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CHFA Tax Credit Unit  
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## 30% Test Guidance

Projects awarded American Reinvestment and Recovery Act (AARA) Section 1602 Exchange Funds by CHFA that have not expended 100% of the funds by December 31, 2010 must demonstrate satisfaction of an expenditure test. The test must reflect the recipient has paid or incurred at least 30% of the project's total adjusted basis in land and depreciable property 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 Exchange Funds not drawn by that date to pay for eligible costs incurred, will be forfeited by the owner.**

Requirements for the 30% Test include:

- 1) Subawardee Report of Expenditures
- 2) Verification of expenditures (as evidenced by advance requisition and supporting documents)

If a project demonstrates it has met the test, it may continue to draw remaining funds until December 31, 2011.

The 30% Test will not be required for owners that have drawn 100% of their 1602 Exchange Funds award by December 31, 2010.

CHFA will forward additional guidance as it is released by Treasury.

Questions concerning the 30% Test may be directed to Delbe Spath, Tax Credit Programs Manager, at (860) 571-3527.