

HAWKINS ADVISORY

Internal Revenue Service Revenue Procedure 2010-25 Regarding Mortgage Revenue Bonds and Mortgage Credit Certificates

Please be advised that on Wednesday, June 16, 2010, the Internal Revenue Service ("IRS") released the attached Rev. Proc. 2010-25 updating average area and nationwide purchase price safe harbor limits for the Mortgage Revenue Bond and Mortgage Credit Certificate programs.

We call to your attention two major provisions of Rev. Proc. 2010-25.

- Section 3.03 requires an adjustment by 1.00 for new FHA loan limits and no longer allows for the adjustment by 1.03 that was used in 2009.
- The IRS and Treasury are soliciting public comments on whether the current data source and method used to determine the average area purchase price safe harbor limits should continue or whether another data source and method should be utilized in calculating the safe harbor limits. Comments can be submitted in writing by mail or email to the respective addresses provided in Section 7 of Rev. Proc. 2010-25. The comment period ends on September 6, 2010.

The limits are effective for commitments to provide financing or issue Mortgage Credit Certificates made for residences that are purchased beginning on June 16, 2010. Notwithstanding this, issuers may continue to rely on the average purchase price set forth in Revenue Procedure 2009-18 with respect to bonds sold, or Mortgage Credit Certificates issued with respect to bond authority exchanged, before July 16, 2010, if the commitment to provide financing or issue Mortgage Credit Certificates is made on or before August 15, 2010.

Please contact a member of the Tax Department or Housing Group if you have any questions about the use of this information.

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