HIGHER EDUCATION TAXATION INSTITUTE

Tax-Exempt Bonds Compliance Overview

Presented by: Alan Bond and Sandee Stallings, BLX Kirsten Muller, University of Minnesota



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Outline

- I. Post-Issuance Compliance Overview
- **II.** Arbitrage Rebate Compliance
- **III.** Private Business Use Compliance
- IV. Change In Use

POST-ISSUANCE COMPLIANCE OVERVIEW

Mitigation of Risk

 Issuers and borrowers must comply with the federal tax rules for the life of the bond issue (typically 20-30 years)

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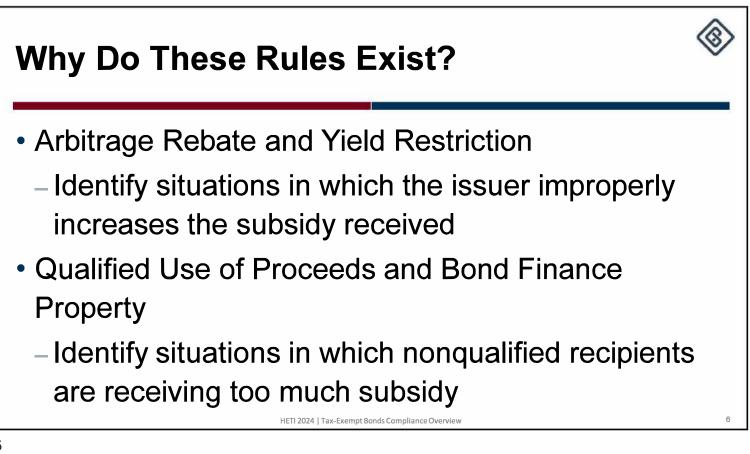
- Failure to comply with the federal tax requirements could jeopardize the tax-exempt status of those bonds
- Tax problem may delay or derail refunding transaction
- Unexpected cures can be expensive
- May give rise to a disclosure requirement

Requirements at Closing of Bond Transaction

- Tax form filings
- Reasonable expectations requirements for issuing the bonds
 - Investment of proceeds
 - Expenditure of proceeds
 - Use of facilities

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