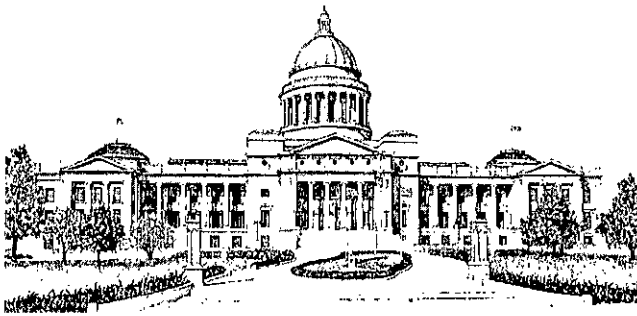


# ARKANSAS REGISTER

## Transmittal Sheet

Use only for **FINAL** and **EMERGENCY RULES**



Secretary of State

**Mark Martin**

500 Woodlane, Suite 026

Little Rock, Arkansas 72201-1094

(501) 682-5070

[www.sos.arkansas.gov](http://www.sos.arkansas.gov)



For Office

Use Only:

Effective Date \_\_\_\_\_ Code Number \_\_\_\_\_

Name of Agency Arkansas Development Finance Authority

Department Executive

Contact J. Benjamin Van Kleeef E-mail ben.vankleeef@adfa.arkansas.gov Phone 501-682-5927

Statutory Authority for Promulgating Rules A.C.A. 15-5-106; A.C.A. 15-5-301(a)(1); A.C.A. 15-5-207(b)(5); A.C.A. 15-5-207(b)(32)

Rule Title: Guidelines for Reserving Volume Cap for Multi-Family Housing Bonds

Intended Effective Date  
(Check One)

☐ Emergency (ACA 25-15-204)

☒ 10 Days After Filing (ACA 25-15-204)

☐ Other \_\_\_\_\_  
(Must be more than 10 days after filing date.)

Legal Notice Published ..... 10/2/17

Final Date for Public Comment ..... 11/1/17

Reviewed by Legislative Council ..... 12/15/17

Adopted by State Agency ..... 2/18/16

Electronic Copy of Rule e-mailed from: (Required under ACA 25-15-218)

**Ben Van Kleeef**

**ben.vankleeef@adfa.arkansas.gov**

Contact Person

E-mail Address

12/19/17

Date

### CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted  
In Compliance with the Arkansas Administrative Act. (ACA 25-15-201 et. seq.)

  
Signature

501-682-5927

Phone Number

ben.vankleeef@adfa.arkansas.gov

E-mail Address

Vice President Legal and Tax Division

Title

12/19/17

Date

MARK MARTIN  
SECRETARY OF STATE  
STATE OF ARKANSAS

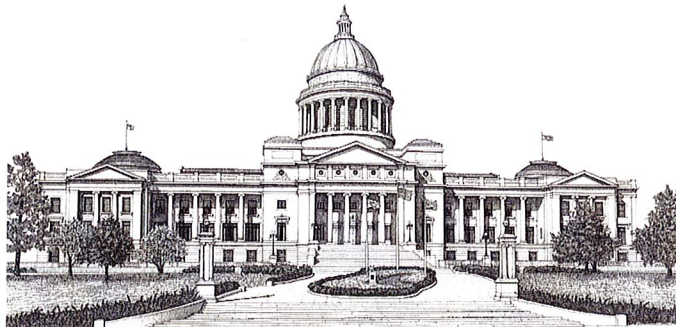
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Vice President Legal and Tax Division

Title

12/19/17

Date

Ark. Admin. Code 109.04.2-VI  
Alternatively cited as AR ADC 109 04 002

109.04.2-VI. Fees.

A. APPLICATION FEE. A Five Hundred Dollar (\$500) non-refundable application fee is payable at the time an application is submitted to ADFA. Applications submitted without the application fee will be considered incomplete.

B. ISSUANCE FEE (ADFA ISSUES ONLY). A one-time fee of 0.5%, based on the principal amount of bonds issued, is payable at the bond closing for bonds with a maturity date of five (5) years or less.

An annual fee of 0.125%, based on the principal amount of bonds issued, is payable on October 1 of each year the bonds remain outstanding for bonds with a maturity date in excess of five (5) years.

C. LOW-INCOME HOUSING TAX CREDITS ("LIHTC") FEES.

1. RESERVATION OF CREDIT FEE. A non-refundable reservation fee of One Hundred Dollars (\$100) per low-income unit will be required at the bond closing.

2. AWARD OF CREDIT FEE. An award of credit fee of One Hundred Fifty Dollars (\$150) per low-income unit will be required at the time the credits are awarded (at issuance of IRS Form 8609).

3. COMPLIANCE/MONITORING FEE. A compliance and monitoring fee of six percent (6%) of the amount of annual credits is required to be paid at the time the credits are awarded (at issuance of IRS Form 8609). In addition, a monitoring fee of \$50 per low-income housing tax credit unit inspected will be owed to the Authority following any on-site compliance and monitoring inspection conducted by the Authority during the extended period following the close of the 15-year compliance period.

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### Summary of Proposed Rule

The purpose of the proposed rule is to allow the issuance of short-term bonds for the development of affordable, multi-family residential rental developments. It is necessary because short-term bonds are the only financially feasible vehicle that can generate the equity needed to rehabilitate affordable rental complexes which have more than seventy-five (75) units. ADFA's Housing Department is allocated roughly \$30 million in volume cap each year for the issuance of tax-exempt multi-family bonds. ADFA has not issued multi-family bonds in nearly a decade. The cause for the lack of issuances is existing language in the Guidelines that restricts the use of multi-family bonds only for permanent financing. This language was incorporated into the Guidelines when market conditions caused high demand for tax-exempt private activity bond volume cap. The current market conditions are starkly different. There is little demand for tax-exempt bonds; therefore, little demand for tax-exempt multi-family bonds for the purposes of permanent financing. This means the tax-exempt private activity bond volume cap for Arkansas has gone untapped.

The proposed rule addresses two items. First, it removes language that restricts the use of multi-family bonds only for permanent financing. Second, it provides for a new issuance fee structure if a bond's maturity date is five years or less. Adopting this proposed rule will allow ADFA to issue short-term bonds. These bonds will be outstanding for the duration of the construction/reconstruction period and subsequently paid off by the applicant.

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Ark. Admin. Code 109.04.2-II  
Alternatively cited as AR ADC 109 04 002

109.04.2-II. Use of Volume CAP Reserved

~~Any volume cap reserved for the issuance of tax exempt private activity bonds pursuant to this program must be used to provide permanent financing for the development. The authority is not intended for short term escrow financing, construction financing or any other financing, which is not permanent financing for the development. All units must be rental units and be "complete" units.~~

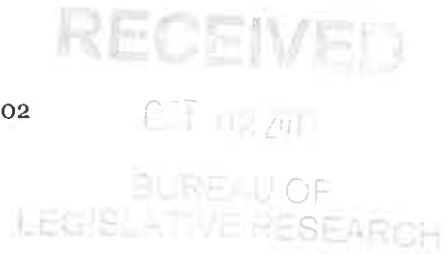
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