due to an unrealistically high and financially infeasible sales price.

Please call or email me if you have any questions regarding this letter. I appreciate your consideration of this request. Thank you.

Sincerely,

Barbara G. Wallace
HOME/Housing Coordinator
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