



Tax Credit Increase To Wait Another Year

After sustaining a presidential veto in September, legislation to increase the tax credit and tax-exempt bond caps will not likely see further action until next year. Both increases, despite having support from large bipartisan majorities in Congress and the President, fell victim to a political battle between the President and Congressional Republicans, and were ultimately vetoed as part of a larger tax bill last September. Both the tax credit and bond cap bills had significant support, with each garnering over 350 cosponsors in the House and over 70 cosponsors in the Senate.

38 Properties in North Carolina

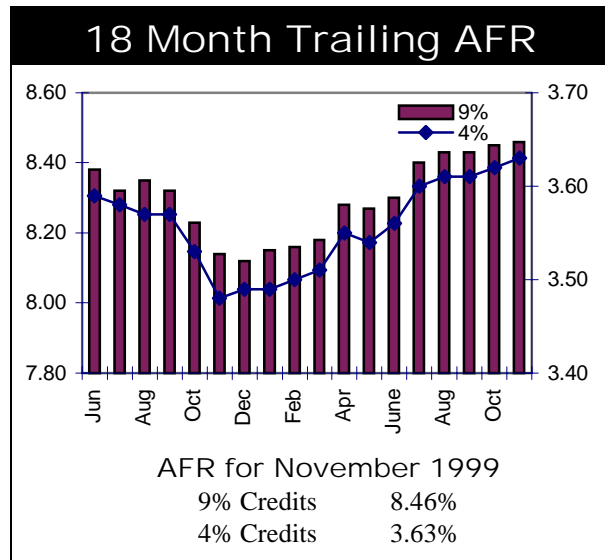
WNC extended its portfolio in the state of North Carolina through seven recent investments representing over \$12 million in tax credit equity. The investments bring WNC's portfolio in the state to over 38 properties. The six new construction and one acquisition/rehab properties include 268 total units, with 108 units in Greensboro, 48 in Winston-Salem, 40 in Salisbury, 48 in Raleigh and 24 in Charlotte. Consistent with WNC's tradition, all six of the properties are being developed by "repeat" developers - those who have chosen WNC as their equity provider on multiple projects.

WNC Opens Mid-West Office

To better serve the mid-western region, WNC recently opened an office in Minneapolis, MN. The office will be headed by Darrick Metz, who was formerly with the Minnesota Housing Finance Agency and a private tax credit developer. Darrick brings over eight years of experience in the development and finance of tax credit properties and can be reached at 1-800-286-1135, ext. 191.

Financial Reform Bill Passed

Legislation was passed by Congress and signed by the President that eliminates many federal and state law barriers to affiliations among banks and securities firms, insurance companies and other financial service providers. The new law, entitled The Financial Services Modernization Act, also reaffirms that the obligations of banks under the Community



Reinvestment Act (CRA) will remain in place. The act further requires that the Federal Reserve may not permit a company to form a financial holding company if any of its banks or S&Ls did not receive at least a satisfactory rating in its most recent CRA exam. It also directs the Federal Reserve Board to conduct a study of the default rates, delinquency rates, and profitability of CRA loans. For more information on this bill, e-mail wcooperjr@wncinc.com.

IRS Issues

A new IRS Revenue ruling 99-43 was published that deals with the substantiality of special allocations under 704(b) partnership allocations rules. This provision can have an affect on tax credit properties (for cancellation of indebtedness) as a result of amendments to the original partnership agreement that were triggered by certain events. (Internal Revenue Bulletin 10/18/99).

WNC Illinois Acquisitions

Expanding a base of 23 properties in the land of Lincoln, WNC recently closed approximately \$10 million of investment equity in two Illinois properties. The two projects include a 115-unit new construction project and a 31-unit acquisition/rehab project. Both projects are located in the quad city area in northeastern Illinois and have been structured with favorable tax increment financing through their respective local governments. Under these structures, the projects will receive a ten-year tax subsidy for qualified project costs.

