



January 2006

**WNC Submits \$150 Million NMTC Application - Partners with ABA**

WNC joined forces with the American Banker's Association (ABA) on its recent application for \$150 million in New Markets Tax Credit (NMTC) funding for the CDFI's 2006 allocation. This strategy will expand WNC's ability to offer the NMTC to a wide range of community banks and to identify distressed areas in need of NMTC capital across the United States. The ABA's membership includes 7,800 banks and 52 associations. WNC will assist in educating these smaller banks about the NMTC in general and identifying investment or loan opportunities. By joining forces with one of the largest financial associations in the world, this strategy will allow WNC to maximize the use of its NMTC capital in addressing the needs of highly distressed areas on a national scale.

**WNC Receives Credits Under Gulf Opportunity Zone Act, Steps Back into New Orleans**

WNC has closed two properties, Millennium Associates I and Handelman Associates I, which are located in New Orleans and are therefore eligible for special tax credit incentives created under the newly signed Gulf Opportunity Zone Act for locating and rebuilding in the flood damaged areas. The Gulf Opportunity Zone Act creates Gulf Opportunity Zones (GO Zones) which qualify for additional tax credits, bond authority and favorable depreciation for properties.

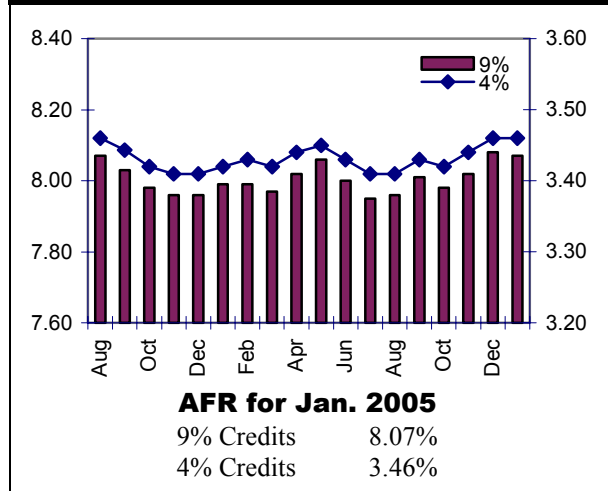
The properties, both historic rehabilitation projects, are on comparatively higher ground and suffered minimal damage from hurricane Katrina. Using foresight, damage costs were also avoided by delaying delivery of some construction items such as custom windows in order to avoid further damage from Hurricane Katrina.

**Understanding the Optional Fee**

Most likely you have common area facilities in your development for the use of the tenants such as a community room, parking garages or a swimming pool. Or you may be providing services such as meals, transportation, etc. When determining whether you can charge the tenants for the use of these facilities or services, take the following into consideration.

If the cost of construction or the rehabilitation of such facility – that is functionally related and a subordinate facility - has been included in the eligible basis, then use must be restricted to the residents, and they may *not* be charged fees for using the facility. If any fees are charged it must be treated as a commercial space.

**18-Month Trailing AFR**



If the cost of construction or the rehabilitation has *not* been included in the eligible basis, the owner may allow use by non-residents *and* may charge a fee; however, the usage must be *optional* and there must be a *reasonable* alternative available. While these optional fees would not be included in the rent, if the facility use is not optional, fees charged become a non-optional fee; hence, the amount must be included towards the gross rent and must not exceed the maximum tax credit allowable rent.

**WNC Recognizes Long-Term and Valued Employees**

At its annual year-end celebration WNC gave honors to its employees for their longevity of service and their hard work. Three employees, Karen Buckland, Brad Hurlbut and Lily Shih received service awards for five years of service. Ms. Melanie Wenk was named the Employee of the Year. Ms. Wenk recently took the helm of the Portfolio Management Department. Melanie was recognized for her smooth transition of the Portfolio Management group and her work efforts which were thought best exemplified WNC's Mission Statement values of quality, integrity, responsibility and teamwork, as expressed in WNC's Mission Statement.

Separately, staff members were also recognized both by WNC and an outside organization. Michael Gaber was recently promoted to Executive Vice President. Mr. Gaber has been with WNC for nine years during which he has assumed leadership of the Acquisitions, Construction, Compliance, Development and Originations Departments and Divisions. The National Affordable Housing Management Association (NAHMA) has also awarded Ms. Kristin Han, WNC's Director of Compliance, the National Affordable Housing Professional Executive (NAHP-e) designation. The NAHP-e designation is confirmed upon individuals who meet stringent education, experience and ethical conduct requirements.

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