



Date: September 1, 2010
To: ARRA Section 1602 Exchange Fund Recipients
From: Multifamily Housing Group
Re: ARRA 1602 Exchange Expenditure Deadline

Projects awarded ARRA Section 1602 Exchange Funds by WHEDA not expending 100% of the funds by December 31, 2010 must demonstrate satisfaction of an expenditure test. The test must reflect the recipient has paid or incurred at least 30% of the project's total adjusted basis in land and depreciable property reasonably expected to be part of the low-income housing project by December 31, 2010 (the "30% Test").

WHEDA requires a certification be completed by a third party tax or accounting professional in a form provided by the U.S. Treasury. This form ("Subaward Report of Expenditures") is located on WHEDA.com:
http://www.wheda.com/root/uploadedFiles/Website/Wheda_Products/Regulations/Subawardee%20Rpt%20Expndtr.pdf

The last date WHEDA will accept these certifications is January 5, 2011 (must be physically received by 5:00 p.m.; postmarked not acceptable).

If a project does not demonstrate via certification that it met the required 30% Test, **all 1602 Exchange Funds not drawn by December 31, 2010 will be forfeited by the owner.**

If a project does demonstrate it has met the test, it may continue to draw remaining funds until December 31, 2011.

If an owner has drawn 100% of their 1602 Exchange Funds award by December 31, 2010, the 30% Test will not be required.

A report showing the draw down for each awarded project is located on WHEDA.com:
http://www.wheda.com/root/uploadedFiles/Website/Wheda_Products/Regulations/Exchange%20Projects%20Closed.rpt.pdf

WHEDA will forward additional guidance as it is released by Treasury.

Questions may be directed to your WHEDA Senior Underwriter, or Bill Boerigter, Manager, MF Lending and Credit.