

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

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John Chiang
State Controller

Date: August 5, 2010

**To: American Recovery and Reinvestment Act of 2009 (ARRA)
Section 1602 Exchange Fund Recipients**

From: William J. Pavão, Executive Director

Re: 30% Test Requirements

All projects awarded ARRA Section 1602 Exchange Funds ("1602 Funds") from the California Tax Credit Allocation Committee (TCAC) that have not expended 100% of their 1602 Funds by December 31, 2010 must have paid or incurred at least 30% of the project's total adjusted basis in land and depreciable property that is reasonably expected to be part of the low-income housing project by December 31, 2010 (the "30% Test").

If a project does not meet the 30% Test as of December 31, 2010, **all 1602 Funds that have not been drawn down by that date to pay for eligible costs incurred, will be forfeited by the owner.**

TCAC is currently preparing forms for the 30% Test to be utilized by owners of projects that have received an award of 1602 Funds from TCAC. The 30% Test forms will be available to interested parties on the TCAC website by September 1, 2010.

If an owner has drawn down 100% of the 1602 Funds awarded to them by December 31, 2010, the 30% Test will not be applicable.

If you have any questions regarding the 30% Test, please contact Anthony Zeto, Development Program Manager, at (916) 654-9854.