

Part III

Administrative, Procedural, and Miscellaneous

[26 CFR 601.201]: Rulings and determination letters
(Also: Part I, §§ 25, 103, 143)

Rev. Proc. 2004-18

SECTION 1. PURPOSE

This revenue procedure provides issuers of qualified mortgage bonds, as defined in section 143(a) of the Internal Revenue Code, and issuers of mortgage credit certificates, as defined in section 25(c), with (1) the nationwide average purchase price for residences located in the United States, and (2) average area purchase price safe harbors for residences located in statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam.

SECTION 2. CHANGES

Average area purchase price safe harbors were last published in Rev. Proc. 94-55, 1994-2 C.B. 716, and were based on housing price estimates calculated by the Department of Housing and Urban Development from mortgage data collected by the Federal Housing Finance Board (FHFB). As more fully described in section 3 below, the average area purchase price safe harbors contained in this revenue procedure are based on the annual loan limits set by the Federal Housing Administration (FHA) on FHA-insured mortgages (FHA loan limits). Because FHA loan limits do not differentiate between new and existing residences, this revenue procedure sets forth a single average area purchase price that may be used as a safe harbor for both new and existing residences in each of the listed statistical areas. This revenue procedure also sets forth a single nationwide average purchase price.

This revenue procedure also reflects the Office of Management and Budget's (OMB) current definitions for the nation's metropolitan statistical areas (MSAs), as contained in OMB Bulletin No. 03-04, dated and effective June 6, 2003. The safe harbors provided in Rev. Proc. 94-55 were for MSAs defined in OMB Bulletin No. 93-17, dated and effective June 30, 1993.

SECTION 3. BACKGROUND

.01 Section 103(a) provides that, except as provided in section 103(b), gross income does not include interest on any state or local bond. Section 103(b)(1) provides that section 103(a) shall not apply to any private activity bond that is not a "qualified bond" within the meaning of section 141. Section 141(e) provides, in part, that the term "qualified bond" means any private activity bond if such bond (1) is a qualified mortgage bond under section 143, (2) meets the volume cap requirements under section 146, and (3) meets the applicable requirements under section 147.

.02 Section 143(a)(1) provides that the term "qualified mortgage bond" means a bond that is issued as part of a qualified mortgage issue. Section 143(a)(2)(A) provides that the term "qualified mortgage issue" means an issue of one or more bonds by a state or political subdivision thereof, but only if: (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve) are to be used to finance owner-occupied residences; (ii) the issue meets the requirements of subsections (c), (d), (e), (f), (g), (h), (i), and (m)(7) of section 143; (iii) the issue does not meet the private business tests of paragraphs (1) and (2) of section 141(b); and (iv) with respect to amounts received more than 10 years after the date of issuance, repayments of \$250,000 or more of principal on mortgage financing provided by the issue are used by the close of the first semiannual period beginning after the date the prepayment (or complete repayment) is received to redeem bonds that are part of the issue.

Average Area Purchase Price

.03 Section 143(e)(1) provides that an issue of bonds meets the purchase price requirements of section 143(e) if the acquisition cost of each residence financed by the issue does not exceed 90 percent of the average area purchase price applicable to such residence. Section 143(e)(5) provides that, in the case of a targeted area residence (as defined in section 143(j)), section 143(e)(1) shall be applied by substituting 110 percent for 90 percent.

.04 Section 143(e)(2) provides that the term "average area purchase price" means, with respect to any residence, the average purchase price of single-family residences (in the statistical area in which the residence is located) that were purchased during the most recent 12-month period for which sufficient statistical information is available. Under sections 143(e)(3) and (4), respectively, separate determinations are to be made for new and existing residences, and for two-, three-, and four-family residences.

.05 Section 143(e)(2) provides that the determination of the average area purchase price for a statistical area shall be made as of the date on which the commitment to provide the financing is made or, if earlier, the date of the purchase of the residence.

.06 Section 143(k)(2)(A) provides that the term "statistical area" means (i) a

metropolitan statistical area (MSA), and (ii) any county (or the portion thereof) that is not within an MSA. Section 143(k)(2)(C) further provides that if sufficient recent statistical information with respect to a county (or portion thereof) is unavailable, the Secretary may substitute another area for which there is sufficient recent statistical information for such county (or portion thereof). In the case of any portion of a State which is not within a county, section 143(k)(2)(D) provides that the Secretary may designate as a county any area that is the equivalent of a county. Section 6a.103A-1(b)(4)(i) of the Temporary Income Tax Regulations (issued under section 103A of the Internal Revenue Code of 1954, the predecessor of section 143) provides that the term “State” includes a possession of the United States and the District of Columbia.

.07 Section 6a.103A-2(f)(5)(i) provides that an issuer may rely upon the average area purchase price safe harbors published by the Department of the Treasury for the statistical area in which a residence is located. Section 6a.103A-2(f)(5)(i) further provides that an issuer may use an average area purchase price limitation different from the published safe harbor if the issuer has more accurate and comprehensive data for the statistical area.

Qualified Mortgage Credit Certificate Program

.08 Section 25(c) permits a state or political subdivision to establish a qualified mortgage credit certificate program. In general, a qualified mortgage credit certificate program is a program under which the issuing authority elects not to issue an amount of private activity bonds that it may otherwise issue during the calendar year under section 146, and in their place, issues mortgage credit certificates to taxpayers in connection with the acquisition of their principal residences. Section 25(a)(1) provides, in general, that the holder of a mortgage credit certificate may claim a federal income tax credit equal to the product of the credit rate specified in the certificate and the interest paid or accrued during the tax year on the remaining principal of the indebtedness incurred to acquire the residence. Section 25(c)(2)(A)(iii)(III) generally provides that residences acquired in connection with the issuance of mortgage credit certificates must meet the purchase price requirements of section 143(e).

Income Limitations for Qualified Mortgage Bonds and Mortgage Credit Certificates

.09 Section 143(f) imposes limitations on the income of mortgagors for whom financing may be provided by qualified mortgage bonds. In addition, section 25(c)(2)(A)(iii)(IV) provides that holders of mortgage credit certificates must meet the income requirement of section 143(f). Generally, under sections 143(f)(1) and 25(c)(2)(A)(iii)(IV), the income requirement is met only if all owner-financing under a qualified mortgage bond and all mortgage credit certificates issued under a qualified mortgage credit certificate program are provided to mortgagors whose family income is 115 percent or less of the applicable median family income. Section 143(f)(5), however, generally provides for an upward adjustment to the percentage limitation in high housing cost areas. High housing cost areas are defined in section 143(f)(5)(C) as any

statistical area for which the housing cost/income ratio is greater than 1.2.

.10 Under section 143(f)(5)(D), the housing cost/income ratio with respect to any statistical area is determined by dividing (a) the applicable housing price ratio for such area by (b) the ratio that the area median gross income for such area bears to the median gross income for the United States. The applicable housing price ratio is the new housing price ratio (new housing average area purchase price divided by the new housing average purchase price for the United States) or the existing housing price ratio (existing housing average area purchase price divided by the existing housing average purchase price for the United States), whichever results in the housing cost/income ratio being closer to 1.

Average Area and Nationwide Purchase Price Limitations

.11 Average area purchase price safe harbors for each state and the District of Columbia were last published in Rev. Proc. 94-55, 1994-2 C.B. 716. Average area purchase price safe harbors for Puerto Rico, Guam, and the Virgin Islands were last published in Rev. Proc. 93-15, 1993-1 C.B. 485. Average area purchase price safe harbors for the Northern Mariana Islands were last published in Rev. Proc. 87-19, 1987-1 C.B. 712. Average area purchase price safe harbors for American Samoa have not been published previously.

.12 Nationwide average purchase price limitations were last published in Rev. Proc. 94-55. Guidance with respect to the United States and area median gross income figures that are to be used in computing the housing cost/income ratio described in section 143(f)(5) was last published in Rev. Proc. 2003-29, 2003-1 C.B. 917.

.13 In Rev. Proc. 94-55, the average area purchase price safe harbors were based on housing price estimates derived from mortgage survey data collected by the FHFB. This revenue procedure uses FHA loan limits for a given statistical area to calculate the average area purchase price safe harbor for that area. FHA sets limits on the dollar value of loans it will insure based on median home prices and conforming loan limits established by the Federal Home Loan Mortgage Corporation. In particular, FHA sets an area's loan limit at 95 percent of the median home sales price for the area, subject to certain floors and caps measured against conforming loan limits.

.14 To calculate the average area purchase price safe harbors in this revenue procedure, the FHA loan limits are adjusted to take into account the differences between average and median purchase prices. Because FHA loan limits do not differentiate between new and existing residences, this revenue procedure contains a single average area purchase price safe harbor for both new and existing residences in a statistical area. The Treasury Department and the Internal Revenue Service have determined that FHA loan limits provide a reasonable basis for determining average area purchase price safe harbors. If the Treasury Department and the Internal Revenue Service become aware of other sources of average purchase price data, including data

that differentiate between new and existing residences, consideration will be given as to whether such data provide a more accurate method for calculating average area purchase price safe harbors.

.15 The average area purchase price safe harbors listed in section 5.01 of this revenue procedure are based on FHA loan limits released December 31, 2003. FHA loan limits are available for statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam. See section 4.03 of this revenue procedure with respect to FHA loan limits revised after December 31, 2003.

.16 OMB Bulletin No. 03-04, dated and effective June 6, 2003, revised the definitions of the nation's metropolitan areas and recognized 49 new metropolitan statistical areas. As a result, this revenue procedure provides average area purchase price safe harbors for statistical areas that differ from those published in Rev. Proc. 94-55. For example, OMB Bulletin No. 03-04 does not include primary metropolitan statistical areas, a type of statistical area that was included in Rev. Proc. 94-55.

SECTION 4. APPLICATION

Average Area Purchase Price Safe Harbors

.01 Average area purchase price safe harbors for statistical areas in each state, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam are set forth in section 5.01 of this revenue procedure. Average area purchase price safe harbors are provided for single-family and two to four-family residences. For each type of residence, section 5.01 of this revenue procedure contains a single safe harbor that may be used for both new and existing residences. Issuers of qualified mortgage bonds and issuers of mortgage credit certificates may rely on these safe harbors to satisfy the requirements of sections 143(e) and (f). Section 5.01 of this revenue procedure provides safe harbors for MSAs, and for certain counties and county equivalents. If no purchase price safe harbor is available for a statistical area, the safe harbor for "ALL OTHER AREAS" may be used for that statistical area (except for Alaska, for which a separate safe harbor is provided for statistical areas not listed).

.02 If a residence is in an MSA, the safe harbor applicable to it is the limitation of that MSA. If an MSA falls in more than one State, the MSA is listed in section 5.01 of this revenue procedure under each State.

.03 If the FHA revises the FHA loan limit for any statistical area after December 31, 2003, an issuer of qualified mortgage bonds or mortgage credit certificates may use the revised FHA loan limit for that statistical area to compute (as provided in the next sentence) a revised average area purchase price safe harbor for the statistical area provided that the issuer maintains records evidencing the revised FHA loan limit. The

revised average area purchase price safe harbor for that statistical area is computed by dividing the revised FHA loan limit by .76.

.04 If, pursuant to section 6a.103A-2(f)(5)(i), an issuer uses more accurate and comprehensive data to determine the average area purchase price for a statistical area, the issuer must make separate average area purchase price determinations for new and existing residences. Moreover, when computing the average area purchase price for a statistical area that is an MSA, as defined in OMB Bulletin No. 03-04, the issuer must make the computation for the entire applicable MSA. When computing the average area purchase price for a statistical area that is not an MSA, the issuer must make the computation for the entire statistical area and may not combine statistical areas. Thus, for example, the issuer may not combine two or more counties.

.05 If an issuer receives a ruling permitting it to rely on an average area purchase price limitation that is higher than the applicable safe harbor in this revenue procedure, the issuer may rely on that higher limitation for the purpose of satisfying the requirements of section 143(e) and (f) for bonds sold, and mortgage credit certificates issued, not more than 30 months following the termination date of the 12-month period used by the issuer to compute the limitation.

Nationwide Average Purchase Price

.06 Section 5.02 of this revenue procedure sets forth a single nationwide average purchase price for purposes of computing the housing cost/income ratio under section 143(f)(5).

.07 Issuers must use the nationwide average purchase price set forth in section 5.02 of this revenue procedure when computing the housing cost/income ratio under section 143(f)(5) regardless of whether they are relying on the average area purchase price safe harbors contained in this revenue procedure or using more accurate and comprehensive data to determine average area purchase prices for new and existing residences for a statistical area that are different from the published safe harbors in this revenue procedure.

.08 If, pursuant to section 7.02 of this revenue procedure, an issuer relies on the average area purchase price safe harbors contained in Rev. Proc. 94-55, the issuer must use the nationwide average purchase prices set forth in Rev. Proc. 94-55 in computing the housing cost/income ratio under section 143(f)(5). Likewise, if, pursuant to section 7.05 of this revenue procedure, an issuer relies on the nationwide average purchase prices published in Rev. Proc. 94-55, the issuer may not rely on the average area purchase price safe harbors published in this revenue procedure.

SECTION 5. AVERAGE AREA AND NATIONWIDE AVERAGE PURCHASE PRICES

.01 Average area purchase prices for single-family and two to four-family residences in MSAs, and for certain counties and county equivalents. The safe harbor

for "ALL OTHER AREAS" (found at the end of the table below) may be used for a statistical area that is not listed below (except for Alaska, for which a separate safe harbor is provided for statistical areas not listed).

Area Name	1 Family	2 Family	3 Family	4 Family
<u>ALASKA</u>				
ANCHORAGE, AK (MSA)	\$277,500	\$312,553	\$379,737	\$438,158
All other areas in Alaska	\$250,000	\$281,579	\$342,105	\$405,253
<u>ARIZONA</u>				
FLAGSTAFF, AZ (MSA)	\$228,325	\$269,779	\$326,084	\$405,253
MOHAVE COUNTY, AZ	\$230,375	\$269,779	\$326,084	\$405,253
<u>CALIFORNIA</u>				
INYO COUNTY, CA	\$353,750	\$398,434	\$484,079	\$558,553
CHICO, CA (MSA)	\$231,875	\$269,779	\$326,084	\$405,253
HUMBOLDT COUNTY, CA	\$212,500	\$269,779	\$326,084	\$405,253
FRESNO, CA (MSA)	\$214,521	\$269,779	\$326,084	\$405,253
LOS ANGELES-LONG BEACH-SANTA ANA, CA (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
MADERA, CA (MSA)	\$214,521	\$269,779	\$326,084	\$405,253
MERCED, CA (MSA)	\$231,250	\$269,779	\$326,084	\$405,253
MODESTO, CA (MSA)	\$290,475	\$327,166	\$397,492	\$458,645
NAPA, CA (MSA)	\$381,999	\$488,975	\$591,028	\$710,526
OXNARD-THOUSAND OAKS-VENTURA, CA (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
TUOLUMNE COUNTY, CA	\$243,750	\$274,539	\$333,553	\$405,253
REDDING, CA (MSA)	\$228,092	\$269,779	\$326,084	\$405,253
RIVERSIDE-SAN BERNARDINO-ONTARIO, CA (MSA)	\$321,250	\$361,829	\$439,605	\$507,237
SACRAMENTO-ARDEN-ARCADE-ROSEVILLE, CA (MSA)	\$369,407	\$464,605	\$564,474	\$651,316
SALINAS, CA (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
SAN DIEGO-CARLSBAD-SAN MARCOS, CA (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
SAN FRANCISCO-OAKLAND-FREMONT, CA (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
SAN JOSE-SUNNYDALE-SANTA CLARA, CA (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
SAN LUIS OBISPO-PASA ROBLES, CA (MSA)	\$381,999	\$488,975	\$591,028	\$710,329
SANTA BARBARA-SANTA MARIA-GOLETA, CA (MSA)	\$381,999	\$488,975	\$591,028	\$690,789
SANTA CRUZ-WATSONVILLE, CA (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
SANTA ROSA-PETALUMA, CA (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
STOCKTON, CA (MSA)	\$344,222	\$397,730	\$483,224	\$557,566
NEVADA COUNTY, CA	\$312,500	\$351,974	\$427,632	\$493,421

MENDOCINO COUNTY, CA	\$312,500	\$351,974	\$427,632	\$493,421
VALLEJO-FAIRFIELD, CA (MSA)	\$381,999	\$488,975	\$591,028	\$710,526
YUBA CITY-MARYSVILLE, CA (MSA)	\$275,000	\$309,737	\$376,316	\$434,211
AMADOR COUNTY, CA	\$218,750	\$269,779	\$326,084	\$405,253
MONO COUNTY, CA	\$344,222	\$399,079	\$484,934	\$559,539
<u>COLORADO</u>				
BOULDER, CO (MSA)	\$369,407	\$438,453	\$532,699	\$614,653
COLORADO SPRINGS, CO (MSA)	\$260,500	\$293,405	\$356,474	\$411,316
DENVER-AURORA, CO (MSA)	\$344,222	\$440,609	\$532,532	\$631,579
LA PLATA COUNTY, CO	\$211,250	\$269,779	\$326,084	\$405,253
EAGLE COUNTY, CO	\$344,222	\$440,609	\$532,532	\$661,829
LAKE COUNTY, CO	\$344,222	\$440,609	\$532,532	\$661,829
FORT COLLINS-LOVELAND, CO (MSA)	\$280,000	\$315,368	\$383,158	\$442,105
GREELEY, CO, (MSA)	\$286,875	\$323,112	\$392,566	\$452,961
SILVERTHRONE, CO (MSA)	\$344,222	\$401,250	\$487,500	\$562,500
GARFIELD COUNTY, CO	\$250,000	\$286,825	\$346,678	\$430,855
GRAND COUNTY, CO	\$242,500	\$273,132	\$331,842	\$405,253
GUNNISON COUNTY, CO	\$259,938	\$292,772	\$355,704	\$410,428
OURAY COUNTY, CO	\$262,500	\$295,658	\$359,211	\$414,474
PITKIN COUNTY, CO	\$224,161	\$286,825	\$346,678	\$430,855
ROUTT COUNTY, CO	\$270,000	\$304,105	\$369,474	\$426,316
SAN MIGUEL COUNTY, CO	\$344,222	\$401,250	\$487,500	\$562,500
<u>CONNECTICUT</u>				
BRIDGEPORT-STAMFORD-NORWALK, CT (MSA)	\$381,999	\$434,964	\$528,462	\$609,764
HARTFORD-EAST HARTFORD-WEST HARTFORD, CT (MSA)	\$309,375	\$348,454	\$423,355	\$488,487
NEW HAVEN-MILFORD, CT (MSA)	\$381,999	\$435,039	\$528,553	\$609,868
NEW LONDON-NORWICH, CT (MSA)	\$268,750	\$302,697	\$367,763	\$430,855
LITCHFIELD COUNTY, CT	\$255,000	\$287,211	\$348,947	\$405,253
WINDHAM COUNTY, CT	\$224,161	\$269,779	\$326,084	\$405,253
<u>DELAWARE</u>				
DOVER, DE (MSA)	\$224,375	\$269,779	\$326,084	\$405,253
PHILADELPHIA-CAMDEN-WILIMINGTON, PA-NJ-DE-MD (MSA)	\$300,459	\$338,412	\$411,154	\$474,409
<u>DISTRICT OF COLUMBIA</u>				
WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV (MSA)	\$381,999	\$448,442	\$544,837	\$628,658

FLORIDA

JACKSONVILLE, FL (MSA)	\$275,000	\$309,737	\$376,316	\$434,211
MONROE COUNTY, FL	\$369,407	\$449,822	\$546,513	\$630,592
MIAMI-FORT LAUDERDALE- MIAMI BEACH, FL (MSA)	\$311,625	\$350,988	\$426,434	\$492,039
NAPLES-MARCO ISLAND, FL (MSA)	\$282,500	\$318,184	\$386,579	\$446,053
SARASOTA-BRADENTON- VENICE, FL (MSA)	\$251,500	\$283,268	\$344,158	\$405,253

GEORGIA

ALBANY, GA (MSA)	\$213,125	\$269,779	\$326,084	\$405,253
ATHENS-CLARKE COUNTY, GA (MSA)	\$232,375	\$269,779	\$326,084	\$405,253
ATLANTA-SANDY SPRINGS- MARIETTA, GA (MSA)	\$232,375	\$269,779	\$326,084	\$405,253

HAWAII

HONOLULU, HI (MSA)	\$490,625	\$552,599	\$671,382	\$774,671
HAWAII COUNTY, HI	\$278,750	\$313,961	\$381,447	\$440,132
MAUI COUNTY, HI	\$381,250	\$429,408	\$521,711	\$601,974
KAUAI COUNTY, HI	\$368,750	\$415,329	\$504,605	\$582,237
KALAWAO COUNTY, HI	\$239,400	\$306,379	\$370,326	\$460,232

IDAHO

BLAINE COUNTY, ID	\$336,250	\$378,724	\$460,132	\$530,921
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ILLINOIS

CHICAGO-NAPERVILLE- JOILET, IL-IN-WI (MSA)	\$312,500	\$351,974	\$427,632	\$493,421
ST. LOUIS, MO-IL (MSA)	\$243,974	\$274,792	\$333,859	\$405,253

INDIANA

ANDERSON, IN (MSA)	\$217,500	\$269,779	\$326,084	\$405,253
CHICAGO-NAPERVILLE- JOILETTE, IL-IN-WI (MSA)	\$312,500	\$351,974	\$427,632	\$493,421
CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	\$235,646	\$269,779	\$326,084	\$405,253
INDIANAPOLIS, IN (MSA)	\$217,500	\$269,779	\$326,084	\$405,253
LOUISVILLE, KY-IN (MSA)	\$237,375	\$269,779	\$326,084	\$405,253
SCOTT COUNTY, IN	\$237,375	\$269,779	\$326,084	\$405,253

KANSAS

KANSAS CITY, MO-KS (MSA)	\$256,250	\$288,618	\$350,658	\$405,253
LAWRENCE, KS (MSA)	\$221,813	\$269,779	\$326,084	\$405,253

KENTUCKY

CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	\$235,646	\$269,779	\$326,084	\$405,253
LOUISVILLE, KY-IN (MSA)	\$237,375	\$269,779	\$326,084	\$405,253

<u>MAINE</u>				
PORTLAND-SOUTH PORTLAND, ME (MSA)	\$296,250	\$333,671	\$405,395	\$467,763
<u>MARYLAND</u>				
BALTIMORE-TOWSON, MD (MSA)	\$344,222	\$389,557	\$473,292	\$546,107
HAGERSTOWN- MARTINSBURG, MD (MSA)	\$355,000	\$399,842	\$485,789	\$560,526
ST. MARY'S COUNTY, MD PHILADELPHIA-CAMDEN- WILMINGTON, PA-NJ-DE-MD, (MSA)	\$241,250	\$271,724	\$330,132	\$405,253
WASHINGTON-ARLINGTON- ALEXANDRIA, DC-MD-VA-WV (MSA)	\$300,459	\$338,412	\$411,154	\$474,409
WASHINGTON-ARLINGTON- ALEXANDRIA, DC-MD-VA-WV (MSA)	\$381,999	\$448,442	\$544,837	\$628,658
<u>MASSACHUSETTS</u>				
BARNSTABLE TOWN, MA (MSA)	\$374,875	\$422,228	\$512,987	\$591,908
BOSTON-CAMBRIDGE- QUINCY, MA-NH (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
PITTSFIELD, MA (MSA)	\$237,500	\$269,779	\$326,084	\$405,253
PROVIDENCE-NEW BEDFORD- FALL RIVER, RI-MA (MSA)	\$369,407	\$472,891	\$571,567	\$710,309
SPRINGFIELD, MA (MSA)	\$237,500	\$269,779	\$326,084	\$405,253
WORCESTER, MA (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
DUKES COUNTY, MA	\$344,222	\$440,609	\$532,532	\$661,829
NANTUCKET COUNTY, MA	\$344,222	\$440,609	\$532,532	\$661,829
<u>MICHIGAN</u>				
LENAWEE COUNTY	\$297,500	\$335,079	\$407,105	\$469,737
ANN ARBOR, MI (MSA)	\$297,500	\$335,079	\$407,105	\$469,737
DETROIT-WARREN-LIVONIA, MI (MSA)	\$297,500	\$335,079	\$407,105	\$469,737
LANSING-EAST LANSING, MI (MSA)	\$250,000	\$281,579	\$342,105	\$405,253
MONROE, MI (MSA)	\$231,250	\$269,779	\$326,084	\$405,253
BENZIE COUNTY, MI	\$224,161	\$270,937	\$327,483	\$407,022
GRAND TRAVERSE COUNTY, MI	\$224,161	\$270,937	\$327,483	\$407,022
KALKASKA COUNTY, MI	\$224,161	\$270,937	\$327,483	\$407,022
LEELANAU COUNTY, MI	\$224,161	\$270,937	\$327,483	\$407,022
<u>MINNESOTA</u>				
MINNEAPOLIS-ST. PAUL- BLOOMINGTON, MN-WI (MSA)	\$291,000	\$327,758	\$398,211	\$459,474
GOODHUE COUNTY, MN	\$224,875	\$269,779	\$326,084	\$405,253
ROCHESTER, MN (MSA)	\$230,962	\$269,779	\$326,084	\$405,253

<u>MISSISSIPPI</u>				
JACKSON, MS (MSA)	\$220,000	\$269,779	\$326,084	\$405,253
<u>MISSOURI</u>				
KANSAS CITY, MO-KS (MSA)	\$256,250	\$288,618	\$350,658	\$405,253
ST, LOUIS, MO-IL (MSA)	\$243,974	\$274,791	\$333,858	\$405,253
<u>MONTANA</u>				
MISSOULA, MT (MSA)	\$241,250	\$271,724	\$330,132	\$405,253
<u>NEVADA</u>				
CARSON CITY, NV (MSA)	\$256,250	\$288,618	\$350,658	\$405,253
DOUGLAS COUNTY, NV	\$350,000	\$394,211	\$478,947	\$552,632
LAS VEGAS-PARADISE, NV (MSA)	\$230,375	\$269,779	\$326,084	\$405,253
NYE COUNTY, NV	\$230,375	\$269,779	\$326,084	\$405,253
RENO-SPARKS, NV (MSA)	\$255,625	\$287,914	\$349,803	\$405,253
<u>NEW HAMPSHIRE</u>				
BOSTON-CAMBRIDGE- QUINCY, MA-NH (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
MERRIMACK COUNTY, NH	\$218,166	\$269,779	\$326,084	\$405,253
MANCHESTER-NASHUA, NH (MSA)	\$369,407	\$472,891	\$571,567	\$710,309
<u>NEW JERSEY</u>				
ALLENTOWN-BETHLEHEM- EASTON, PA-NJ (MSA)	\$369,407	\$459,255	\$557,974	\$643,816
ATLANTIC CITY, NJ (MSA)	\$293,750	\$330,855	\$401,974	\$463,816
NEW YORK-NEWARK-EDISON, NY-NJ-PA (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
OCEAN CITY, NJ (MSA)	\$293,750	\$330,855	\$401,974	\$463,816
PHILADELPHIA-CAMDEN- WILMINGTON, PA-NJ-DE-MD (MSA)	\$300,459	\$338,412	\$411,154	\$474,409
TRENTON-EWING, NJ (MSA)	\$381,250	\$429,408	\$521,711	\$601,974
<u>NEW MEXICO</u>				
LOS ALAMOS COUNTY, NM	\$318,750	\$359,013	\$436,184	\$503,289
SANTA FE, NM (MSA)	\$343,125	\$386,467	\$469,539	\$541,776
<u>NEW YORK</u>				
CAYUGA COUNTY, NY	\$211,250	\$269,779	\$326,084	\$405,253
BUFFALO-CHEEKTOWAGA- TONAWANDA, NY (MSA)	\$228,750	\$269,779	\$326,084	\$405,253
NEW YORK-NEWARK-EDISON, NY-NJ-PA (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
POUGHKEEPSIE-NEWBURGH- MIDDLETOWN, NY (MSA)	\$337,500	\$380,132	\$461,842	\$532,895
ROCHESTER, NY (MSA)	\$218,750	\$269,779	\$326,084	\$405,253

SYRACUSE, NY (MSA)	\$211,250	\$269,779	\$326,084	\$405,253
<u>NORTH CAROLINA</u>				
CHARLOTTE-GASTONIA- CONCORD, NC-SC (MSA)	\$221,582	\$269,779	\$326,084	\$405,253
DURHAM, NC (MSA)	\$230,000	\$269,779	\$326,084	\$405,253
JACKSONVILLE, NC (MSA)	\$306,250	\$344,934	\$419,079	\$483,553
LINCOLN COUNTY, NC	\$221,582	\$269,779	\$326,084	\$405,253
RALEIGH-CARY, NC (MSA)	\$230,000	\$269,779	\$326,084	\$405,253
ROWAN COUNTY, NC	\$221,582	\$269,779	\$326,084	\$405,253
VIRGINIA BEACH-NORFOLK- NEWPORT NEWS, VA-NC (MSA)	\$286,250	\$322,408	\$391,711	\$451,974
<u>OHIO</u>				
AKRON, OH (MSA)	\$223,625	\$269,779	\$326,084	\$405,253
ASHTABULA COUNTY, OH	\$290,797	\$327,530	\$397,933	\$459,154
CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA)	\$235,646	\$269,779	\$326,084	\$405,253
CLEVELAND-ELYRIA-MENTOR, OH (MSA)	\$290,797	\$327,530	\$397,933	\$459,154
COLUMBUS, OH (MSA)	\$274,738	\$309,441	\$375,957	\$433,796
DAYTON, OH (MSA)	\$225,000	\$269,779	\$326,084	\$405,253
SPRINGFIELD, OH (MSA)	\$225,000	\$269,779	\$326,084	\$405,253
<u>OREGON</u>				
CORVALIS, OREGON (MSA)	\$217,375	\$269,779	\$326,084	\$405,253
MEDFORD, OR (MSA)	\$241,875	\$272,428	\$330,987	\$405,253
PORTLAND-VANCOUVER- BEAVERTON, OR-WA (MSA)	\$249,875	\$286,825	\$346,678	\$430,855
<u>PENNSYLVANIA</u>				
ALLENTOWN-BETHLEHEM- EASTON, PA-NJ (MSA)	\$369,407	\$459,255	\$557,974	\$643,816
NEW YORK-NEWARK-EDISON, NY-NJ-PA (MSA)	\$381,999	\$488,975	\$591,028	\$734,521
PHILADELPHIA-CAMDEN- WILMINGTON, PA-NJ-DE (MSA)	\$300,459	\$338,412	\$411,154	\$474,409
PITTSBURGH, PA (MSA)	\$228,188	\$269,779	\$326,084	\$405,253
READING, PA (MSA)	\$217,382	\$269,779	\$326,084	\$405,253
YORK – HANOVER, PA (MSA)	\$224,875	\$269,779	\$326,084	\$405,253
<u>RHODE ISLAND</u>				
PROVIDENCE-NEW BEDFORD- FALL RIVER, RI - MA (MSA)	\$369,407	\$472,891	\$571,567	\$710,309
<u>SOUTH CAROLINA</u>				
CHARLESTON-NORTH CHARLESTON, SC (MSA)	\$261,250	\$294,250	\$357,500	\$412,500
CHARLOTTE-GASTONIA-	\$221,582	\$269,779	\$326,084	\$405,253

CONCORD, NC-SC (MSA)				
GEORGETOWN COUNTY, SC	\$228,750	\$269,779	\$326,084	\$405,253
BEAUFORT COUNTY, SC	\$262,500	\$295,658	\$359,211	\$414,474
JASPER COUNTY, SC	\$262,500	\$295,658	\$359,211	\$414,474
<u>TENNESSEE</u>				
NASHVILLE-DAVIDSON- MURFREESBORO, TN (MSA)	\$297,500	\$335,079	\$407,105	\$469,737
<u>TEXAS</u>				
HENDERSON COUNTY, TX	\$224,875	\$269,779	\$326,084	\$405,253
AUSTIN - ROUND ROCK, TX (MSA)	\$233,750	\$269,779	\$326,084	\$405,253
HUTCHINSON COUNTY, TX	\$224,875	\$269,779	\$326,084	\$405,253
DALLAS-FORT WORTH- ARLINGTON, TX (MSA)	\$224,875	\$269,779	\$326,084	\$405,253
SAN ANGELO, TX (MSA)	\$224,875	\$269,779	\$326,084	\$405,253
<u>UTAH</u>				
OGDEN-CLEARFIELD, UT (MSA)	\$225,000	\$269,779	\$326,084	\$405,253
PROVO-OREM, UT (MSA)	\$231,250	\$269,779	\$326,084	\$405,253
SALT LAKE CITY, UT (MSA)	\$306,250	\$344,934	\$419,079	\$483,553
KANE COUNTY, UT	\$228,325	\$269,779	\$326,084	\$405,253
WASATCH COUNTY, UT	\$231,250	\$269,779	\$326,084	\$405,253
<u>VERMONT</u>				
BURLINGTON-SOUTH BURLINGTON, VT (MSA)	\$281,125	\$316,636	\$384,697	\$443,882
<u>VIRGINIA</u>				
CHARLOTTESVILLE, VA (MSA)	\$255,416	\$287,678	\$349,516	\$405,253
RICHMOND, VA (MSA)	\$249,938	\$281,509	\$342,020	\$405,253
VIRGINIA BEACH-NORFOLK- NEWPORT, NEWS, VA-NC (MSA)	\$286,250	\$322,408	\$391,711	\$451,974
WASHINGTON-ARLINGTON- ALEXANDRIA, DC-MD-VA-WV, (MSA)	\$381,999	\$448,442	\$544,837	\$628,658
<u>WASHINGTON</u>				
BELLINGHAM, WA (MSA)	\$236,250	\$269,779	\$326,084	\$405,253
BREMERTON-SILVERDALE, WA (MSA)	\$262,500	\$295,658	\$359,211	\$414,474
MOUNT VERNON-ANACORLES, WA (MSA)	\$214,934	\$269,779	\$326,084	\$405,253
ISLAND COUNTY, WA	\$326,868	\$368,157	\$447,293	\$516,108
OLYMPIA, WA (MSA)	\$225,000	\$269,779	\$326,084	\$405,253
PORTLAND-VANCOUVER- BEAVERTON, OR-WA (MSA)	\$249,875	\$286,825	\$346,678	\$430,855

SEATTLE-TACOMA-BELLVUE, WA (MSA)	\$345,125	\$388,720	\$472,276	\$544,934
JEFFERSON COUNTY, WA	\$212,500	\$269,779	\$326,084	\$405,253
SAN JUAN COUNTY, WA	\$260,028	\$292,874	\$355,828	\$430,855
<u>WEST VIRGINIA</u>				
HAGERSTOWN- MARTINSBURG, MD-WV (MSA)	\$355,000	\$399,842	\$485,789	\$560,526
WASHINGTON-ARLINGTON- ALEXANDRIA, DC-VA-MD-WV (MSA)	\$381,999	\$448,442	\$544,837	\$628,658
<u>WISCONSIN</u>				
CHICAGO-NAPERVILLE- JOILETT, IL-IN-WI (MSA)	\$312,500	\$351,974	\$427,632	\$493,421
MADISON, WI (MSA)	\$242,625	\$273,272	\$332,013	\$405,253
MILWAUKEE-WAUKESHA- WEST ALLIS, WI (MSA)	\$233,125	\$269,779	\$326,084	\$405,253
MINNEAPOLIS-ST. PAUL- BLOOMINGTON, MN-WI (MSA)	\$291,000	\$327,758	\$398,211	\$459,474
RACINE, WI (MSA)	\$233,125	\$269,779	\$326,084	\$405,253
<u>WYOMING</u>				
TETON COUNTY, WY	\$369,407	\$438,453	\$532,699	\$614,653
SUBLETTE COUNTY, WY	\$224,375	\$269,779	\$326,084	\$405,253
<u>GUAM</u>	\$237,500	\$269,779	\$326,084	\$405,253
<u>PUERTO RICO</u>				
FAJARDO, PR (MSA)	\$325,000	\$366,053	\$444,737	\$513,158
SAN JUAN-CAGUAS- GUAYNABO, PR (MSA)	\$325,000	\$366,053	\$444,737	\$513,158
<u>VIRGIN ISLANDS</u>				
ST. CROIX	\$287,500	\$323,816	\$393,421	\$453,947
ST. JOHN	\$246,447	\$277,578	\$337,243	\$405,253
ST. THOMAS	\$318,750	\$359,013	\$436,184	\$503,289
<u>ALL OTHER AREAS</u>	\$210,758	\$269,779	\$326,084	\$405,253

.02 Nationwide average purchase price (for use in the housing cost/income ratio for new and existing residences): \$218,100

SECTION 6. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 94-55, Rev. Proc. 93-15, and Rev. Proc. 87-19 are obsolete except as provided in section 7 of this revenue procedure.

SECTION 7. EFFECTIVE DATES

.01 Issuers may rely on this revenue procedure to determine average area purchase price safe harbors for commitments to provide financing or issue mortgage credit certificates that are made, or (if the purchase precedes the commitment) for residences that are purchased, in the period that begins on February 10, 2004, and ends on the date as of which the safe harbors contained in section 5.01 of this revenue procedure are rendered obsolete by a new revenue procedure.

.02 Notwithstanding section 6 of this revenue procedure, issuers may continue to rely on the average area purchase price safe harbors contained in Rev. Proc. 87-19, Rev. Proc. 93-15, and Rev. Proc. 94-55 with respect to bonds sold, or for mortgage credit certificates issued with respect to bond authority exchanged, before March 11, 2004, if the commitments to provide financing or issue mortgage credit certificates are made on or before April 10, 2004.

.03 Except as provided in section 7.04, issuers must use the nationwide average purchase price limitation contained in this revenue procedure for commitments to provide financing or issue mortgage credit certificates that are made, or (if the purchase precedes the commitment) for residences that are purchased, in the period that begins on February 10, 2004, and ends on the date when the nationwide average purchase price limitation is rendered obsolete by a new revenue procedure.

.04 Notwithstanding sections 6 and 7.03 of this revenue procedure, issuers may continue to rely on the nationwide average purchase prices set forth in Rev. Proc. 94-55 with respect to bonds sold, or for mortgage credit certificates issued with respect to bond authority exchanged, before March 11, 2004, if the commitments to provide financing or issue mortgage credit certificates are made on or before April 10, 2004.

SECTION 8. PAPERWORK REDUCTION ACT

The collection of information contained in this revenue procedure has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1877.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

This revenue procedure contains a collection of information requirement in section 4.03. The purpose of the collection of information is to verify the applicable FHA loan limit that issuers of qualified mortgage bonds and qualified mortgage certificates have used to calculate the average area purchase price for a given statistical area for purposes of section 143(e) and 25(c). The collection of information is required to obtain

the benefit of using revisions to FHA loan limits to determine average area purchase prices. The likely respondents are state and local governments.

The estimated total annual recordkeeping burden is: 15 hours.

The estimated annual burden per recordkeeper: 15 minutes.

The estimated number of recordkeepers: 60.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

SECTION 9. DRAFTING INFORMATION

The principal authors of this revenue procedure are Gary W. Bornholdt and Timothy L. Jones of the Office of Division Counsel/Associate Chief Counsel (Tax Exempt & Government Entities). For further information regarding this revenue procedure contact Gary W. Bornholdt on (202) 622-3980 (not a toll free call).