

ARKANSAS REGISTER

Proposed Rule Cover Sheet



Secretary of State
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Name of Department _____

Agency or Division Name _____

Other Subdivision or Department, If Applicable _____

Previous Agency Name, If Applicable _____

Contact Person _____

Contact E-mail _____

Contact Phone _____

Name of Rule _____

Newspaper Name _____

Date of Publishing _____

Final Date for Public Comment _____

Location and Time of Public Meeting _____

**QUESTIONNAIRE FOR FILING PROPOSED RULES WITH
THE ARKANSAS LEGISLATIVE COUNCIL**

DEPARTMENT _____
BOARD/COMMISSION _____
BOARD/COMMISSION DIRECTOR _____
CONTACT PERSON _____
ADDRESS _____
PHONE NO. _____ EMAIL _____
NAME OF PRESENTER(S) AT SUBCOMMITTEE MEETING _____
PRESENTER EMAIL(S) _____

INSTRUCTIONS

In order to file a proposed rule for legislative review and approval, please submit this Legislative Questionnaire and Financial Impact Statement, and attach (1) a summary of the rule, describing what the rule does, the rule changes being proposed, and the reason for those changes; (2) both a markup and clean copy of the rule; and (3) all documents required by the Questionnaire.

If the rule is being filed for permanent promulgation, please email these items to the attention of Rebecca Miller-Rice, miller-ricer@blr.arkansas.gov, for submission to the Administrative Rules Subcommittee.

If the rule is being filed for emergency promulgation, please email these items to the attention of Director Marty Garrity, garritym@blr.arkansas.gov, for submission to the Executive Subcommittee.

Please answer each question completely using layman terms.

1. What is the official title of this rule?

2. What is the subject of the proposed rule? _____
3. Is this rule being filed under the emergency provisions of the Arkansas Administrative Procedure Act? Yes No

If yes, please attach the statement required by Ark. Code Ann. § 25-15-204(c)(1).

If yes, will this emergency rule be promulgated under the permanent provisions of the Arkansas Administrative Procedure Act? Yes No

4. Is this rule being filed for permanent promulgation? Yes No

If yes, was this rule previously reviewed and approved under the emergency provisions of the Arkansas Administrative Procedure Act? Yes No

If yes, what was the effective date of the emergency rule? _____

On what date does the emergency rule expire? _____

5. Is this rule required to comply with a *federal* statute, rule, or regulation? Yes No

If yes, please provide the federal statute, rule, and/or regulation citation.

6. Is this rule required to comply with a *state* statute or rule? Yes No

If yes, please provide the state statute and/or rule citation.

7. Are two (2) rules being repealed in accord with Executive Order 23-02? Yes No

If yes, please list the rules being repealed.

If no, please explain.

8. Is this a new rule? Yes No

Does this repeal an existing rule? Yes No

If yes, the proposed repeal should be designated by strikethrough. If it is being replaced with a new rule, please attach both the proposed rule to be repealed and the replacement rule.

Is this an amendment to an existing rule? Yes No

If yes, all changes should be indicated by strikethrough and underline. In addition, please be sure to label the markup copy clearly as the markup.

9. What is the state law that grants the agency its rulemaking authority for the proposed rule, outside of the Arkansas Administrative Procedure Act? Please provide the specific Arkansas Code citation(s), including subsection(s).

10. Is the proposed rule the result of any recent legislation by the Arkansas General Assembly?
Yes No

If yes, please provide the year of the act(s) and act number(s).

11. What is the reason for this proposed rule? Why is it necessary?

12. Please provide the web address by which the proposed rule can be accessed by the public as provided in Ark. Code Ann. § 25-19-108(b)(1).

13. Will a public hearing be held on this proposed rule? Yes No

If yes, please complete the following:

Date: _____

Time: _____

Place: _____

Please be sure to advise Bureau Staff if this information changes for any reason.

14. On what date does the public comment period expire for the permanent promulgation of the rule? Please provide the specific date. _____

15. What is the proposed effective date for this rule? _____

16. Please attach (1) a copy of the notice required under Ark. Code Ann. § 25-15-204(a)(1) and (2) proof of the publication of that notice.

17. Please attach proof of filing the rule with the Secretary of State, as required by Ark. Code Ann. § 25-15-204(e)(1)(A).

18. Please give the names of persons, groups, or organizations that you anticipate will comment on these rules. Please also provide their position (for or against), if known.

19. Is the rule expected to be controversial? Yes No

If yes, please explain.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY.

DEPARTMENT _____
BOARD/COMMISSION _____
PERSON COMPLETING THIS STATEMENT _____
TELEPHONE NO. _____ **EMAIL** _____

To comply with Ark. Code Ann. § 25-15-204(e), please complete the Financial Impact Statement and email it with the questionnaire, summary, markup and clean copy of the rule, and other documents. Please attach additional pages, if necessary.

TITLE OF THIS RULE _____

1. Does this proposed, amended, or repealed rule have a financial impact?
Yes No

2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?
Yes No

3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes No

If no, please explain:

(a) how the additional benefits of the more costly rule justify its additional cost;

(b) the reason for adoption of the more costly rule;

(c) whether the reason for adoption of the more costly rule is based on the interests of public health, safety, or welfare, and if so, how; and

(d) whether the reason for adoption of the more costly rule is within the scope of the agency's statutory authority, and if so, how.

4. If the purpose of this rule is to implement a *federal* rule or regulation, please state the following:
(a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

Total _____

Next Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

Total _____

(b) What is the additional cost of the state rule?

Current Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

Total _____

Next Fiscal Year

General Revenue _____
 Federal Funds _____
 Cash Funds _____
 Special Revenue _____
 Other (Identify) _____

Total _____

5. What is the total estimated cost by fiscal year to any private individual, private entity, or private business subject to the proposed, amended, or repealed rule? Please identify those subject to the rule, and explain how they are affected.

Current Fiscal Year

\$ _____

Next Fiscal Year

\$ _____

6. What is the total estimated cost by fiscal year to a state, county, or municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

\$ _____

Next Fiscal Year

\$ _____

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes No

If yes, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

RULE REGARDING THE
RESERVATION OF PRIVATE ACTIVITY BOND VOLUME CAP
(Title 15, Chapter 5, Subchapter 6)

SECTION .001 PURPOSE.

- (a) The purpose of this Rule is to provide procedures for governmental and private participants for the allocation of tax-exempt private activity bond volume cap, including special rules for certain multifamily housing bonds, and to repeal and replace prior rules relating to the reservation and allocation of volume cap.

SECTION .002 AUTHORITY.

- (a) This Rule is authorized and promulgated pursuant to Arkansas Code §15-5-318 and Arkansas Code §§15-5-601 through 15-5-610.

SECTION .003 DEFINITIONS.

- (a) “Affected Bonds” shall have the meaning ascribed to that term in Arkansas Code §15-5-601.
- (b) “Application” means the “Application for Reservation of Volume Cap” described in Section .006 of this Rule and a form of which is posted on the Arkansas Development Finance Authority website.
- (c) “Board Housing Review Committee” means the committee of members of the Arkansas Development Finance Authority Board of Directors selected to review matters related to housing programs of the Arkansas Development Finance Authority.
- (d) “Bond Counsel” means a firm of nationally recognized attorneys-at-law, experienced in the issuance of tax-exempt private activity bonds, deemed acceptable to the President of the Arkansas Development Finance Authority to deliver applications and notices required under this Rule.
- (e) “Committee Approval Date” means the date on which the Board Housing Review Committee approves a Multifamily Housing Application pursuant to Subdivision .012 (c) (1) of this Rule.
- (f) “Issuance” means the closing and delivery of Affected Bonds, including the initial closing of draw-down bonds qualifying for the issue date alternative under Internal Revenue Service Notice 2011-63.
- (g) “Issuer” means any State or local governmental entity authorized by State law to issue tax-exempt Private Activity Bonds and includes the Arkansas Development Finance Authority.
- (h) “Multifamily Housing Application” means the application form and accompanying guidelines which are made part of the State’s current Qualified Allocation Plan, as posted on the Arkansas Development Finance Authority website.

- (i) “Multifamily Housing Bonds” means Affected Bonds that are exempt facility bonds for qualified residential rental projects as that term is used in 26 U.S.C. §142(a) and defined in 26 U.S.C. §142(d).
- (j) “Principal User” means the borrower, obligor for repayment, or primary beneficiary of the proceeds the Affected Bonds or the primary user of the project(s) or facilities financed with the proceeds of the Affected Bonds.
- (k) “Priority Number” means the sequential number assigned by the President of the Arkansas Development Finance Authority to completed Application.
- (l) “Private Activity Bonds” shall have the meaning ascribed to them in 26 U.S.C. §141(a).
- (m) “Reservation” means the reservation of Volume Cap for a particular Application which shall be effective as of the date of the written communication by the President of the Arkansas Development Finance Authority to Bond Counsel described in Subsection .007(f) of this Rule.
- (n) “Reservation Period” means the period which shall be sixty (60) calendar days from the effective date of the Reservation.
- (o) “Rule” shall mean this Rule Regarding the Reservation of Private Activity Bond Volume Cap.
- (p) “Staff Housing Review Committee” means a committee of employees of the Arkansas Development Finance Authority selected by the President of the Arkansas Development Finance Authority to review Multifamily Housing Applications.
- (q) “State” means the State of Arkansas.
- (r) “State Ceiling” shall have the meaning ascribed to it in 26 U.S.C. §146, including reductions imposed by 26 U.S.C. §146(n) for elections made in connection with the issuance of mortgage credit certificates.
- (s) “Volume Cap” means the maximum aggregate amount of Affected Bonds that may be issued by all issuers in the State in any calendar year as described in 26 U.S.C. §146.

SECTION .004. VOLUME CAP.

- (a) The amount of Affected Bonds that can be issued as tax-exempt Private Activity Bonds in the State each calendar year is limited by the State’s annual Volume Cap.
- (b) At the beginning of each year the State receives an allocation of Volume Cap from the United States Department of the Treasury using the population-based formula or minimum allocation found in 26 U.S.C. §146 referred to as the State Ceiling.
 - (1) In addition, some Issuers may have allocations of Volume Cap available for specific purposes that have been carried forward from allocations received in prior calendar years.
- (c) The Arkansas Development Finance Authority is the State-wide administrator of the Volume Cap allocations and is also an Issuer of Affected Bonds.

SECTION .005 ALLOCATION OF VOLUME CAP PURSUANT TO ARK. CODE. § 15-5-603

- (a) The volume cap allocated to the State is allocated to the Authority pursuant to Ark. Code Ann. §15-5-603, which allocates seventy percent (70%) of the aggregate annual State Ceiling to four categories: ten percent (10%) to multifamily residential housing; seventeen percent (17%) to single family residential housing; thirty-three percent (33%) to industrial development; and ten percent (10%) to student loan financing.
 - (1) Prior to September 1 of each year, the Board of Directors of the Arkansas Development Finance Authority, by resolution, is authorized to reallocate available Volume Cap amounts among the four categories.
 - (2) After September 1 of each year, any Volume Cap not reserved or allocated from the four categories, is transferred to all Issuers as described in subdivision (b)(1) of this Section for any purpose that Affected Bonds can be issued.
- (b) At the beginning of each calendar year, Arkansas Code §15-5-603(c) allocates the remaining thirty percent (30%) of the aggregate annual State Ceiling to all Issuers, including the Arkansas Development Finance Authority, on a non-exclusive basis for any purpose that Affected Bonds can be issued.
 - (1) On September 1 of each year, Arkansas Code §15-5-603(b) reallocates the balance of the State Ceiling Volume Cap not reserved or allocated from the four categories in the exclusive Arkansas Development Finance Authority allocation to this non-exclusive allocation for all Issuers, including the Arkansas Development Finance Authority, which may be used for all purposes that Affected Bonds can be issued.

SECTION .006 APPLICATIONS FOR RESERVATION OF VOLUME CAP.

- (a) In order to reserve Volume Cap for an issue of Affected Bonds a completed Application must be submitted to the President of the Arkansas Development Finance Authority.
 - (1) Applications may be submitted:
 - (A) no earlier than the first business day of the calendar year in which the reservation is requested, such day being a Monday through Friday, that is not a State holiday observed by the Arkansas Secretary of State; and,
 - (B) no earlier than a date that would cause the Reservation Period to expire before the anticipated date of Issuance.
 - (2) Applications related to Multifamily Housing Bonds may not be submitted prior to the approval of the Multifamily Housing Application by the Board of Directors of the Arkansas Development Finance Authority pursuant to Section .013 of this Rule.
 - (3) The President of the Arkansas Development Finance Authority will assign a Priority Number to each Application for Affected Bonds in the order the Application is received and deemed complete.
 - (4) To be complete, an Application must:
 - (A) State the name of the Issuer;

- (B) State the principal amount of the bonds to be issued, including any bonds issued as part of an issue of Affected Bonds;
- (C) State the amount of Volume Cap requested;
- (D) State the purpose for the Volume Cap, including the description of any project to be funded with the bond proceeds;
- (E) State the type of issue as identified on the then current United States Department of Treasury, Internal Revenue Service Form 8038;
- (F) State the Principal User (if different from the Issuer);
- (G) State the date of adoption of the bond authorizing resolution or other official action, if any;
- (H) Include a copy of the bond authorizing resolution or other official action which meets the requirement for “official intent” set forth in 26 C.F.R. §1.150-2(e);
- (I) State the State statutory authority for the issuance, as distinguished from allocation of Volume Cap, of the Affected Bonds;
- (J) State the name, address, telephone number and email address of Bond Counsel; and
- (K) Be signed and dated by Bond Counsel.

SECTION .007 RESERVATION OF VOLUME CAP.

- (a) The President of the Arkansas Development Finance Authority will record and monitor Application filings in accordance with Arkansas Code §15-5-607.
- (b) At such time as the President of the Arkansas Development Finance Authority determines an Application filing to be complete, a sequential Priority Number will be assigned to the Application.
- (c) Reservations of Volume Cap will be made based upon the Priority Number.
- (d) Applications for Reservation of Volume Cap for Affected Bonds to be issued by the Arkansas Development Finance Authority which qualify for specific purposes set forth in Arkansas Code §15-5-603 or carryforward purposes will be reserved based upon the Priority Numbers of Applications qualifying for the particular purpose.
- (e) The President of the Arkansas Development Finance Authority will continue to assign Priority Numbers to completed Applications after a Volume Cap shortage applicable to those Applications has been declared under Section .010 of this Rule.
- (f) At such time as the President of the Arkansas Development Finance Authority determines an Application is complete or incomplete, he or she will provide a dated, written communication to the Bond Counsel notifying Bond Counsel of such determination and containing one of the following statements or such other statement as the President of the Arkansas Development Finance Authority deems appropriate:
 - (1) Priority Number _____ is assigned. The Application is accepted as a Reservation of Volume Cap in the amount of \$_____.
 - (2) Priority Number _____ is assigned. However, there is no Volume Cap available.

- (3) A Priority Number is not assigned. The Application for Volume Cap has been denied or fails to meet the requirements of a completed Application.
- (g) In the event Volume Cap not previously available should subsequently become available through the expiration of a Reservation, the reallocation of categories described in Section 004 of this Rule, or otherwise, the President may reserve such Volume Cap in the same calendar year for a qualifying Application based upon the Priority Number in the manner described in this Section.

SECTION .008 RESERVATION PERIOD.

- (a) Affected Bonds, including Multifamily Housing Bonds, must be issued within the Reservation Period, unless:
 - (1) the President of the Arkansas Development Finance Authority has approved in writing an extension for the Affected Bonds;
 - (2) the Reservation was issued on or after November 1, in which case the Reservation Period will terminate on December 31 of the current calendar year; or
 - (3) the Issuer is granted written permission by the President of the Arkansas Development Finance Authority to carry forward the allocation pursuant to Section .009 of this Rule.
- (b) Prior to the expiration of the Reservation Period, the Reservation Period may be extended by the President of the Arkansas Development Finance Authority for up to an additional sixty (60) calendar days or such shorter period as the President of the Arkansas Development Finance Authority determines.
 - (1) An extension request must be made in writing to the President of the Arkansas Development Finance Authority by the Issuer and the Principal User, if any, stating the reasons for the request.
 - (2) In granting any extension, the President of the Arkansas Development Finance Authority shall consider the written explanations, the likelihood of the bonds being issued within the extension period, and alternative uses of the Volume Cap.
- (c) In the event of failure to issue the Affected Bonds, including Multifamily Housing Bonds, within the Reservation Period, including all approved extensions, the applicable Reservation shall terminate.

SECTION .009 CARRYFORWARD OF VOLUME CAP.

- (a) All carryforwards of Volume Cap authorized by this Section shall be made in accordance with 26 U.S.C. §146(f) and the Issuer designated by the President of the Arkansas Development Finance Authority to make the carryforward shall be responsible for making a valid election utilizing the required forms as are then published by the United States Department of the Treasury, Internal Revenue Service.

- (b) Volume Cap for which no Reservation has been issued by the end of a calendar year may be authorized by the President of the Arkansas Development Finance Authority to be carried forward by any Issuer, including the Arkansas Development Finance Authority, for a specific carryforward purpose or purposes designated by the President of the Arkansas Development Finance Authority.
- (c) Volume Cap for which a Reservation has been issued to an Issuer other than the Arkansas Development Finance Authority, but as to which no bonds have been issued, may be carried forward by the other Issuer only on written approval of the President of the Arkansas Development Finance Authority.
 - (1) The other Issuer seeking to carry forward the reserved Volume Cap must request the written permission of the President of the Arkansas Development Finance Authority and the President of the Arkansas Development Finance Authority may request such information from the other Issuer as he or she deems necessary.
 - (2) If the President of the Arkansas Development Finance Authority approves of the carryforward request, that approval shall be submitted in a written communication which requires the other Issuer to:
 - (A) Comply with the requirements of Subsection (a) of this Section; and
 - (B) File a copy of the election statement and any other filings required by Subsection (a) of this Section with the President of the Arkansas Development Finance Authority.
 - (3) If the President of the Arkansas Development Finance Authority does not approve of the carryforward request, the Reservation shall be deemed to have expired as of the end of the calendar year and the Volume Cap related to the expired Reservation may be carried forward by the President of the Arkansas Development Finance Authority as set forth in Subsection (b) of this Section.
 - (4) If the carryforward request by an Issuer other than the Arkansas Development Finance Authority is approved, such Issuer shall allocate the Volume Cap within the time limitations set forth in 26 U.S.C. §146(f).

SECTION .010 VOLUME CAP SHORTAGE.

- (a) The President of the Arkansas Development Finance Authority will determine if a Volume Cap shortage exists as to any Application when the amount of Volume Cap requested in the Application exceeds the amount available in any specific or general purpose category of Volume Cap available to the applicant.
- (b) In the event a Volume Cap shortage exists as to an Application, the President may issue a Reservation to another Application with a higher Priority Number that qualifies for a specific purpose not available to the Application for which the Volume Cap shortage exists.
- (c) A determination by the President of the Arkansas Development Finance Authority that an Application exceeds the amount of available Volume Cap as provided in this Section

and communicated to the applicant as provided in Subsection .007(f) of this Rule shall constitute declaration of Volume Cap shortage under Arkansas Code §15-5-604.

- (d) The President of the Arkansas Development Finance Authority may determine within a reasonable time that an applicant will accept a smaller allocation of Volume Cap which would prevent a declaration of Volume Cap shortage for a particular Application.
- (e) Whenever a Volume Cap shortage has been declared pursuant this section, the Authority, in consultation with the Arkansas Department of Commerce, may resolve the shortage by:
 - (1) Determining the relative priority of Applications for Reservations;
 - (2) Reducing the amount of volume cap to be allocated to any Application for Reservation;
 - (3) Denying an Application for Reservation;
 - (4) Deferring for a period of time an Application for Reservation; or
 - (5) For all applications except those for multi-family bonds, the President may issue letters reserving volume cap for the next succeeding calendar year to a particular bond issue or bond issues and any such reservation shall be issued in conformance with all applicable rules on the first day of the next calendar year.
- (f) After the conclusion of each shortage, the President shall file a report with the Board of Directors of the Arkansas Development Finance Authority at its next regularly scheduled meeting providing the basis for any actions made to resolve the volume cap shortage.

SECTION .011 SPECIAL RULE FOR MULTIFAMILY HOUSING BONDS -MULTIFAMILY HOUSING APPLICATIONS.

- (a) Applicants for Multifamily Housing Bonds may submit an Application for Reservation of Volume Cap at such time as the applicant's Multifamily Housing Application has been approved by the Board of Directors of the Arkansas Development Finance Authority.
- (b) The Staff Housing Review Committee of the Arkansas Development Finance Authority will review a Multifamily Housing Applications in the same manner as applications for allocations of low-income housing tax credits and in accordance with the State's Qualified Allocation Plan.
- (c) At such time as the Staff Housing Review Committee determines a Multifamily Housing Application is complete, it will submit its findings to the Board Housing Review Committee.

SECTION .012 BOARD HOUSING REVIEW COMMITTEE.

- (a) Applicants for Multifamily Housing Bonds are required to make a formal presentation to the Board Housing Review Committee.
 - (1) A representative of the Staff Housing Review Committee will notify the applicant of the time, place, and recommended content of the presentation.

- (2) Members of the Board Housing Review Committee and any other members of the Board of Directors of the Arkansas Development Finance Authority present at the meeting will be given the opportunity to ask the applicant questions concerning the Multifamily Housing Application.
- (b) The Board Housing Review Committee may consider:
 - (1) information supplied by the Staff Housing Review Committee relating to the Multifamily Housing Application, and
 - (2) other information its members may deem necessary.
- (c) Board Housing Review Committee will take action to:
 - (1) Recommend approval of the Multifamily Housing Application to the full Board of Directors of the Arkansas Development Finance Authority with such conditions, if any, as the committee may deem necessary;
 - (2) Recommend the full Board of Directors of the Arkansas Development Finance Authority not approve the Multifamily Housing Application; or
 - (3) Postpone action of the committee pending further consideration.
- (d) The Board Housing Review Committee's approval shall be deemed rescinded and the application must be resubmitted in the event:
 - (1) The Staff Housing Review Committee determines there has been a material change from the information provided in the Multifamily Housing Application; or
 - (2) The Affected Bonds are not issued within one (1) year from the date of the Committee Approval Date.

SECTION .013 MULTIFAMILY HOUSING BONDS- BOARD OF DIRECTORS APPROVAL.

- (a) The Board of Directors of the Arkansas Development Finance Authority will consider a Multifamily Housing Application no sooner than the next scheduled board meeting in a calendar month following the month of the Committee Approval Date; or
- (b) Upon consideration of such matters as it deems necessary, the Board of Directors of the Arkansas Development Finance Authority may take action to approve or deny the Multifamily Housing Application or take no action regarding the Multifamily Housing Application.
- (c) Upon approval of a Multifamily Housing Application by the Board of Directors of the Arkansas Development Finance Authority, the applicant may submit its Application for Reservation of Volume Cap to the President of the Arkansas Development Finance Authority, which shall be accepted and reserved in accordance with Sections .006, .007, and .008 of this Rule.
- (d) Applicants for Multifamily Housing Bonds may request that the Board of Directors and the President of the Arkansas Development Finance Authority concurrently approve of the applicant's Multifamily Housing Application, Application for Reservation of Volume Cap and a resolution authorizing the issuance of the Multifamily Housing Bonds at the same meeting, provided a shortage of Volume Cap has not been declared affecting such bonds.

SECTION .014 ISSUANCE OF BONDS AND ALLOCATION OF VOLUME CAP.

- (a) This Rule applies solely to the reservation and allocation of Volume Cap and a Reservation pursuant to this Rule shall not constitute a binding commitment of any Issuer, including the Arkansas Development Finance Authority, to issue bonds including Affected Bonds.
- (b) Issuance for purposes of this Rule shall be evidenced by Bond Counsel filing a notice of issuance with the President of the Arkansas Development Finance Authority.
 - (1) The notice shall contain: the name of the issue; the date of the issue; the Priority Number; the Reservation Date; and the Volume Cap allocated delineated by the current year Volume Cap amount and carryforward Volume Cap by year and amount.
 - (2) The notice shall be signed and dated by Bond Counsel.
 - (3) The Arkansas Development Finance Authority may create a form of Notice of Issuance containing the information required by this Subsection.
 - (4) Upon receipt of the notice, the President of the Arkansas Development Finance Authority will execute and deliver a certificate of allocation of Volume Cap that complies with the requirements of 26 U.S.C. §149(e)(2)(F), 26 C.F.R. §1.149(e)-1(b)(2) and Form 8038 published by the United States Department of the Treasury, Internal Revenue Service.
- (c) The President of the Arkansas Development Finance Authority is the State official authorized to execute a certificate of allocation of Volume Cap.

SECTION .015 DELEGATION OF FUNCTIONS.

- (a) The President of the Arkansas Development Finance Authority may delegate, in writing, functions under this Rule to other officers and employees within the Arkansas Development Finance Authority.

SECTION .016 SEVERABILITY.

- (a) If any provision of this Rule or the application thereof is held invalid, such invalidity shall not affect the other provisions or applications of this Rule which can affect the invalid provisions or applications, and to this end the provisions hereto are declared severable.

SECTION .017 REPEAL.

- (a) All rules, resolutions, regulations, and parts of rules, regulations, and resolutions, promulgated or adopted by the Arkansas Development Finance Authority, in conflict herewith, including without limitation, the Third Amended Rules and Regulations,

Implementing the Law on the Allocation of State Volume Cap for Tax-Exempt Private Activity Bonds Pursuant to Act 1044 of 2001 and the Guidelines for Reserving Volume Cap for Tax-Exempt Private Activity Bonds for Residential Rental Housing are hereby replaced and repealed.

CERTIFICATION

This will certify that the forgoing form of Rule Regarding the Reservation Private Activity Bond Volume Cap was adopted by resolution of the Board of Directors of the Arkansas Development Finance Authority at a regular meeting of said Board of Directors held in Little Rock, Arkansas on the __ day of _____, 2024.

Mark Conine
Secretary of the Board of Directors of the
Arkansas Development Finance Authority