Section 8 assisted project: Northlake Apartments, HUD Project Number TN40–0002–001.

Nature of Requirement: The Regulations set conditions under which HUD may grant a Section 11(b) letter of exemption of multifamily housing revenue bonds from Federal income taxation.

Granted by: Nicolas P. Retsinas, Assistant Secretary for Housing-FHA Commissioner.

Date Granted: April 14, 1994.

Reason Waived: The part 811 regulations cited above prohibited refundings and required that excess reserve balances be used for project purposes. The issuer has requested HUD permission to refund outstanding bonds at 7.88 percent and release excess reserve balances from the 1978 Trust Indenture to help pay transaction costs. Issuance of the 1994 Bonds at a yield of 5.9 percent will reduce Section 8 assistance payments and provide allocation of 50 percent of such savings to the Housing Authority for project purposes pursuant to Section 1012 of the McKinney Act.

14. Regulation: 24 CFR 811.106(b), 811.106(d), and 811.107(d) of 1977 Regulations.

Project/Activity: Kinston, North Carolina HA refunding of bonds which financed an insured Section 8 assisted project: Kinston Towers, FHA Number 053–94015.

Nature of Requirement: The Regulations set conditions under which HUD may grant a Section 11(b) letter of exemption of multifamily housing revenue bonds from Federal income taxation.

Granted by: Nicolas P. Retsinas, Assistant Secretary for Housing-FHA Commissioner.

Date Granted: April 29, 1994.

Reason Waived: The part 811 regulations cited above restricted to 30 years HAP Contracts for elderly housing, prohibited refundings, and required that excess reserve balances be used for project purposes. The issuer has requested HUD permission to release excess reserve balances from the 1977 Trust Indenture and the Project Residual Receipts Account for use in its housing assistance programs for lowand moderate-income families. Issuance of 1994 refunding bonds under Section 103 of the Tax Code will not reduce project debt service nor generate Section 8 savings. The 1994 Bonds will prepay a Section 223(f) coinsured mortgage which defeased the 1977 Bonds in 1986.

15. Regulation: 24 CFR 811.106(d) and 811.107(d) of 1977 Regulations

Project/Activity: Hickory, North Carolina HA refunding of bonds which financed an uninsured Section 8 assisted project: West Hickory Apartments, HAP Number NC19–0011– 060.

Nature of Requirement: The Regulations set conditions under which HUD may grant a Section 11(b) letter of exemption of multifamily housing revenue bonds from Federal income taxation.

Granted by: Nicolas P. Retsinas, Assistant Secretary for Housing-FHA Commissioner.

Date Granted: April 29, 1994.
Reason Waived: The part 811
regulations cited above prohibited
refundings and required that excess
reserve balances be used for project
purposes. The issuer has requested HUD
permission to release excess reserve
balances from the 1978 Trust Indenture
to finance rehabilitation of the project.
The 1978 Bonds will be prepaid by a
bank loan on terms which will reduce
project debt service and Section 8
contract rents.

16. Regulation: 24 CFR 811.107(a)(2), 811.108(a)(1), 811.108(a)(3), 811.114(b)(3) 811.114(d), 811.115(b)

Project/Activity: Briarwick (Kokomo, IN) HDC refunding of bonds which financed a Section 8 assisted project, the Briarwick Apartments (FHA No. 073–35396).

Nature of Requirement: The Regulations set conditions under which HUD may grant a Section 11(b) letter of exemption of multifamily housing revenue bonds from Federal income taxation and authorize call of debentures prior to maturity.

Granted by: Nicolas P. Retsinas, Assistant Secretary for Housing-Federal Housing Commissioner.

Dated Granted: April 14, 1994. Reasons Waived: The part 811 regulations cited above were intended for original bond financing transactions and do not fit the terms of refunding transactions. To credit enhance refunding bonds not fully secured by the FHA mortgage amount, HUD also agrees not to exercise its option under 24 CFR 207.259(e) to call debentures prior to maturity. This refunding proposal was approved by HUD on March 22, 1994. Refunding bonds have been priced to an average yield of 7.1%. The tax-exempt refunding bond issue of \$3,640,000 at current low-interest rates will save Section 8 subsidy. The Treasury also gains long-term tax revenue benefits through replacement of

outstanding tax-exempt coupons of 10%-10.25% at the call date with taxexempt bonds yielding 7.1%. The refunding will also substantially reduce the FHA mortgage interest rate at expiration of the HAP contract, from 10.23% to 7.7%, thus reducing FHA mortgage insurance risk. The refunding serves the important public purposes of reducing HUD's Section 8 program costs, improving Treasury tax revenues (helping reduce the budget deficit), and increasing the likelihood that projects will continue to provide housing for low-income families after subsidies expire, a priority HUD objective.

17. Regulation: 24 CFR 811.107(a)(2), 811.107(b), 811.108(a)(1), 811.108(a)(3), 811.114(b)(3), 811.114(d), 811.115(b)

Project/Activity: Fremont, North Carolina HDC refunding of bonds which financed a Section 8 assisted project, the Torhunta Apartments (FHA No. 053– 35429).

Nature of Requirement: The Regulations set conditions under which HUD may grant a Section 11(b) letter of exemption of multifamily housing revenue bonds from Federal income taxation and authorize call of debentures prior to maturity.

Granted by: Nicolas P. Retsinas, Assistant Secretary for Housing-Federal Housing Commissioner.

Dated Granted: April 21, 1994. Reasons Waived: The part 811 regulations cited above were intended for original bond financing transactions and do not fit the terms of refunding transactions. To credit enhance refunding bonds not fully secured by the FHA mortgage amount, HUD also agrees not to exercise its option under 24 CFR 207.259(e) to call debentures prior to maturity. This refunding proposal was approved by HUD on February 9, 1993. Refunding bonds have been priced to an average yield of 6.74%. The tax-exempt refunding bond issue of \$1,385,000 at current lowinterest rates will save Section 8 subsidy. The Treasury also gains longterm tax revenue benefits through replacement of outstanding tax-exempt coupons of 11.5% at the call date with tax-exempt bonds yielding 6.74%. The refunding will also substantially reduce the FHA mortgage interest rate at expiration of the HAP contract, from 11.48% to 6.8%, thus reducing FHA mortgage insurance risk. The refunding serves the important public purposes of reducing HUD's Section 8 program costs, improving Treasury tax revenues (helping reduce the budget deficit), and increasing the likelihood that projects will continue to provide housing for