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September 30, 2004

Gregory L. Countess, Esquire
Legal Aid Bureau, Inc.
500 East Lexington Street
Baltimore, Maryland 21202

Re: Low-Income Housing Tax Credits and Rev. Rul. 2004-82

Dear Mr. Countess:

This is in response to our telephone conversation of Tuesday, September 14, 2004, in which you requested a meeting to discuss the impact of the above referenced Internal Revenue Service revenue ruling on the federal low-income housing tax credit program, which is administered in the State of Maryland by the Department of Housing and Community Development. You indicated that you also wished to discuss the impact of *Carter v. Maryland Management Co.*, 377 Md. 596, 835 A.2 158 (2003), on the tax credit program.

As you may be aware, the issuance of Rev. Rul. 2004-82 by the IRS has engendered considerable controversy, especially with respect to its potential impact on tax credit investors. We understand that efforts are underway within the affordable housing community to get the IRS to reconsider the substance of many of its interpretations as set forth in the revenue ruling.

While we would be happy to meet with you and your colleagues at any time to discuss issues of mutual concern, we believe that a meeting on the revenue ruling at this time would be premature because of the uncertainty over its status. However, we also recognize the importance of this issue both to residents and to owners, so we certainly would accommodate your request for a meeting. We also would welcome any written comments that you might wish to submit on the subject. Such written comments would be particularly useful as the Department begins work on revisions to its Qualified Allocation Plan for 2005.

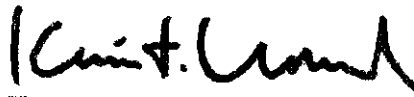
We recognize that under item 5 of the revenue ruling, a deadline of December 31, 2004 has been established for a review of any existing extended low-income housing commitments. The Department fully intends to complete its review by the December 31, 2004 deadline.

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Regardless of the status of the revenue ruling, we recognize that the *Carter* decision constitutes binding legal authority in the State of Maryland with respect to the terms and conditions of those landlord-tenant relationships which fall within its purview.

If you have any questions, please do not hesitate to contact me. Thank you for your anticipated cooperation in this regard.

Sincerely,



Kevin J. Leonard
Assistant Attorney General

KJL:me

c: George C. Eaton, DCA
Patricia R. Sylvester, CDA
Anthony J. Mohan, Counsel