



WNC Closes 50th Tax Credit Fund

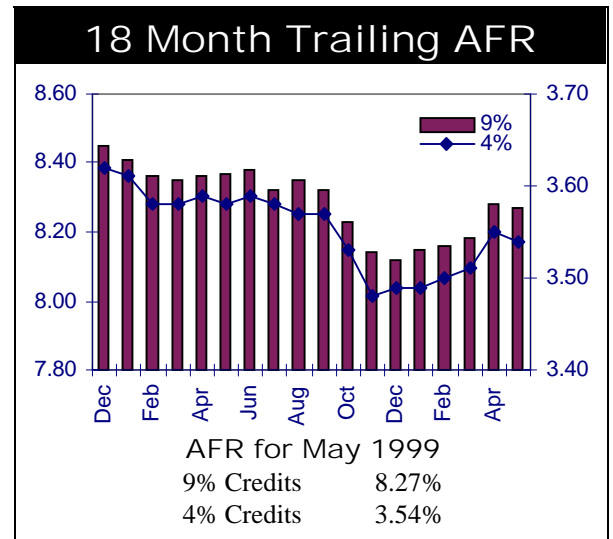
WNC closed its 50th tax credit fund last month at \$37 million. This institutional fund has acquired or specified 21 properties in 13 states. WNC has raised and invested over \$400 million of equity in more than 600 properties in 40 states. WNC will close another fund, a public fund, in the next 45 days. WNC markets two types of tax credit equity funds: institutional funds for large institutional investors, and public funds available to smaller corporations and individuals. This diversification of fund type gives the company greater flexibility and latitude in pricing and structuring its acquisition terms.

Update on Tax Credit Cap Increase

H.R. 175, the bill to increase the credit cap, continues to gain support in the House of Representatives and now has 235 co-sponsors. A majority of the members of the all-powerful House Ways and Means Committee have signed on (*this is positive, but doesn't guarantee that these members will fight for the credit increase over other bills*). Less than 40 percent of the Senate has signed on to an increase in the tax credit. H.R. 864, the bill to increase the private activity bond cap, has a total of 218 co-sponsors. This bill would increase the private activity bond cap from \$50 to \$75 per capita and index the cap to inflation. Although Congress already passed such an increase, it is phased in from 2003 to 2007. H.R. 864 would accelerate the increase to become effective after 1999. Call your Congressman and Senators and urge their support for these bills!

New York! New York!

These little town blues are melting away. Sinatra sang there. We invested there. WNC recently acquired four properties in New York City totaling over \$5 million in equity. In addition to WNC's equity, the properties will receive proceeds from tax exempt bonds and housing certificates through the city's 421(a) program. This program awards housing certificates to developers that build affordable housing. The certificates can be sold to generate proceeds to pay for construction costs of the affordable housing project. End result? Very little, if any, long-term permanent debt on the projects.



Sweet Home Alabama

Where the skies are so blue, WNC recently increased its Alabama tax credit portfolio to 23 properties through its acquisition of four new construction projects. The projects are being developed by both non-profit and for-profit development teams using a combination of Alabama Home funds, small conventional mortgages and WNC's equity. Each project competes well in its respective market by offering significantly lower rents than the competing housing stock.

Ever consider re-selling your tax credits?

Do you have investors that can't use their credits anymore? Or who would like to sell their credits? WNC has acquired tax credits from existing limited partners, including corporations that have already used up as much as 7 years of their credits. What about recapture? Recapture can be avoided by purchasing a bond or using a new IRS Revenue Procedure that allows investors to buy Treasury bills. What about price? Stabilized tax credits receive a premium in pricing. Also, the fewer years remaining, the greater the premium. It all comes down to the time value of money. Four years of credits should garner a high price (*relative to the total amount being purchased*) than 10 years of credits. In other words, \$1 million of total credits over four years (\$250,000 per year) is more valuable than \$1 million of credits over 10 years (\$100,000 per year). This present value premium is often what makes a seemingly implausible transaction actually possible. For more information, or a copy of the Revenue Procedure, call Will Cooper, Jr. or e-mail wcooperjr@wncinc.com.