Some people consider the first-time homebuyer rule unfair, since it makes available below-market rate mortgages to some affluent households and denies assistance to low-income families that have previously owned mobile homes or houses of very low quality and to families whose houses were destroyed by a natural disaster. They feel that a purchase price limit alone would accomplish much of the intent of the first-time homebuyer rule and relieve much of the administrative burden.

Although federal law does not explicitly limit homeowner income, state law often does (for some bonds issued in California and Florida, for instance), and nearly every issuer itself limits income. The limits usually vary depending on household size and, sometimes, on location. Income limits for each issue are listed in the table in Appendix A and average about $32,000. Some issuers impose asset limits as well.

PURCHASE PRICE LIMITS

The act also restricts the prices of houses that can be purchased with mortgages financed by tax-exempt bonds. The maximum purchase price varies from area to area, whether the house is new or used, and whether it is located in a targeted area.[6] In August 1981, the Internal Revenue Service (IRS) published safe-harbor limitations for the prices of single-family houses. Nearly all issuers are relying on these safe-harbor figures, because it would usually be costly to gather their own statistics.

The safe-harbor limits range from a low of $33,000 for existing houses in northeast Pennsylvania to a high of $144,000 for existing houses in San Jose, California. In 90 percent of the locations, the limit for new houses is higher than the limit for existing houses, often by as much as $30,000. The variation in

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6. The limit for new houses located outside of targeted areas is 90 percent of the area median price of new houses (for existing houses, it is 90 percent of the area median price of existing houses). Limits in targeted areas are 110 percent of the area median price of new and existing houses. Limits on existing 2-4 family houses are somewhat higher. Rehabilitated houses, even those that have been substantially rehabilitated, are subject to the limits for existing rather than new houses.

purchase price limits within states is sometimes wide. The limits in New Haven, Connecticut, for instance, are $62,000 for existing houses and $74,700 for new houses, while the limits in Stamford, Connecticut, are $142,600 and $142,000, respectively.

The table in Appendix A lists the purchase price limits imposed by each issuer for new and existing houses, inside and outside targeted areas. In nearly every case, the limits are the same as the safe-harbor limits, but some issuers (Idaho and Montgomery County, Maryland) imposed limits below the safe-harbor limits, and Fresno County, California, and Alaska are using limits higher than the safe-harbor limits.

No one knows exactly what percentage of mortgages financed with tax-exempt bonds are for newly constructed houses as opposed to existing houses. Only a few of the official statements of bonds issued under the permanent rules contained this information.[7] The Congressional Budget Office telephoned the ten largest 1981 issuers of bonds issued under the permanent rules to learn what percentage of loan funds from their most recent bond issues they expect will be used for mortgages on new houses. Table 3 summarizes the data from these conversations and shows that the percentage for new housing varies widely--from 10 percent in Rhode Island to 95 percent in Montgomery County, Maryland. The average for the group is 45 percent.

REGISTRATION REQUIREMENT

Beginning on January 1, 1982, all tax-exempt bonds for housing must be issued in registered form, meaning that the trustee or some other party must have a current record of the names of all bondholders. The requirement was instituted for several reasons. Since no record of the names of owners of bearer bonds (unregistered bonds) is maintained, holders of these bonds may avoid estate and gift tax due on them. In addition, without a list of bond-

7. Several issues in California finance only new housing developments.

TABLE 3. PERCENTAGE OF MORTGAGE FUNDS THE TEN LARGEST 1981 ISSUERS EXPECT TO USE FOR NEWLY CONSTRUCTED HOUSING[a]

Issuer	Amount of Issue (In millions of dollars)	Amount for Mortgages (In millions of dollars)	Amount for Mortgages on New Housing[b] (In millions of dollars)	Percentage of Mortgage Funds for New Housing
Connecticut HFA	200.00	170.6	30.0	18
Louisiana HFA	150.00	134.1	63.7[c]	48
New York SMA	104.75	89.0	26.7	30
Alabama HFA	100.00	87.6	61.3	70
Alaska HFC	200.00	235.5	82.4	35
Oklahoma HFA	100.00	97.5	Unknown[d]	Unknown[d]
Virginia HDA	100.00	85.3	59.7	70
Wyoming CDA	75.00	64.9	58.4	90
Montgomery Co., Md. HOC	75.00	66.1	62.8	95
Rhode Island HMFC	65.00	63.2	6.3	10
Total	1,169.75	1,093.8	451.3	45[e]

a. This sample represents about 70 percent of the total bonds issued in 1981 for owner-occupied housing (excluding general obligation bonds for veterans' housing) under the permanent rules of the Mortgage Subsidy Bond Tax Act.

b. Mortgages on newly constructed housing include mortgages for qualified rehabilitation.

c. This represents the minimum required by the program for loans for new housing.

d. In this program, the mortgage loans are given out on a first-come/first-served basis. Therefore, the agency cannot predict what percentage of the loan money will be used for new housing.

e. Percentage is based on nine issuers and excludes Oklahoma.

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holders, the IRS cannot easily exact tax due on interest on bonds that do not meet the requirements ot the act.[8]

Other than some energy bonds, housing bonds are the only municipal bonds to which the registration requirement currently applies.[9] Many people fear that the registration requirement has narrowed the market for housing bonds and that many purchasers will shift to other kinds of tax-exempt bonds unless housing bonds carry higher interest rates.[10] It is premature to speculate how much the registration requirement will cost in terms of higher interest rates on the bonds. Most analysts believe that initially the cost will be at least 25 basis points, and could be as much as 50 basis points, but they are awaiting some experience with the requirement betore coming to a final conclusion. The interest rate penalty will probably diminish once a secondary market for registered municipal bonds is developed or if the requirement is extended to all municipal and federal government bonds.[11]

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8. See The Mortgage Subsidy Bond Tax Act of 1979, Report on H.R. 5741, Report No. 96-6/8, p. 27.

9. The Crude Oil Windtall Protit Tax Act of 1980 (Public Law 96-223) authorized the issuance of tax-exempt bonds for some hydroelectric facilities, solid waste disposal facilities, and renewable energy property and required that these bonds be issued in registered form (I.R.C. Section 103(h)).

10. The registration requirement would reduce demand for the bonds on the part of investors who wish to keep their wealth and income unknown and on the part of other investors who may planto sell their bonds at a later date and so are concerned about the size of the resale market. In addition, at the present time, registered municipal bonds may be less liquid than other municipal bonds. If all municipal bonds were registered, a computerized system for their transfer would probably be established, but for now transferring housing bonds is a little more difficult than transferring other tax-exempt bonds.

11. The Administration has proposed requiring that all tax-exempt bonds for private purposes be issued in registered form,

(Continued)

BONDS FOR VETERANS' HOUSING

The act exempts bonds for veterans' housing from nearly all restrictions, if the bonds are general obligation bonds, backed by the full faith and credit of the state, and are not used to replace or acquire existing mortgages.[12] California and Oregon are the only states that issued general obligation bonds for veterans' housing in 1981, but their veterans' bond total of $870 million was about 20 percent of all tax-exempt bonds issued for owner-occupied housing in 1981.[13]

Oregon has been issuing tax-exempt general obligation bonds for veterans' housing since 1945 and is the largest mortgage lender statewide and one of the largest nationwide. Oregon has issued a total of $5.9 billion in bonds for veterans' housing, of which $5.25 billion is outstanding. Except for the requirement that borrowers be veterans and longstanding state residents, no restrictions are placed on them or the houses that they purchase. Mortgage loans are limited to $50,000.

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beginning on January 1, 1983. See Department of the Treasury, General and Technical Explanations of Tax Revisions and Improved Collections and Enforcement Proposals (February 26, 1982).

12. This requirement has presented problems for California and Oregon. In California, when the state runs out of bond funds with which to make mortgages, it encourages veterans to obtain mortgages from private lenders and then to refinance once the state has issued more tax-exempt bonds and again has funds available for below-market-rate mortgages. In Oregon, veterans often get private financing initially if their mortgage amount exceeds the limit imposed by Oregon for veterans' mortgages and then refinance with a bond-financed mortgage once they have paid off enough principal so that the balance is below the mortgage limit.

13. Based on figures supplied by Fred Thompson, Department of Housing and Urban Development.

California first issued tax-exempt housing bonds for veterans of World War I and has over $2 billion in veterans' bonds outstanding. Although most of the bonds are general obligations of the state, about $500 million in revenue bonds for veterans' housing was issued in 1980. In 1981, California again issued general obligation bonds for veterans' housing ($250 million) and plans to continue to do so. Bond-financed loans are limited to $55,000, although homeowners can get additional financing from a private lender so that total indebtedness can be more than $55,000. Borrowers must be native Californians or have been California residents at the time they entered active service, but no other restrictions are imposed on them or the houses that they purchase.

Wisconsin issued its first tax-exempt bonds for veterans' housing in 1974 and has to date issued a total of $1.152 billion. Bonds issued through May 1975 were revenue bonds, those between August 1975 and December 1979 were general obligation bonds, and those issued since April 1980 have been revenue bonds. Because the $10 million in bonds issued in August 1981 were revenue bonds, they had to meet all of the act's requirements (see footnotes to the table in Appendix A). Legislation is pending before the Wisconsin legislature to reauthorize the issuance of general obligation bonds for veterans' housing. Wisconsin has always imposed limits on the income of borrowers and the price of houses that they can buy. Between 1977 and 1981, 42 percent of the loans went to veterans whose income fell below $17,000. The remainder had incomes below $25,000.[14]

BONDS FOR HOME-IMPROVEMENT LOANS

The act authorizes bonds to be issued for home-improvement loans and rehabilitation loans as well as for home mortgages. Eight issues of bonds to finance home-improvement loans were issued under the permanent rules of the act in 1981, totaling $155 mil-

14. Figures are for the period between July 1, 1977 and March 31, 1981 and are from page A-2 of the official statement of the $10.055 million bond issue of August 1, 1981.

lion.[15] Appendix B is a table and footnotes describing each issue of these bonds.[16] In the seven issues analyzed, all loans will be Title 1 loans insured by the Federal Housing Administration (FHA), and payable over a 15-year period. Under the terms of the Title 1 program, home-improvement projects financed with these loans must improve the basic livability or energy efficiency of the house. Eligible improvements include such items as plumbing or electric system renovation, kitchen remodeling, and additions to living space. Loans for swimming pools, tennis courts, and saunas are not allowed.

Home-improvement bonds are subject to all of the requirements of the act dealing with owner-occupied housing, except the purchase-price and first-time homebuyer rules, and are limited in size to $15,000 each.[17]

Each home-improvement issue was subsidized by outside contributions.[18] Table 1 in Chapter III shows the amount of cash subsidy per issue. The average cash contribution for the bonds for

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15. Several of the bond issues for mortgages on owner-occupied housing (Washington County, Maryland, for example) allowed a portion of the mortgages to be used for rehabilitated houses. The requirements for rehabilitation loans are stricter than those for home-improvement loans. Qualified rehabilitation loans can only be made for houses that have not been rehabilitated in 20 years, and for large expenditures.

16. Appendix B contains information on each issue except for $1 million of bonds issued by Palo Alto, California, to finance solar energy devices for owner-occupied houses.

17. The Title 1 program allows larger loans for 2-4 family houses, but the act limits the loans to no more than $15,000 per house. Home-improvement loans on one-family houses that are rented, rather than owner-occupied, cannot be financed with these bonds; they can only be financed by rental housing bonds.

18. In fact, state and local governments have long subsidized bonds issued for housing rehabilitation and home improvement loans (see, for example, the footnotes to the Wisconsin issue in Appendix B).

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home improvement loans was 13.2 percent of the bond amount, compared to 8.7 percent for bonds for home mortgages.[19] In three cases, the contribution consisted of Community Development Block Grant (CDBG) funds used to fund reserves and often to buy down the interest rates on loans to low-income people or to people upgrading houses in targeted areas. In several cases, different interest rates are being charged to homeowners on a sliding scale, depending on household income and the location of the house.

19. The average for home-improvement loan bonds excludes the issues of Allegheny County, Pennsylvania and Wisconsin, because those bonds were issued on a parity with previously issued bonds.

CHAPTER V. BONDS FOR RENTAL HOUSING

The Mortgage Subsidy Bond Tax Act subjects tax-exempt bonds for rental housing to two new requirements: all bonds issued after January 1, 1982 must be issued in registered form, and at least 20 percent (15 percent in targeted areas) of the units in projects financed with tax-exempt bonds must be available for rental to low- or moderate-income tenants. For bonds issued before January 1, 1984, the income-targeting requirement need be met only for 20 years, rather than for as long as the building is standing. The registration requirement is described in Chapter IV; this chapter describes the other requirements.

The rule requiring that 20 percent of the units be rented to low- or moderate-income tenants affects only a portion of tax-exempt bonds for rental housing, since most of these bonds have always financed buildings in which all units are rented to tenants of low or moderate income, usually under the Section 8 new construction program described briefly in Chapter I.[1] Appendix C, which provides information on a sample of bonds issued for rental housing in November and December 1981, contains information on five issues of state housing agencies for buildings in which all tenants will be of low or moderate income, and on five city or county issues for market-rate apartment buildings. For bonds financing market-rate apartments, the 20 percent rule was intended to direct a portion of the mortgage interest-rate subsidy to low-income tenants in the form of reduced rents.

MARKET CONDITIONS

Many developers have delayed plans for new apartment buildings because interest rates on tax-exempt bonds are so high that the projects would be unprofitable. The requirement that 20 percent of the units be rented to low-income tenants aggravates that situation somewhat, because it reduces the income that owners can expect to

1. This may not be true in future if the Section 8 new construction program is eliminated.

receive from the buildings.[2] In addition, many developers would like to obtain tax-exempt construction and permanent financing (often for townhouse developments) and then convert the units to condominiums or other owner-occupied housing at the end of five years or so. The act poses a problem for these developers, because the provisions dealing with owner-occupied housing apply to bonds whose proceeds "are to be used directly or indirectly for mortgages on owner-occupied residences."

ENFORCEMENT

In order to issue bonds with the lowest possible interest rates, nearly all of the bonds for market-rate rental housing projects have maturities of no longer than ten years. This poses a problem for the 20-percent rule, which is in force for 20 years after the bonds are issued. Most issuers have addressed this problem by filing deed restrictions as covenants running with the land. These restrictions bind all owners (current and future) of the apartment building to make available 20 percent of the units for tenants of low- or moderate-income for the full 20-year period, or for a shorter period if the federal law is subsequently modified. Low-income tenants might sue for enforcement of the restriction if it were not followed, or the issuing authority might sue if bonds were still outstanding, since without compliance with the restriction the IRS might declare the interest taxable.

DISPERSAL AND EQUAL ACCESS TO COMMON AREAS

Since the regulations dealing with the rental housing provisions of the act have not yet been issued, each of the bond issues has been structured in a slightly different way to comply with different expectations of what the regulations will require. In some cases, the official statements stipulate that all tenants, including low-income tenants, will have equal access to all common areas (such as swimming pools) and that the low-income units will be interspersed among the other units. The projects in which only

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2. This targeting requirement poses another problem, however, since insurers, including the Federal Housing Administration, currently will not insure mortgages on buildings bound by the requirement. They fear that the resale value of the buildings (should their owners declare the projects bankrupt) would not be high enough to cover the costs of the insurer.

20 percent of the units were reserved for low-income tenants were never described in the official statements, so it was impossible to tell whether the owners plan to put the low-income tenants in less desirable units (efficiencies rather than larger apartments, for instance).

CHANGES PROPOSED IN THE MISCELLANEOUS TAX BILL PASSED BY THE SENATE

The Senate version of the Miscellaneous Tax Bill would shorten the length of time during which the targeting requirement would be in effect, from the current 20 years to the latest of: "(1) ten years after over one-half the project is first occupied, (2) a date ending when 50 percent of the maturity of the bond has gone by, or (3) the date on which any Section 8 (or comparable) assistance terminates."[3]

This version would also clarify the definition of low- or moderate-income tenants. Low- or moderate-income is now defined by reference to Section 167(k), an Internal Revenue Code provision allowing the costs of rehabilitating low-income rental units to be amortized over five years. That provision defines low- or moderate-income as 80 percent of area median income, as determined by the Department of Housing and Urban Development. In 1981, the Congress tightened eligibility for the Section 8 program, basically limiting it to tenants with incomes below 50 percent of area median income. The legislative history of that 1981 change makes clear that it was not to affect the definition of low income as it relates to housing bonds,[4] but the Senate also passed a clarification in the Miscellaneous Tax Bill. The provision in the Senate version of the bill defines low- or moderate-income as 80 percent of area median income, regardless of the percentage used in the Section 8 program.

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3. Joint Committe on Taxation pamphlet summarizing H.R. 4717, Miscellaneous Tax Bill, as amended and passed by the Senate, released February 12, 1982.

4. "The Conferees do not intend that these amendments regarding tenant eligibility for section 8 assistance will affect the conditions established for project eligibility under section 167(k) or section 103(b)(4)(A) of the Internal Revenue Code of 1954." Conference Report on Omnibus Budget Reconciliation Act of 1981, Report No. 97-208, Book 2, 97 Cong., 1 sess. (July 29, 1981), p. 689.

APPENDIXES

APPENDIX INDEX OF FOOTNOTES TO INDIVIDUAL BOND ISSUES, BY GEOGRAPHIC AREA

TABLE A-1. BONDS ISSUED IN 1981 FOR MORTGAGES ON OWNER-OCCUPIED HOUSING UNDER THE PERMANENT RULES OF THE ACT[1]

Issuer	Date of Issue	Bond Issue Amount (In millions of dollars)	Bond Net Interest Cost (In percents)	Mortgage Interest Rate[2] (In percents)	Type of Obligation[3]	Type of Mortgage[4]	Bond Rating: Moody's	Bond Rating: S&P's
State Issues								
Alabama HFA	12/1/81	100.00	13.47	13.85	LO	LP:30[a]	A1	AA-
Alaska HFC	11/1/81	100.00	12.50	10.00[a]	GO	LP:30	AA	AA-
Alaska HFC	12/1/81	100.00	11.54	10.00[a]	GO	LP:30	AA	AA-
Connecticut HFA	12/15/81	200.00	12.89	13.50	GO	LP:30	A1	AA
Hawaii HA	12/1/81	20.00	12.81	12.87	SO	GE:16[a]	A	A
Idaho HA	12/1/81	30.07	12.79	13.00[a]	SO	APP:18[b]	-	A
Kentucky HC	12/15/81	36.00	13.22	-	SO	LP:25	Aa	AA
Louisiana HFA	12/1/81	150.00	11.81	13.50	LO	LP:30	Aa	AA-
Michigan SHDA	12/1/81	25.00	13.79	-	GO	GE:17[a]	A	AA-
New York SMA	11/1/81	104.75	10.97	14.00	LO	LP:30	Aa	AA-
North Carolina HFA	11/1/81	30.00	12.80	13.30	SO	LP:30	A1	A1
Oklahoma HFA	12/1/81	100.00	13.72	13.90	LO	LP:20	A	A
Rhode Island HMFC	12/1/81	40.00	12.95	13.75	SO	APP:16.5[a]	A1	A+
Rhode Island HMFC	12/15/81	25.00	13.92	14.60	SO	APP:16.5[a]	A1	A+
Tennessee HDA	12/1/81	50.00	13.96	12.00	GO	LP:30	A1	A+
Virginia HDA	12/1/81	100.00	13.28	13.70	GO	LP:30[a]	A1	AA
Wisconsin	8/1/81	10.05	11.50	12.31	LO	LP:30	Aa	AA-
Wyoming CDA	12/1/81	75.00	13.46	13.00	GO	LP:30	Aa	AA-
County Issues								
Fresno, CA	12/15/81	40.00	13.07	12.98[a]	LO	LP:30	A	A
Riverside, CA	12/1/81	21.57	-	11.37	LO	LP:30[a]	-	AAA
Larimer, CO	4/30/81	8.00	11.96	12.50	LO	LP:30	-	-
Broward HFA, FL*	12/1/81	25.00	13.59	-	LO	GE:16[a]	A1	A
Dade HFA, FL	12/1/81	40.90[a]	13.81[b]	13.99	SO	GE:14[c]	A	-
Duval HFA, FL	12/1/81	18.61[a]	13.17[b]	13.40	SO	LP:30	Aa	AAA
Montgomery HOC, MD	11/1/81	75.00	13.15	13.73	LO	LP:30	Aa	A+
Washington, MD	12/1/81	9.00	13.87	13.87	LO	LP:25[a]	A	A-
Central Texas HFC	12/31/81	6.11	13.53	13.75	LO	LP:20	-	AAA
East Texas HFC	12/31/81	10.71	13.53	13.75	LO	LP:20	-	AAA
Southeast TX HFC	12/31/81	12.75	13.53	13.75	LO	LP:20	-	AAA
City Issues								
Fairfield RA, CA	12/1/81	22.62	11.98	11.87	SO	LP:25[a]	-	AAA
Newark RA, CA	12/1/81	21.40[a]	12.99[b]	-	SO	LP:30[c]	-	A

(Continued)

TABLE A-1. (Continued)

Issuer	Percentage Application of Total Funds[5]: Mortgages	Reserves	Discount	Costs of Issuance	Capitalized Interest	Other	Total Funds from Other Sources[5] (In millions of dollars)
State Issues							
Alabama HFA	91.6	1.9	0.0	3.6	1.3	1.7[b]	5.50[c]
Alaska HFC	98.2	1.6	--[b]	0.2	0.0	0.0	29.50[c]
Alaska HFC	91.2	8.3	--[b]	0.5	0.0	0.0	23.30[c]
Connecticut HFA	85.3	12.1	2.5[a]	0.1	0.0	0.0	0.0[b]
Hawaii HA	84.9	11.0	2.6	0.8	0.6	0.0	1.07[b]
Idaho HA	75.8	17.2	5.2	1.3	0.6	0.0	2.52[c]
Kentucky HC	88.9	8.3	2.0	0.8	0.0	0.0	0.0[a]
Louisiana HFA	87.6	8.8	2.4	0.6[a]	0.7	0.0	3.1
Michigan SHDA	83.4	10.7	2.5	2.5[b]	0.9	0.0	1.50[c]
New York SMA	85.0	11.9	2.2	0.9[a]	0.0	0.0	b
North Carolina HFA	83.8	11.2	2.6	0.5	0.9	0.0	2.0[a]
Oklahoma HFA	94.3	2.4	2.1	0.3	0.8	0.0	3.37[a]
Rhode Island HMFC	95.0[b]	1.0[b]	2.7[b]	--	1.3[b]	0.0	0.94[c]
Rhode Island HMFC	94.8	0.9	2.7	--[b]	1.6	0.0	0.65[b]
Tennessee HDA	83.6	13.2	2.2	0.3	0.7	0.0	8.7[a]
Virginia HDA	84.6	10.1	2.6	0.1	1.7	0.8[b]	0.0
Wisconsin	93.8	2.9	3.3[a]	a	0.0	0.0	0.35[b]
Wyoming CDA	81.4	13.9	2.4	0.4	1.9	0.0	5.96[a]
County Issues							
Fresno, CA	84.3	9.5	3.1	0.5	0.0	2.7[b]	3.26[c]
Riverside, CA	86.1	8.6	2.6	2.7[b]	0.0	0.0	1.1[c]
Larimer, CO	84.1	13.1	--	2.3	0.0	0.5[a]	0.14[b]
Broward HFA, FL*	85.5	10.3	3.0[b]	b	1.1	0.0	1.09[c]
Dade HFA, FL	89.7	5.7	3.5[d]	d	1.1	0.0	0.94[e]
Duval HFA, FL	88.4	4.6	2.4	3.3[c]	1.3	0.0	0.99[d]
Montgomery HOC, MD	86.6	10.7	1.7	1.0[a]	0.0	0.0	1.49[b]
Washington, MD	87.8	7.6	3.7	0.9	0.0	0.0	0.58[b]
Central Texas HFC	92.9	2.4	2.1	2.6[a]	0.0	0.0	0.34[b]
East Texas HFC	93.0	2.4	2.1	2.6[a]	0.0	0.0	0.59[b]
Southeast TX HFC	92.9	2.4	2.1	2.6[a]	0.0	0.0	0.70[b]
City Issues							
Fairfield RA, CA	81.0	13.4	2.8	0.7	0.0	2.1[b]	1.62[c]
Newark RA, CA	93.4	3.0	2.7	0.9	0.0	0.0	0.01[d]

(Continued)

TABLE A-1. (Continued)

Issuer	Percentage of Lendable Funds Set Aside for Targeted Areas	Is Issuer Applying for Expanded Targeted Areas?	Purchase Price Limits (In thousands of dollars)			
			Non-Targeted Area		Targeted Area	
			New	Existing	New	Existing
State Issues						
Alabama HFA	3.7[d]	no	58	50	71	61
Alaska HFC	0.0[d]	no	91[e]	75[e]	--	--
Alaska HFC	0.0[d]	no	101[e]	82[e]	--	--
Connecticut HFA	20.0	yes	66 to 128[c]	53 to 128[c]	81 to 156[d]	66 to 157[d]
Hawaii HA	20.0[c]	no[c]	105 to 112[d]	99 to 101[d]	112	112
Idaho HA	0.0[d]	no	57[e]	50[e]	d	d
Kentucky HC	b	no	46 to 52	40 to 45	56 to 64	49 to 55
Louisiana HFA	1.1	--	--	--	--	--
Michigan SHDA	20.0	yes	56 to 89[d]	e	69 to 109[d]	e
New York SMA	20.0	yes	c	c	c	c
North Carolina HFA	20.0[b]	no	45 to 89	43 to 59	55 to 108[c]	53 to 72[c]
Oklahoma HFA	20.0[b]	yes[b]	61 to 86[c]	41 to 60[c]	74 to 105[c]	51 to 73[c]
Rhode Island HMFC	0.3	yes	d	d	d	d
Rhode Island HMFC	0.4	yes	c	c	c	c
Tennessee HDA	17.3	yes[b]	41 to 52	33 to 49	--	--
Virginia HDA	1.5	yes	36 to 72[c]	36 to 72[c]	36 to 72[c]	36 to 72[c]
Wisconsin	1.3	no	63	50	77	61
Wyoming CDA	0.0[b]	yes[c]	71	56	b	b
County Issues						
Fresno, CA	20.0	no	82[d]	61[d]	74[d]	33[d]
Riverside, CA	0.0[d]	--	80	e	--	e
Larimer, CO	0.0[c]	no	d	d	c	c
Broward HFA, FL*	0.0[d]	no	63	63	d	d
Dade HFA, FL	9.5[f]	no	72	65[g]	88	80[g]
Duval HFA, FL	5.8	no	59 to 72[e]	45 to 72[e]	62 to 87[e]	55 to 87[e]
Montgomery HOC, MD	0.0[c]	no	65[d]	65[d]	c	c
Washington, MD	5.5[c]	yes[c]	63	51[d]	76	62[d]
Central Texas HFC	0.0[c]	no	58 to 60	45	c	c
East Texas HFC	0.0[c]	no	58	45	c	c
Southeast TX HFC	0.0[c]	no	58 to 71	45 to 78	36 to 72[c]	36 to 72[c]
City Issues						
Fairfield RA, CA	0.0[d]	no	83[e]	83[e]	d	d
Newark RA, CA	0.0[e]	no	60 to 114	f	e	e

(Continued)

TABLE A-1. (Continued)

Issuer	Range of Income Limits (In thousands of dollars)	Recipient of Excess Arbitrage Earnings[6]	Issuer's Other Bonds Outstanding (In millions of dollars)			Issuer's Fund Balance (In millions of dollars)
			Single Family	Multi-Family	Other	
State Issues						
Alabama HFA	34[e]	M	149.66	-	-	-
Alaska HFC	f	-[g]	1,082.16[h]	-	i	95.3[j]
Alaska HFC	f	-[g]	1,082.16[h]	-	i	95.3[j]
Connecticut HFA	14 to 16[e]	M	f	f	1,214.23[f]	64.53[g]
Hawaii HA	25 to 36[e]	M	150.00	f	-	4.78[g]
Idaho HA	-	T	181.04	63.34	7.60[f]	13.16[g]
Kentucky HC	19[c]	M	d	d	586.08[d]	35.02[e]
Louisiana HFA	40[c]	-[d]	0.0	0.0	e	-
Michigan SHDA	32[f]	T[d]	234.2[g]	675.1[g]	440.7[g]	54.7[h]
New York SMA	-	M	226.04[d]	-	-	101.57[e]
North Carolina HFA	14 to 22[d]	M	108.88	23.28	0.0	9.19[e]
Oklahoma HFA	38 to 42[d]	T	e	e	191.6[e]	-
Rhode Island HMFC	d	T	762.70	251.01	0.0	42.30[e]
Rhode Island HMFC	c	T	802.70	251.01	0.0	42.30[d]
Tennessee HDA	14 to 17[c]	M	274.38	207.90	0.0	29.98[d]
Virginia HDA	18 to 33[d]	M	665.96	395.68	4.98[e]	45.46[f]
Wisconsin	27[c]	T	1,141.95[d]	-	-	2.94[e]
Wyoming CDA	45[d]	T	389.61	-	-	23.45[e]
County Issues						
Fresno, CA	33[e]	M	-	-	-	-
Riverside, CA	34	T	-	-	-	-
Larimer, CO	25 to 30[e]	M	f	f	f	f
Broward HFA, FL*	31	M	42.55[e]	-	-	-
Dade HFA, FL	35	T	150.00[h]	-	-	-
Duval HFA, FL	33[f]	T	150.00[g]	0.0	0.0	-
Montgomery HOC, MD	24 to 33[e]	M	108.6[f]	g	-	3.06[h]
Washington, MD	37[e]	T[f]	-	-	-	-
Central Texas HFC	45	T	-	-	-	-
East Texas HFC	45	T	-	-	-	-
Southeast TX HFC	45	T	-	-	-	-
City Issues						
Fairfield RA, CA	30	T	21.0[f]	0.0	0.0	-
Newark RA, CA	37[g]	M	0.0	0.0	0.0	h

TABLE FOOTNOTES

* Preliminary official statement analyzed.

-- Information not available from official statement.

1. Not included in this table are the issues of four counties in Colorado: Aurora, $14.5 million; El Paso, $18.35 million; Weld, $7.5 million, and Summit, $3.0 million; and three localities in North Carolina: Greensboro, $10.0 million, Charlotte, $15.6 million, and Shelby, $2.1 million.

2. Nominal interest rate, not including points paid at settlement.

3. Obligation is of the issuer.
   LO = limited obligation
   SO = special obligation
   GO = general obligation

4. LP:30 = level payment mortgage amortized over 30 years
   GE:16 = growing equity mortgage paid off at end of 16 years
   APP = accelerated principal payment mortgage

5. Total funds include all cash contributions to the issue, including participation points that are included as "sources of funds" in the official statement.

6. T = U.S. Treasury
   M = Mortgagors

NOTE: The lettered footnotes apply to the footnotes for each bond issue listed in the table stubs. Each issue has its own list of footnotes starting with "a" and increasing alphabetically across the issue line. The individual issue footnotes follow, arranged alphabetically within levels of government (state, county, and city).

FOOTNOTES TO INDIVIDUAL ISSUES FOR TABLE A-1

ALABAMA HOUSING FINANCE AUTHORITY $100 million

Single Family Mortgage Revenue Bonds, 1981 Series A

a. A third party (usually the developer) can prepay some of the interest, "buying down" the mortgage interest rate.

b. Commitment fee account. $1.75 million is 1.7 percent of total funds.

c. $1.75 million commitment fees which will be refunded when mortgage loans are purchased by the trustee. $3.75 million, a state appropriation, covers costs of issuance, underwriting fees and expenses.

d. $3.6 million is being set aside for mortgage loans in targeted areas defined according to the Treasury regulations. In addition, $5.4 million is being reserved for loans in 36 primarily rural counties.

e. 1980 adjusted gross income totaled for all household members.

In order to reduce the average life of the bonds and get a lower interest rate, the bonds were structured on the assumption that mortgage prepayments will occur at a rate of 100 percent of FHA experience for the region. To the extent that prepayments occur more slowly, the issuer may borrow money at a rate of 1 percent above the prime rate from Bank of America to make scheduled debt payments on the bonds. The Bank of America will receive, as compensation for this letter of credit, $540,000 on the date of bond issuance. Pursuant to an investment agreement, Bank of America will hold all reserve funds and will pay interest on the various funds at rates ranging from 6.5 percent to 13.18 percent. Net interest cost on the bonds is 13.47 percent. A mortgage service indemnity bond for each lender will be issued and maintained by the trustee from Insurance Company of North America. The state

(Continued)

appropriated $3.75 million for costs of issuance and fees and expenses. The state will not be reimbursed.

Fees: Lenders pay refundable commitment fees of 2 percent of commitment. Mortgagors pay lenders 1.5 percent of principal as origination fee.

Underwriters: Goldman, Sachs & Co.; Salomon Brothers Inc.; First Birmingham Securities Corporation.

37 lenders.

ALASKA HOUSING FINANCE CORPORATION $100 million

Home Mortgage Bonds, 1981, First Series

a. Mortgage interest rate will be 10 percent for nonveterans, 9 percent for veterans.

b. State legislative appropriation will pay the underwriters' discount, but the amount of discount is not specified.

c. State legislative appropriation. Of the $29.5 million, $27.252 million will be used for mortgages, $2.0 million for reserves, and $.25 million for costs of issuance.

d. The state contains one qualified census tract, but it is "federal land on which no private mortgage loan financing has occurred during the relevant base period." (Official Statement, p. 25).

e. These are safe harbor numbers. "Based on what the Corporation believes to be more reliable data available to it, the Corporation may determine to use somewhat higher average area purchase price information." (Official Statement, p. 25).

f. Certain mortgagors will be subject to income limits ranging from $25,650 to $32,650, depending on family size.

(Continued)

ALASKA (Continued)

g. Because no reserves are funded from bond proceeds, the Corporation does not expect any excess arbitrage earnings.

h. Outstanding on September 30, 1981.

i. In addition, the Corporation had outstanding $450 million in taxable bonds and $18.729 million in tax-exempt construction notes. The State of Alaska has appropriated to the Corporation $529 million in cash and $286 million in mortgage loans.

j. Total fund equity was $645.3 million as of June 30, 1981, of which $550 million was contributed capital. The other $95.3 million was retained earnings.

The $100 million in bonds will be secured by $125 million in mortgage loans and $2 million in reserves. Mortgages financed with bond proceeds will meet the requirements of the Mortgage Subsidy Bond Tax Act. The state will subsidize the mortgage interest rate to 10 percent (9 percent for veterans) for the first $90,000 of each mortgage loan financed with bond proceeds (the remaining principal of each mortgage loan will bear interest at a rate equal to the rate on the bonds) and to 12-1/8 percent for loans financed by state appropriation.

The maximum bond maturity is 20 years, and the bonds are structured on the assumption that prepayments will occur at the rate of 100 percent FHA experience in the area. To the extent that prepayments occur more slowly, the Bank of America has agreed in a letter of credit to lend money to the Corporation at the prevailing prime rate. In exchange for this letter of credit, the Bank of America will be paid annually 1/2 of 1 percent of the maximum aggregate liability of the Bank. The fee in the first year will be about $128,000.

Fees: No mention of fees in the official statement.

Underwriters: Salomon Brothers Inc.; Goldman, Sachs & Co.; E.F. Hutton & Co., Inc.; Kidder, Peabody & Co.; Merrill Lynch White Weld Capital Markets Group; Bank of America NT & SA.

List of lenders not provided in the official statement.

ALASKA HOUSING FINANCE CORPORATION $100 million

Home Mortgage Bonds, 1981, Second Series

a. Mortgage interest rate will be 10 percent for nonveterans, 9 percent for veterans.

b. State legislative appropriation will pay the underwriters' discount, but the amount of discount is not specified.

c. Of the state legislative appropriation of $23.3 million, $22.675 million will be used for mortgages, and $.625 million for costs of issuance.

d. The state contains one qualified census tract, but it is "federal land on which no private mortgage loan financing has occurred during the relevant base period." (Official Statement, p. 25).

e. Since the Corporation purchased 95 percent of all mortgages originated in Alaska between November 1, 1980 and October 31, 1981, it is using its own statistics to support purchase price limits above the safe harbor limits of $90,630 for a new house and $74,610 for existing single-family houses.

f. Certain mortgagors will be subject to income limits ranging from $25,650 to $32,650, depending on family size.

g. No mention is made in the official statement of excess arbitrage earnings. Reserves for this issue are financed with bond proceeds and are invested pursuant to an investment agreement with Crocker National Bank. The agreed-upon interest rates for the various reserve accounts are 11.75 percent, 12.50 percent, and 8 percent, so the corporation may not expect to earn any excess arbitrage.

h. $1,082.162 million outstanding on September 30, 1981 and $100 million issued on November 24, 1981.

i. In addition, the Corporation had outstanding $450 million in taxable bonds and $18.729 million in tax-exempt construction notes. The state of Alaska has appropriated to the Corporation $529 million in cash and $286 million in mortgage loans.

(Continued)

j. Total fund equity was $645.3 million as of June 30, 1981, of which $550 million was contributed capital. The other $95.3 million was retained earnings.

The $100 million in bonds will be secured by $87.825 million of mortgage loans financed with bond proceeds and meeting the requirements of the Mortgage Subsidy Bond Tax Act and $22.675 million of mortgages financed with state appropriations and $10.0 million in reserves financed with bond proceeds.

The bonds are structured on the assumption that prepayments will occur at a rate of 20 percent of FHA experience for the area. Because prepayments are anticipated and because the pledged mortgages far exceed the bond amount, the Corporation expects to discharge all bonds prior to the maturity of all mortgages. The longest bonds mature in 30 years.

$75 million of the $100 million in bonds are option bonds, which can be redeemed at par in 5 years and once a year subsequently at Crocker National Bank. In exchange for the letter of credit agreement, Crocker Bank will receive an initial fee of $375,000 and an annual fee equal to one percent of the principal amount of outstanding option bonds.

Fees: No mention of fees in the official statement.

Underwriters: Salomon Brothers, Inc.

List of lenders not provided in the official statement.

CONNECTICUT HOUSING FINANCE AUTHORITY $200 million

Housing Mortgage Finance Program Bonds, 1981 Series B

a. Includes "Allowance for Bond Discount" and "Original Issue Discount."

(Continued)

b. Although there is no cash contribution from the HFA to this issue, "proceeds of other series of [HFA] Bonds will be available and may be prudently applied, if needed, to remedy any shortfall in expected prepayments." (Official Statement, p. 30)

c. The ranges refer to single family residences. For 2-, 3-, or 4-family residences, multiply the above amounts by 1.126, 1.363, or 1.585, respectively.

d. These ranges equal 1.222 times the ranges for non-targeted areas. Connecticut's currently lower sales price limits are being amended to these levels. Presently, sales price limits on existing housing are $50,000 for a 1-unit dwelling, $55,000 for 2-unit, $60,000 for 3-unit, $65,000 for 4-unit ($10,000 higher for Fairfield County). Limits on new or rehabilitated housing are $10,000 higher.

e. For single individuals. For families of seven or more the income limitations range from $24,200 to $26,400. A mortgagor of above-limit income can finance a home in a targeted area if he has proof that two financial institutions have refused to make him a loan on reasonable terms with the institution's regular interest rate, length of loan term, and downpayment requirements.

f. Total of all bonds outstanding. The Authority does not have a breakdown by type of housing financed.

g. As of September 30, 1981; unaudited.

No extra funds were contributed by the issuer. However, the bonds are general obligations of the Authority, issued under the same resolution as, and equally and ratably secured with $1.214 billion in outstanding bonds. In addition, the state has pledged to maintain the Capital Reserve Fund at its required minimum with loans from the state's general fund, if necessary.

Fees: There is no discussion of fees in the official statement.

(Continued)