

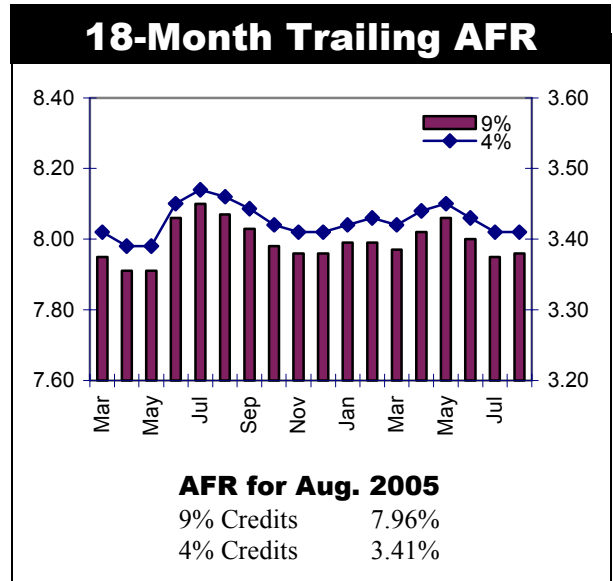


WNC Closes 34th Institutional Tax Credit Fund

WNC has closed its 34th institutional fund, WNC Institutional Tax Credit Fund XIX (Fund XIX). Fund XIX is a diverse fund with 21 properties specified in ten states, representing the western, eastern, southern and midwestern regions of the country. The portfolio includes complexes ranging up to 240 units with a total of over 1,300 apartments. This \$61 million fund includes both low-income housing tax credit and historic tax credit properties. Of the fund's 16 property developers, 12 have repeat relationships with WNC. Fund XIX is part of WNC's portfolio of tax credit offerings, which includes funds for institutional investors, both national and state specific; private label offerings; New Markets Tax Credit funds; and public funds for individual investment.

Procedure 2005-37: When Tenants Outgrow Their Low-Income Qualification

The IRS recently published Revenue Procedure 2005-37, which addresses concerns about Question #5 in Revenue Ruling 2004-82. Question #5 requires that rent increase and eviction restrictions still apply during an extended use period, even though the industry practice has been to the contrary. Procedure 2005-37 establishes a safe harbor under which catch-all language can be used to fulfill these requirements, taking into account past practice. The industry has pointed out, though, units can start off with qualified tenants; as their income increases, that unit's status can change to unqualified. Question #5 says that tenants cannot be evicted unless there is cause (e.g., nonpayment, illegal activities); nor can their rent be improperly increased, even during the extended use period. Yet under Procedure 2005-



37, property owners must report this situation as noncompliance with IRS Form 8823.

What to do? Is it fair for income overqualified tenants to remain in units, while other qualified tenants do without? WNC recommends property owners turn to their local state agency and urge them to define what is "good cause" for eviction—that is, can it include income limits? So far, state agencies have been reluctant to answer this crucial question.

WNC Appoints Tom Hollingsworth Vice President – Asset Management

Thomas (Tom) Hollingsworth, CPA, has joined WNC and has taken the helm of WNC's Asset Management Department. WNC will benefit from Tom's 25 years of experience in real estate acquisitions, operations and syndication of multifamily properties. Tom now manages WNC's property portfolio, which includes over 35,000 units in 40 states, and coordinates the efforts of WNC's internal and off-site asset management group. Prior to joining WNC, Mr. Hollingsworth worked with affordable housing properties at a division of Key Bank. Tom holds a bachelor of science (*cum laude*) in business administration with a concentration in accounting from the University of Utah.

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