



Affordable Housing Services



New York Breakfast Seminar Legal & Accounting Pitfalls

Tax Exempt Bonds

- 50% Test
 - What is it?
 - How is it calculated?
 - When does it have to be met?
- Problems:
 - Waiting to draw retainage and final requisition
 - Cost increases
 - Contributed land/shell value
 - No special 130% area
 - Credit rate changes monthly

Construction Interest

- Capitalized interest during construction
- Problems:
 - Post construction period in development budget expenses
 - Acquisition expensed often higher if occupied

Other Issues

- 168(h) elections
- Dispute on final construction amount (change orders)
- Tenants above income in acquisition rehab
- Tenancy requires governmental involvement
- Syndication terms for installments
 - Debt coverage ratios
 - Guarantees

Accounting

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