

HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

INCOME TAX

Ct. D. 2082, page 697.

Sale of seized real property by IRS; federal tax delinquency. The Supreme Court holds that the national interest in providing a federal forum for federal tax litigation is sufficiently substantial to support the exercise of federal-question jurisdiction over the disputed issue on removal. **Grable & Sons Metal Products, Inc. v. Darue Engineering & Manufacturing.**

Rev. Rul. 2006-16, page 694.

Joint and several liability; relief under section 6015. This ruling discusses the issue of whether a taxpayer is precluded from raising a request for relief from joint and several liability under section 6015 by virtue of a previous Chapter 7 bankruptcy case in which the Service filed a proof of claim, but the bankruptcy court did not make an actual determination of tax liability.

Rev. Rul. 2006-22, page 687.

Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of sections 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for April 2006.

T.D. 9245, page 696.

Final regulations under section 6103(j) of the Code incorporate and clarify the phrase "return information reflected on returns" in conformance with the terms of section 6103(j)(5), which provides for limited disclosures of returns and return information in connection with the census of agriculture.

T.D. 9253, page 689.

The Treasury Department and the IRS issued comprehensive withholding and reporting regulations (T.D. 8734 and T.D. 8881) that became effective on January 1, 2001. In Notice 2001-4, 2001-1 C.B. 267; Notice 2001-11, 2001-1 C.B. 464; and Notice 2001-43, 2001-2 C.B. 72; the Treasury Department and the IRS announced the intention to amend the final regulations. These final regulations implement certain changes announced in those notices and other changes. In addition, these final regulations provide guidance under section 411 of the American Jobs Act of 2004. Notice 2001-11 and certain sections of Notices 2001-4 and 2001-43 superseded.

Notice 2006-34, page 705.

The Treasury Department and the Service request information that will be considered in formulating guidance on the income tax treatment of cross licensing arrangements.

Notice 2006-35, page 708.

This notice modifies Announcement 2000-48, 2000-1 C.B. 1243, and Notice 2001-43, 2001-2 C.B. 72, by providing that, generally, a branch of a financial institution may not act as a qualified intermediary (QI) after December 31, 2006, in a country that does not have approved know-your-customer (KYC) rules. Announcement 2000-48 and Notice 2001-43 modified.

(Continued on the next page)

Announcements of Disbarments and Suspensions begin on page 729.
Finding Lists begin on page ii.



TAX CONVENTIONS

Announcement 2006–21, page 703.

This announcement sets forth a copy of the mutual agreement entered into on February 15, 2006, by the Competent Authorities of the United States and Spain, regarding the treatment of limited liability companies (LLCs), S corporations, and other business entities treated as partnerships or disregarded entities for U.S. tax purposes under the U.S.-Spain income tax treaty and protocol.

ADMINISTRATIVE

Rev. Rul. 2006–16, page 694.

Joint and several liability; relief under section 6015. This ruling discusses the issue of whether a taxpayer is precluded from raising a request for relief from joint and several liability under section 6015 by virtue of a previous Chapter 7 bankruptcy case in which the Service filed a proof of claim, but the bankruptcy court did not make an actual determination of tax liability.

Rev. Proc. 2006–17, page 709.

This procedure provides issuers of qualified mortgage bonds (QMBs) and qualified mortgage credit certificates (MCCs) with average area purchase price safe-harbors for statistical areas in the United States and with a nationwide average purchase price for residences in the United States for purposes of the QMB rules under section 143 of the Code and the MCC rules under section 25. Rev. Proc. 2005–15 obsoleted in part.

The IRS Mission

Provide America's taxpayers top quality service by helping them understand and meet their tax responsibilities and by

applying the tax law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents are compiled semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations,

court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.

This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

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Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

Section 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted applicable federal long-term rate is set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 467.—Certain Payments for the Use of Property or Services

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 1274.—Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also Sections 42, 280G, 382, 412, 467, 468, 482, 483, 642, 807, 846, 1288, 7520, 7872.)

Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of

sections 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for April 2006.

Rev. Rul. 2006-22

This revenue ruling provides various prescribed rates for federal income tax purposes for April 2006 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(2) for buildings placed in service during the current month. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 2006-22 TABLE 1
Applicable Federal Rates (AFR) for April 2006

| | <i>Period for Compounding</i> | | | |
|-------------------|-------------------------------|-------------------|------------------|----------------|
| | <i>Annual</i> | <i>Semiannual</i> | <i>Quarterly</i> | <i>Monthly</i> |
| <i>Short-term</i> | | | | |
| AFR | 4.77% | 4.71% | 4.68% | 4.66% |
| 110% AFR | 5.25% | 5.18% | 5.15% | 5.12% |
| 120% AFR | 5.73% | 5.65% | 5.61% | 5.58% |
| 130% AFR | 6.21% | 6.12% | 6.07% | 6.04% |
| <i>Mid-term</i> | | | | |
| AFR | 4.72% | 4.67% | 4.64% | 4.63% |
| 110% AFR | 5.21% | 5.14% | 5.11% | 5.09% |
| 120% AFR | 5.68% | 5.60% | 5.56% | 5.54% |
| 130% AFR | 6.16% | 6.07% | 6.02% | 5.99% |
| 150% AFR | 7.13% | 7.01% | 6.95% | 6.91% |
| 175% AFR | 8.34% | 8.17% | 8.09% | 8.03% |
| <i>Long-term</i> | | | | |
| AFR | 4.79% | 4.73% | 4.70% | 4.68% |
| 110% AFR | 5.27% | 5.20% | 5.17% | 5.14% |
| 120% AFR | 5.76% | 5.68% | 5.64% | 5.61% |
| 130% AFR | 6.24% | 6.15% | 6.10% | 6.07% |

REV. RUL. 2006-22 TABLE 2
Adjusted AFR for April 2006

| | <i>Period for Compounding</i> | | | |
|-------------------------|-------------------------------|-------------------|------------------|----------------|
| | <i>Annual</i> | <i>Semiannual</i> | <i>Quarterly</i> | <i>Monthly</i> |
| Short-term adjusted AFR | 3.33% | 3.30% | 3.29% | 3.28% |
| Mid-term adjusted AFR | 3.58% | 3.55% | 3.53% | 3.52% |
| Long-term adjusted AFR | 4.25% | 4.21% | 4.19% | 4.17% |

REV. RUL. 2006-22 TABLE 3
Rates Under Section 382 for April 2006

| | |
|--|-------|
| Adjusted federal long-term rate for the current month | 4.25% |
| Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.) | 4.26% |

REV. RUL. 2006-22 TABLE 4
Appropriate Percentages Under Section 42(b)(2) for April 2006

| | |
|--|-------|
| Appropriate percentage for the 70% present value low-income housing credit | 8.11% |
| Appropriate percentage for the 30% present value low-income housing credit | 3.47% |

REV. RUL. 2006-22 TABLE 5

Rate Under Section 7520 for April 2006

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest

5.6%

Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 1441.—Withholding of Tax on Nonresident Aliens

26 CFR 1.1441-1: Requirement for the deduction and withholding of tax on payments to foreign persons.

T.D. 9253

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Parts 1 and 301

Revisions to Regulations Relating to Withholding of Tax on Certain U.S. Source Income Paid to Foreign Persons and Revisions of Information Reporting Regulations

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations and removal of temporary regulations.

SUMMARY: This document contains final regulations relating to the withholding of tax under sections 1441 and 1442 on certain U.S. source income paid to foreign persons and related requirements governing collection, deposit, refunds, and credits of withheld amounts under sections 1461 through 1463. Additionally, this document contains final regulations under sections 6049 and 6114. These regulations affect persons making payments of U.S. source income to foreign persons and foreign persons claiming benefits under a U.S. income tax treaty.

DATES: Effective Date: These regulations are effective March 14, 2006. The removal of §1.1441-1(e)(4)(vii)(G) is effective as of January 1, 2001.

FOR FURTHER INFORMATION CONTACT: Ethan Atticks, (202) 622-3840 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The collections of information contained in this final rule have been previously reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) under control number 1545-1484.

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 control number assigned by the Office of Management and Budget.

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.

Background

In Treasury Decision 8734, 1997-2 C.B. 109 [62 FR 53387], the Treasury Department and the IRS issued comprehensive regulations under chapter 3 (sections 1441-1464) and subpart B of Part III of Subchapter A of chapter 61 (sections 6041 through 6050T) of the Internal Revenue Code (Code). Those regulations were amended by T.D. 8804, 1999-1 C.B. 793 [63 FR 72183], T.D. 8856, 2000-1 C.B. 298 [64 FR 73408], T.D. 8881, 2000-1 C.B. 1158 [65 FR 32152], and T.D. 9023, 2002-2 C.B. 955 [67 FR 70310] (collectively the current regulations). The current regulations are generally effective as of January 1, 2001.

In Notice 2001-4, 2001-1 C.B. 267, Notice 2001-11, 2001-1 C.B. 464, and Notice 2001-43, 2001-2 C.B. 72, the Treasury Department and the IRS announced the intention to amend the current regulations under sections 1441, 6049 and 6114 to address the matters discussed in those notices.

On March 30, 2005, the IRS and Treasury published a notice of proposed rulemaking (REG-125443-01, 2005-16 I.R.B. 912) in the **Federal Register** (70 FR 16189) (hereinafter the proposed regulations). The proposed regulations contained provisions to implement certain changes announced in those notices and other changes.

No public hearing regarding the proposed regulations was requested or held. However, certain written comments were received. After consideration of the comments, the proposed regulations are adopted as revised by this Treasury decision.

Summary of Comments

These final regulations finalize the provisions of the proposed regulations with only two areas of modification. The comments received and the modifications made in response to those comments are described below.

A. Taxpayer Identification Number (TIN) Requirement for Certain Foreign Grantor Trusts

Section 1.1441-1(e)(4)(vii)(G) provides that a TIN must be stated on a withholding certificate from a person representing to be a foreign grantor trust with 5 or fewer grantors. Generally, if no TIN is provided, the withholding certificate is considered invalid. See §1.1441-1(e)(2)(ii).

The proposed regulations eliminated this TIN requirement for withholding certificates provided by such persons to qualified intermediaries (QIs), but retained it for withholding certificates provided by

such persons to other withholding agents if the certificate was executed on or before December 31, 2003.

Commentators requested that these final regulations adopt the provisions of the proposed regulations that remove the TIN requirement but with an effective date that applies to certificates executed and provided to all withholding agents, not just QIs, on or after January 1, 2001, the effective date of the current regulations. The commentators state that the retroactive effective date for withholding certificates provided to the other withholding agents is consistent with the IRS and Treasury's recognition that the TIN requirement in the current regulations is not serving to enhance enforcement objectives. Further, the commentators state that for administrative reasons the effective dates should be consistent whether or not the withholding certificate is provided to a QI or other withholding agent. The IRS and Treasury agree with this comment. Accordingly, under these final regulations, a withholding certificate executed on or after January 1, 2001, and provided to a QI or other withholding agent by a person representing to be a foreign grantor trust with five or fewer grantors does not need to state a TIN for such certificate to be valid.

B. Reporting of Treaty-based Return Positions

Section 301.6114-1(a) provides that, if a taxpayer takes a return position that a tax treaty overrules or modifies any provision of the Code and thereby effects a reduction of any tax at any time, the taxpayer must disclose that return position, either on a statement attached to the return or on a return filed for the purpose of making such disclosure. When applicable, §301.6114-1(d) generally requires a taxpayer to attach Form 8833, *Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b)*, to its U.S. Federal income tax return. Section 301.6114-1(b) states that reporting is required unless it is expressly waived and provides a nonexclusive list of particular positions for which reporting is required. Section 301.6114-1(c) then provides a list of specific exceptions from the general reporting requirements of §301.6114-1(a) and (b).

The proposed regulations provided that reporting under §301.6114-1(b)(4)(ii) is required only for the positions specifically described in paragraphs (b)(4)(ii)(A) and (B), or (C) or (D) of that section. Further, the proposed regulations provided that reporting under §301.6114-1(b)(4)(ii)(D) is waived for taxpayers that are not individuals or States and that receive amounts of income subject to withholding that do not exceed \$10,000 in the aggregate for the taxable year. See Prop. Reg. §301.6114-1(c)(1)(i), and (7).

Commentators suggested that the \$10,000 threshold applicable to taxpayers that are not individuals or States should be increased to \$500,000, the threshold amount for reporting under §301.6114-1(b)(4)(ii)(C) (addressing payments to a related foreign person where benefits are claimed under a treaty that contains a limitation on benefits article). The commentators noted that entities typically have substantially higher levels of investment as compared to individuals and therefore a higher threshold is warranted. The commentators concluded that the administrative burden placed on these entities by the regulations is not appropriate when considering the benefit to the government by the disclosure. As a result, the commentators believed that the exception should be modified.

In addition, the commentators suggested that reporting be waived for pension funds and certain other persons required to report under §301.6114-1(b)(4)(ii)(D), which requires reporting whenever a treaty imposes "any condition" in addition to a person's residence in the treaty country for entitlement to treaty benefits. The commentators stated that because, for example, an income tax treaty may condition a pension fund's entitlement to a reduced rate of taxation on dividends on the pension fund not being engaged in a trade or business, and because a pension fund rarely will violate such a condition, from a practical standpoint the sole requirement for entitlement to treaty benefits is the residence of the pension fund. Therefore, the commentators suggested that requiring the pension fund to file an income tax return and make a treaty based disclosure of its position imposes an unnecessary administrative burden. Accordingly, the commentators believed that it was appropriate to interpret the regulations such

that the trade or business requirement described above with respect to pension funds is not "any condition" described in §301.6114-1(b)(4)(ii)(D). To clarify this point, the commentators requested that the final regulations waive reporting for pension funds.

Commentators also requested that §301.6114-1(c)(6), which waives reporting for amounts required to be reported under section 6038A on a Form 5472, "*Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business (under sections 6038A and 6038(c) of the Internal Revenue Code)*," to the extent permitted under the form or accompanying instructions, be activated by including such permission in the form or instructions.

The IRS and Treasury considered the comments discussed above, as well as the general bases for requiring reporting under section 6114. The IRS and Treasury agree that reporting under section 6114 should not be required in certain circumstances where the payment is properly reported on Form 1042-S, "*Foreign Person's U.S. Source Income Subject to Withholding*," and the withholding agent is a U.S. person, or a foreign person that has entered into an agreement that provides for IRS audit. Thus, in response to the comments described above, the following amendments are made to the waiver provisions of §301.6114-1(c).

First, rather than activating the exception for amounts required to be reported under section 6038A on Form 5472, paragraph (c)(6) of the regulations is revised to replace this provision regarding Form 5472 with a provision waiving reporting for amounts properly reported on Form 1042-S by a withholding agent that is a reporting corporation within the meaning of section 6038A(a). Second, a new paragraph (c)(7) is added to provide that reporting is waived for amounts properly reported on Form 1042-S by a withholding agent that is a U.S. financial institution, a QI, or a withholding foreign partnership (WP) or withholding foreign trust (WT) if the beneficial owner is a direct account holder of the U.S. financial institution or QI or a direct beneficiary or owner of the WP or WT. Third, a new paragraph (c)(8) is added which replaces the provision in the proposed regulations (see Prop. Reg.

§301.6114-1(c)(7)) waiving reporting for taxpayers that are not individuals or States and that receive amounts of income subject to withholding that do not exceed the \$10,000 threshold. New paragraph (c)(8) contains a waiver for taxpayers that are not individuals or States that receive amounts that have been properly reported on Form 1042-S, do not exceed \$500,000, and are not received through an intermediary or flow-through entity.

Notwithstanding the discussion above, the final regulations provide that the waivers from reporting in paragraph (c)(6), (7) and (8) do not apply to the extent that reporting is specifically required under the instructions to Form 8833.

Finally, these final regulations clarify that reporting under section 301.6114-1(b)(4)(ii) is required only for the positions specifically described in paragraphs (b)(4)(ii)(A) and (B), or (C) or (D).

Effect on Other Documents

Sections (V)(C), (D), and (E) of Notice 2001-4, 2001-1 C.B. 267, Notice 2001-11, 2001-1 C.B. 464, and Sections 2 and 3 of Notice 2001-43, 2001-2 C.B. 72, are superseded as of March 14, 2006.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and, because the regulations do not impose a new collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, the proposed regulations preceding these regulations were submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

Drafting Information

The principal author of these proposed regulations is Ethan Atticks, Office of Associate Chief Counsel (International). However, other personnel from the IRS

and Treasury Department participated in their development.

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Adoption of Amendments to the Regulations

Accordingly, 26 CFR parts 1 and 301 are amended as follows:

PART 1 — INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read, in part, as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. Section 1.1441-1 is amended as follows:

1. Paragraph (b)(2)(iv)(A) is revised.
2. Paragraph (b)(3)(iii)(E) is added.
3. Paragraph (c)(30) is added.
4. Paragraph (e)(4)(vii)(G) is removed and paragraph (e)(4)(vii)(H) and (I) are redesignated as paragraph (e)(4)(vii)(G) and (H) respectively.

The revisions and additions read as follows:

§1.1441-1 Requirement for the deduction and withholding of tax on payments to foreign persons.

* * * * *

(b) * * *

(2) * * *

(iv) *Payments to a U.S. branch of certain foreign banks or foreign insurance companies—(A) U.S. branch treated as a U.S. person in certain cases.* A payment to a U.S. branch of a foreign person is a payment to a foreign person. However, a U.S. branch described in this paragraph (b)(2)(iv)(A) and a withholding agent (including another U.S. branch described in this paragraph (b)(2)(iv)(A)) may agree to treat the branch as a U.S. person for purposes of withholding on specified payments to the U.S. branch. Notwithstanding the preceding sentence, a withholding agent making a payment to a U.S. branch treated as a U.S. person under this paragraph (b)(2)(iv)(A) shall not treat the branch as a U.S. person for purposes of reporting the payment made to the branch. Therefore, a payment to such U.S. branch shall be reported on Form 1042-S under §1.1461-1(c). Further, a U.S. branch that is treated as a U.S. person under this paragraph (b)(2)(iv)(A) shall

not be treated as a U.S. person for purposes of the withholding certificate it may provide to a withholding agent. Therefore, the U.S. branch must furnish a U.S. branch withholding certificate on Form W-8 as provided in paragraph (e)(3)(v) of this section and not a Form W-9. An agreement to treat a U.S. branch as a U.S. person must be evidenced by a U.S. branch withholding certificate described in paragraph (e)(3)(v) of this section furnished by the U.S. branch to the withholding agent. A U.S. branch described in this paragraph (b)(2)(iv)(A) is any U.S. branch of a foreign bank subject to regulatory supervision by the Federal Reserve Board or a U.S. branch of a foreign insurance company required to file an annual statement on a form approved by the National Association of Insurance Commissioners with the Insurance Department of a State, a Territory, or the District of Columbia. In addition, a financial institution organized in a possession of the United States will be treated as a U.S. branch for purposes of this paragraph (b)(2)(iv)(A). The Internal Revenue Service (IRS) may approve a list of U.S. branches that may qualify for treatment as a U.S. person under this paragraph (b)(2)(iv)(A) (see §601.601(d)(2) of this chapter). See §1.6049-5(c)(5)(vi) for the treatment of U.S. branches as U.S. payors if they make a payment that is subject to reporting under chapter 61 of the Internal Revenue Code. Also see §1.6049-5(d)(1)(ii) for the treatment of U.S. branches as foreign payees under chapter 61 of the Internal Revenue Code.

* * * * *

(3) * * *

(iii) * * *

(E) *Certain payments for services.* A payment for services is presumed to be made to a foreign person if —

(1) The payee is an individual;

(2) The withholding agent does not know, or have reason to know, that the payee is a U.S. citizen or resident;

(3) The withholding agent does not know, or have reason to know, that the income is (or may be) effectively connected with the conduct of a trade or business within the United States; and

(4) All of the services for which the payment is made were performed by the payee outside of the United States.

* * * * *

(c) * * *

(30) *Possessions of the United States.* For purposes of the regulations under chapters 3 and 61 of the Internal Revenue Code, *possessions of the United States* means Guam, American Samoa, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands.

* * * * *

Par. 3. Section 1.1441-3 is amended by revising paragraphs (c)(3) and (e)(2) to read as follows:

§1.1441-3 Determination of amounts to be withheld.

* * * * *

(c) * * *

(3) *Special rules in the case of distributions from a regulated investment company*—(i) *General rule.* If the amount of any distributions designated as being subject to section 852(b)(3)(C) or 5(A), or 871(k)(1)(C) or (2)(C), exceeds the amount that may be designated under those sections for the taxable year, then no penalties will be asserted for any resulting underwithholding if the designations were based on a reasonable estimate (made pursuant to the same procedures as described in paragraph (c)(2)(ii)(A) of this section) and the adjustments to the amount withheld are made within the time period described in paragraph (c)(2)(ii)(B) of this section. Any adjustment to the amount of tax due and paid to the IRS by the withholding agent as a result of underwithholding shall not be treated as a distribution for purposes of section 562(c) and the regulations thereunder. Any amount of U.S. tax that a foreign shareholder is treated as having paid on the undistributed capital gain of a regulated investment company under section 852(b)(3)(D) may be claimed by the foreign shareholder as a credit or refund under §1.1464-1.

(ii) *Reliance by intermediary on reasonable estimate.* For purposes of determining whether a payment is a distribution designated as subject to section 852(b)(3)(C) or (5)(A), or 871(k)(1)(C) or (2)(C), a withholding agent that is not the distributing regulated investment company may, absent actual knowledge or reason to know otherwise, rely on the designations that the distributing company represents have been made in accordance with paragraph (c)(3)(i) of this section.

Failure by the withholding agent to withhold the required amount due to a failure by the regulated investment company to reasonably estimate the required amounts or to properly communicate the relevant information to the withholding agent shall be imputed to the distributing company. In such a case, the IRS may collect from the distributing company any underwithheld amount and subject the company to applicable interest and penalties as a withholding agent.

* * * * *

(e) * * *

(2) *Payments in foreign currency.* If the amount subject to withholding tax is paid in a currency other than the U.S. dollar, the amount of withholding under section 1441 shall be determined by applying the applicable rate of withholding to the foreign currency amount and converting the amount withheld into U.S. dollars on the date of payment at the spot rate (as defined in §1.988-1(d)(1)) in effect on that date. A withholding agent making regular or frequent payments in foreign currency may use a month-end spot rate or a monthly average spot rate. In addition, such a withholding agent may use the spot rate on the date the amount of tax is deposited (within the meaning of §1.6302-2(a)), provided that such deposit is made within seven days of the date of the payment giving rise to the obligation to withhold. A spot rate convention must be used consistently for all non-dollar amounts withheld and from year to year. Such convention cannot be changed without the consent of the Commissioner. The U.S. dollar amount so determined shall be treated by the beneficial owner as the amount of tax paid on the income for purposes of determining the final U.S. tax liability and, if applicable, claiming a refund or credit of tax.

* * * * *

Par. 4. In §1.1441-6, paragraph (b)(1) is revised to read as follows:

§1.1441-6 Claim of reduced withholding under an income tax treaty.

* * * * *

(b) *Reliance on claim of reduced withholding under an income tax treaty*—(1) *In general.* The withholding imposed under section 1441, 1442, or 1443 on any payment to a foreign person is eligible for reduction under the terms of an income

tax treaty only to the extent that such payment is treated as derived by a resident of an applicable treaty jurisdiction, such resident is a beneficial owner, and all other requirements for benefits under the treaty are satisfied. See section 894 and the regulations thereunder to determine whether a resident of a treaty country derives the income. Absent actual knowledge or reason to know otherwise, a withholding agent may rely on a claim that a beneficial owner is entitled to a reduced rate of withholding based upon an income tax treaty if, prior to the payment, the withholding agent can reliably associate the payment with a beneficial owner withholding certificate, as described in §1.1441-1(e)(2), that contains the information necessary to support the claim, or, in the case of a payment of income described in paragraph (c)(2) of this section made outside the United States with respect to an offshore account, documentary evidence described in paragraphs (c)(3), (4), and (5) of this section. See §1.6049-5(e) for the definition of payments made outside the United States and §1.6049-5(c)(1) for the definition of offshore account. For purposes of this paragraph (b)(1), a beneficial owner withholding certificate described in §1.1441-1(e)(2)(i) contains information necessary to support the claim for a treaty benefit only if it includes the beneficial owner's taxpayer identifying number (except as otherwise provided in paragraph (c)(1) of this section and §1.1441-6(g)) and the representations that the beneficial owner derives the income under section 894 and the regulations thereunder, if required, and meets the limitation on benefits provisions of the treaty, if any. The withholding certificate must also contain any other representations required by this section and any other information, certifications, or statements as may be required by the form or accompanying instructions in addition to, or in place of, the information and certifications described in this section. Absent actual knowledge or reason to know that the claims are incorrect (and subject to the standards of knowledge in §1.1441-7(b)), a withholding agent may rely on the claims made on a withholding certificate or on documentary evidence. A withholding agent may also rely on the information contained in a withholding statement provided under §§1.1441-1(e)(3)(iv) and

1.1441-5(c)(3)(iv) and (e)(5)(iv) to determine whether the appropriate statements regarding section 894 and limitation on benefits have been provided in connection with documentary evidence. The Internal Revenue Service (IRS) may apply the provisions of §1.1441-1(e)(1)(ii)(B) to notify the withholding agent that the certificate cannot be relied upon to grant benefits under an income tax treaty. See §1.1441-1(e)(4)(viii) regarding reliance on a withholding certificate by a withholding agent. The provisions of §1.1441-1(b)(3)(iv) dealing with a 90-day grace period shall apply for purposes of this section.

* * * * *

Par. 5. Section 1.6049-5 is amended as follows:

1. Paragraph (c)(1) is revised.

2. Paragraphs (c)(5)(i), (ii), (iii), (iv), (v) and (vi) are redesignated as paragraphs (c)(5)(i)(A), (B), (C), (D), (E), and (F), respectively.

3. A new heading is added to paragraph (c)(5)(i).

4. New paragraph (c)(5)(ii) is added.

The revisions and additions read as follows:

§1.6049-5 Interest and original issue discount subject to reporting after December 31, 1982.

* * * * *

(c) *Applicable rules*—(1) *Documentary evidence for offshore accounts and for possessions accounts.* A payor may rely on documentary evidence described in this paragraph (c)(1) instead of a beneficial owner withholding certificate described in §1.1441-1(e)(2)(i) in the case of a payment made outside the United States to an offshore account, in the case of a payment made to a U.S. possessions account or, in the case of broker proceeds described in §1.6045-1(c)(2), in the case of a sale effected outside the United States (as defined in §1.6045-1(g)(3)(iii)(A)). For purposes of this paragraph (c)(1), an *offshore account* means an account maintained at an office or branch of a U.S. or foreign bank or other financial institution at any location outside the United States (*i.e.*, other than in any of the fifty States or the District of Columbia) and outside of possessions of the United States. Thus, for example, an account maintained in a

foreign country at a branch of a U.S. bank or of a foreign subsidiary of a U.S. bank is an offshore account. For purposes of this paragraph (c)(1), a *U.S. possessions account* means an account maintained at an office or branch of a U.S. or foreign bank or other financial institution located within a possession of the United States. For the definition of a payment made outside the United States, see paragraph (e) of this section. A payor may rely on documentary evidence if the payor has established procedures to obtain, review, and maintain documentary evidence sufficient to establish the identity of the payee and the status of that person as a foreign person (including, but not limited to, documentary evidence described in §1.1441-6(c)(3) or (4)); and the payor obtains, reviews, and maintains such documentary evidence in accordance with those procedures. A payor maintains the documents reviewed by retaining the original, certified copy, or a photocopy (or microfiche or similar means of record retention) of the documents reviewed and noting in its records the date on which and by whom the document was received and reviewed. Documentary evidence furnished for the payment of an amount subject to withholding under chapter 3 of the Internal Revenue Code must contain all of the information that is necessary to complete a Form 1042-S for that payment. A payor may also rely on documentary evidence associated with a flow-through withholding certificate for payments treated as made to foreign partners of a nonwithholding foreign partnership, as defined in §1.1441-1(c)(28), the foreign beneficiaries of a foreign simple trust, as defined in §1.1441-1(c)(24), or foreign owners of a foreign grantor trust, as defined in §1.1441-1(c)(26), even though the partnership or trust account is maintained in the United States.

* * * * *

(5) * * * (i) *Definition.* * * *

(ii) *Reporting by U.S. payors in U.S. possessions.* U.S. payors are not required to report on Form 1099 income that is from sources within a possession of the United States and that is exempt from taxation under section 931, 932, or 933, each of which sections exempts certain income from sources within a possession of the United States paid to a *bona fide* resident of

that possession. For purposes of this paragraph (c)(5)(ii), a U.S. payor may treat the beneficial owner as a *bona fide* resident of the possession of the United States from which the income is sourced if, prior to payment of the income, the U.S. payor can reliably associate the payment with valid documentation that supports the claim of residence in the possession of the United States from which the income is sourced. This paragraph (c)(5)(ii) shall not apply if the U.S. payor has actual knowledge or reason to know that the documentation is unreliable or incorrect or that the income does not satisfy the requirements for exemption under section 931, 932, or 933. For the rules determining whether income is from sources within a possession of the United States, see section 937(b) and the regulations thereunder.

* * * * *

PART 301 — PROCEDURE AND ADMINISTRATION

Par. 6. The authority citation for part 301 continues to read, in part, as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 7. Section 301.6114-1 is amended as follows:

1. Paragraphs (c)(1)(i) through (c)(1)(vii) are redesignated as paragraphs (c)(1)(ii) through (c)(1)(viii), respectively.

2. New paragraph (c)(1)(i) is added.

3. Paragraph (c)(6) is revised.

4. Paragraphs (c)(7) and (8) are added.

The additions and revision read as follows:

§301.6114-1 Treaty-based return positions.

* * * * *

(c) * * * (1) * * *

(i) For amounts received on or after January 1, 2001, reporting under paragraph (b)(4)(ii) is waived, unless reporting is specifically required under paragraphs (b)(4)(ii)(A) and (B) of this section, paragraph (b)(4)(ii)(C) of this section, or paragraph (b)(4)(ii)(D) of this section;

* * * * *

(6)(i) For taxable years ending after December 31, 2004, except as provided in paragraph (c)(6)(ii) of this section, reporting under paragraph (b)(4)(ii) of this section is waived for amounts received by a related party, within the meaning of

section 6038A(c)(2), from a withholding agent that is a reporting corporation, within the meaning of section 6038A(a), and that are properly reported on Form 1042-S.

(ii) Paragraph (c)(6)(i) of this section does not apply to any amounts for which reporting is specifically required under the instructions to Form 8833.

(7)(i) For taxable years ending after December 31, 2004, except as provided in paragraph (c)(7)(iv) of this section, reporting under paragraph (b)(4)(ii) of this section is waived for amounts properly reported on Form 1042-S (on either a specific payee or pooled basis) by a withholding agent described in paragraph (c)(7)(ii) of this section if the beneficial owner is described in paragraph (c)(7)(iii) of this section.

(ii) A withholding agent described in this paragraph (c)(7)(ii) is a U.S. financial institution, as defined in §1.1441-1(c)(5) of this chapter, a qualified intermediary, as defined in §1.1441-1(e)(5)(ii) of this chapter, a withholding foreign partnership, as defined in §1.1441-5(c)(2)(i) of this chapter, or a withholding foreign trust, as defined in §1.1441-5(e)(5)(v) of this chapter.

(iii) A beneficial owner described in this paragraph (c)(7)(iii) of this section is a direct account holder of a U.S. financial institution or qualified intermediary, a direct partner of a withholding foreign partnership, or a direct beneficiary or owner of a simple or grantor trust that is a withholding foreign trust. A beneficial owner described in this paragraph (c)(7)(iii) also includes an account holder to which a qualified intermediary has applied section 4A.01 or 4A.02 of the qualified intermediary agreement, contained in Revenue Procedure 2000-12, 2000-1 C.B. 387 (as amended by Revenue Procedure 2003-64, 2003-2 C.B. 306; Revenue Procedure 2004-21, 2004-1 C.B. 702; Revenue Procedure 2005-77, 2005-51 I.R.B. 1176 (see § 601.601(b)(2) of this chapter) a partner to which a withholding foreign partnership has applied section 10.01 or 10.02 of the withholding foreign partnership agreement, and a beneficiary or owner to which a withholding foreign trust has applied section 10.01 or 10.02 of the withholding foreign trust agreement, contained in Revenue Procedure 2003-64, 2003-2 C.B. 306 (as amended by Revenue Procedure 2004-21, 2004-1 C.B. 702; Revenue

Procedure 2005-77, 2005-51 I.R.B. 1176 (see § 601.601(b)(2) of this chapter).

(iv) Paragraph (c)(7)(i) of this section does not apply to any amounts for which reporting is specifically required under the instructions to Form 8833.

(8)(i) For taxable years ending after December 31, 2004, except as provided in paragraph (c)(8)(ii) of this section, reporting under paragraph (b)(4)(ii) of this section is waived for taxpayers that are not individuals or States and that receive amounts of income that have been properly reported on Form 1042-S, that do not exceed \$500,000 in the aggregate for the taxable year and that are not received through an account with an intermediary, as defined in §1.1441-1(c)(13), or with respect to interest in a flow-through entity, as defined in §1.1441-1(c)(23).

(ii) The exception contained in paragraph (c)(8)(i) of this section does not apply to any amounts for which reporting is specifically required under the instructions to Form 8833.

* * * * *

Mark E. Matthews,
*Deputy Commissioner for
Services and Enforcement.*

Approved February 27, 2006.

Eric Solomon,
*Acting Deputy Assistant Secretary
of the Treasury (Tax Policy).*

(Filed by the Office of the Federal Register on March 13, 2006, 8:45 a.m., and published in the issue of the Federal Register for March 14, 2006, 71 F.R. 13003)

Section 6015.—Relief From Joint and Several Liability on Joint Return

26 CFR 1.6015-1: Relief from joint and several liability on a joint return.

Joint and several liability; relief under section 6015. This ruling discusses the issue of whether a taxpayer is precluded from raising a request for relief from joint and several liability under section 6015 by virtue of a previous Chapter 7 bankruptcy case in which the Service filed a proof of claim, but the bankruptcy court did not make an actual determination of tax liability.

Rev. Rul. 2006-16

ISSUE

Whether the taxpayer is precluded from raising a request for relief from joint and several liability under section 6015 by virtue of a previous Chapter 7 bankruptcy case in which the Internal Revenue Service (Service) filed a proof of claim, but the bankruptcy court did not make an actual determination of tax liability.

FACTS

Married taxpayers, H and W, sign and timely file a joint return for Year 1. During an audit, the Service determines that the joint return substantially understates the income attributable to taxpayer W. The Service issues a notice of deficiency, on which taxpayers default. In January of Year 3, the Service assesses against taxpayers income tax deficiencies, for which they are jointly and severally liable. Neither taxpayer pays the deficiency assessment. In October of Year 3, taxpayers file a voluntary joint petition for bankruptcy under Chapter 7 of Title 11 of the United States Code (Bankruptcy Code). In November of Year 3, the Service files a proof of claim asserting an unsecured priority claim for the deficiency. Neither taxpayer, nor any other party in interest, objects to the proof of claim, which is not discharged and is deemed allowed under section 502(a) of the Bankruptcy Code. Neither taxpayer requests relief from joint and several liability under section 6015 during the bankruptcy case. Neither taxpayer requests the bankruptcy court to adjudicate the merits of the tax liability under section 505 of the Bankruptcy Code.

After the bankruptcy case is closed, taxpayers H and W separate. Thereafter, H (requesting spouse) files a request for relief from joint and several liability under section 6015. No party in interest files a dischargeability proceeding.

LAW

The Bankruptcy Code provides rules for debtors to consolidate and resolve their debts to various creditors, including the Service, in various ways. Section 301 of the Bankruptcy Code allows debtors to commence a bankruptcy case by filing a voluntary petition with the bankruptcy

court. Once a petition is filed, creditors have an opportunity to file proofs of claim. 11 U.S.C. § 501. A proof of claim asserts the right of a creditor to payment and can include rights that are fixed, contingent, liquidated, or unliquidated. *See* 11 U.S.C. § 101(5). A properly filed proof of claim is *prima facie* evidence of the validity and amount of the claim. Fed. R. Bankr. P. 3001(f). The proof of claim is deemed allowed, unless a party in interest objects. 11 U.S.C. § 502(a). If a party in interest objects, the bankruptcy court, after notice and a hearing, determines the validity and amount of the claim as of the date of the petition and allows the claim in the proper amount. 11 U.S.C. § 502(b).

Generally, the bankruptcy court may determine the amount or legality of any tax, any fine or penalty relating to a tax, or any addition to tax, whether or not previously assessed and whether or not paid. 11 U.S.C. § 505(a)(1). This includes the determination of the eligibility of a debtor for relief from joint and several liability under section 6015 in appropriate cases. *See In re French*, 242 B.R. 369 (Bankr. N.D. Ohio 1999). The determination of the bankruptcy court on the merits of a claim is a final judgment and, unless appealed, is binding on the parties to a contested matter. *See Freytag v. Commissioner*, 110 T.C. 35 (1998). The determination also precludes subsequent litigation by a debtor over the merits of the liability under principles of *res judicata*. *See id.* at 40. The Supreme Court in *Commissioner v. Sunnen* explained the rule of *res judicata*:

[W]hen a court of competent jurisdiction has entered a final judgment on the merits of a cause of action, the parties to the suit and their privies are thereafter bound “not only as to every matter which was offered and received to sustain or defeat the claim or demand, but as to any other admissible matter which might have been offered for that purpose.”

333 U.S. 591, 597 (1948) (quoting *Cromwell v. County of Sac*, 94 U.S. 351, 352 (1876)).

Although filing a bankruptcy petition commences a case, “a bankruptcy case is simply an aggregation of controversies.” *See In re Martin Bros. Toolmakers, Inc.*,

796 F.2d 1435, 1437 (11th Cir. 1986). In order to bring a controversy before the bankruptcy court, a party generally moves for relief in a contested matter under Federal Rule of Bankruptcy Procedure 9014 or initiates an adversary proceeding under Rule 7001. The merits of a tax liability are generally raised in one of two ways. Either the debtor or the Service can seek a determination of a tax liability under section 505 of the Bankruptcy Code, or a party in interest can object to a proof of claim listing tax liabilities under section 502(a). *See In re Taylor*, 132 F.3d 256, 262 (5th Cir. 1998). Unless a party in interest moves for relief or initiates a proceeding, the merits of a tax liability are not before the bankruptcy court, and the bankruptcy court does not inquire into the merits of the tax liability or enter a final judgment fixing the tax liability.

Certain taxes are excepted from discharge in a Chapter 7 bankruptcy case. *See* 11 U.S.C. § 523(a)(1), 727(b). For example, income tax liabilities for tax years ending within three years of the bankruptcy petition are entitled to priority status and are excepted from the bankruptcy discharge under sections 523(a)(1)(A) and 507(a)(8)(A)(i). These tax liabilities are excepted from discharge under section 523(a)(1)(A) whether or not a claim was filed or allowed, and the principles of *res judicata* do not apply unless the merits of the tax liabilities were actually determined. *Hambrick v. Commissioner*, 118 T.C. 348 (2002).

A debtor or creditor may request the bankruptcy court to determine the dischargeability of a debt by initiating an adversary proceeding under Federal Rule of Bankruptcy Procedure 7001. A dischargeability proceeding is a proceeding to determine whether a bankruptcy discharge includes the discharge of liability for certain debts. A determination of the bankruptcy court in a discharge proceeding that is a final judgment on the merits bars relitigation of dischargeability. *See Florida Peach Corp. v. Commissioner*, 90 T.C. 678, 682 (1988). However, a discharge determination generally does not include consideration of the merits of the debt. *In re Doerge*, 181 B.R. 358, 364 (Bankr. S.D. Ill. 1995). There are cases in which bankruptcy courts consider the

merits of a tax liability, including relief from joint and several liability, during the course of determining whether the tax liability is dischargeable. *See, e.g., In re Brackin*, 148 B.R. 953 (Bankr. N.D. Ala. 1992). If the bankruptcy court were to make a determination on the merits of the tax liability, that determination generally would preclude the requesting spouse from later raising a request for relief under section 6015 if the requesting spouse was a debtor in the bankruptcy case and meaningfully participated in the dischargeability proceeding. *See* section 6015(g)(2).

ANALYSIS

Under the facts of this revenue ruling, the Service filed a proof of claim in the bankruptcy case and neither taxpayer, and no other party in interest, filed an objection to the proof of claim under 11 U.S.C. § 502(a) or moved for the bankruptcy court to determine the liability under 11 U.S.C. § 505(a). Thus, the merits of the tax liability were not determined by the bankruptcy court and the requesting spouse is not precluded from raising a request for relief under section 6015 after the bankruptcy case is closed.

HOLDING

The taxpayer, H, is not precluded from raising a subsequent request for relief from joint and several liability under section 6015 by virtue of the prior bankruptcy case filed by H and W in which the Service filed a proof of claim, but the bankruptcy court did not make an actual determination of the liability.

DRAFTING INFORMATION

The principal author of this revenue ruling is G. William Beard of the Office of the Associate Chief Counsel (Procedure and Administration), Collection, Bankruptcy & Summonses Division. For further information regarding this revenue ruling, contact Branch 2 of Collection, Bankruptcy & Summonses at (202) 622-3620 (not a toll-free call).

Section 6103.—Confidentiality and Disclosure of Returns and Return Information

26 CFR 301.6103(j)(5)–1: Disclosures of return information reflected on returns to officers and employees of the Department of Agriculture for conducting the census of agriculture.

T.D. 9245

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 301

Disclosure of Return Information to the Department of Agriculture

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations that incorporate and clarify the phrase “return information reflected on returns” in conformance with the terms of section 6103(j)(5) of the Internal Revenue Code (Code), which provides for limited disclosures of returns and return information in connection with the census of agriculture. These final regulations also remove certain items of return information that the Department of Agriculture no longer needs for conducting the census of agriculture.

DATES: *Effective Date:* These regulations are effective on February 22, 2006.

FOR FURTHER INFORMATION CONTACT: Deborah Lambert-Dean at (202) 622–4570 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to 26 CFR part 301 under section 6103(j) of the Code. On June 6, 2003, the **Federal Register** published a temporary regulation (T.D. 9060, 2003–1 C.B. 1116) regarding disclosure of return information to the Department of Agriculture (68 FR 33857) and a notice of proposed rulemaking (NPRM) (REG–103809–03, 2003–1

C.B. 1132) cross-referencing the temporary regulations (68 FR 33887). There were no comments submitted in response to the NPRM. There was no request for a public hearing, and none took place. The proposed regulations are adopted and the corresponding temporary regulations are removed.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, the IRS submitted the NPRM preceding this Treasury decision to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is Deborah Lambert-Dean, Office of the Associate Chief Counsel, Procedure & Administration (Disclosure & Privacy Law Division).

* * * * *

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 301 is amended as follows:

PART 301—PROCEDURE AND ADMINISTRATION

Paragraph 1. The authority citation for part 301 is amended by removing the entry for “Section 301.6103(j)(5)–1T and adding an entry in numerical order to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Section 301.6103(j)(5)–1 also issued under 26 U.S.C. 6103(j)(5). * * *

§301.6103(j)(5)–1T [Removed]

Par. 2. Section 301.6103(j)(5)–1T is removed.

Par. 3. Section 301.6103(j)(5)–1 is added to read as follows:

§ 301.6103(j)(5)–1 *Disclosures of return information reflected on returns to officers and employees of the Department of Agriculture for conducting the census of agriculture.*

(a) *General rule.* Pursuant to the provisions of section 6103(j)(5) of the Internal Revenue Code and subject to the requirements of paragraph (c) of this section, officers or employees of the Internal Revenue Service will disclose return information reflected on returns to officers and employees of the Department of Agriculture to the extent, and for such purposes, as may be provided by paragraph (b) of this section. “Return information reflected on returns” includes, but is not limited to, information on returns, information derived from processing such returns, and information derived from other sources for the purposes of establishing and maintaining taxpayer information relating to returns.

(b) *Disclosure of return information reflected on returns to officers and employees of the Department of Agriculture.* (1) Officers or employees of the Internal Revenue Service will disclose the following return information reflected on returns described in this paragraph (b) for individuals, partnerships and corporations with agricultural activity, as determined generally by industry code classification or the filing of returns for such activity, to officers and employees of the Department of Agriculture for purposes of, but only to the extent necessary in, structuring, preparing, and conducting, as authorized by chapter 55 of title 7, United States Code, the census of agriculture.

(2) From Form 1040 “U.S. Individual Income Tax Return”, Form 1041 “U.S. Income Tax Return for Estates and Trusts”, Form 1065 “U.S. Return of Partnership Income”, and Form 1065–B “U.S. Return of Income for Electing Large Partnerships” (Schedule F)—

(i) Taxpayer identity information (as defined in section 6103(b)(6) of the Internal Revenue Code);

(ii) Spouse’s Social Security Number;

(iii) Annual accounting period;

(iv) Principal Business Activity (PBA) code;

(v) Taxable cooperative distributions;

- (vi) Income from custom hire and machine work;
- (vii) Gross income;
- (viii) Master File Tax (MFT) code;
- (ix) Document Locator Number (DLN);
- (x) Cycle posted;
- (xi) Final return indicator;
- (xii) Part year return indicator; and
- (xiii) Taxpayer telephone number.

(3) From Form 943, “Employer’s Annual Federal Tax Return for Agricultural Employees” —

- (i) Taxpayer identity information;
- (ii) Annual accounting period;
- (iii) Total wages subject to Medicare taxes;
- (iv) MFT code;
- (v) DLN;
- (vi) Cycle posted;
- (vii) Final return indicator; and
- (viii) Part year return indicator.

(4) From Form 1120 series, “U.S. Corporation Income Tax Return” —

- (i) Taxpayer identity information;
- (ii) Annual accounting period;
- (iii) Gross receipts less returns and allowances;
- (iv) PBA code;
- (v) MFT Code;
- (vi) DLN;
- (vii) Cycle posted;
- (viii) Final return indicator;
- (ix) Part year return indicator; and
- (x) Consolidated return indicator.

(5) From Form 1065 series, “U.S. Return of Partnership Income” —

- (i) Taxpayer identity information;
- (ii) Annual accounting period;
- (iii) PBA code;
- (iv) Gross receipts less returns and allowances;
- (v) Net farm profit (loss);
- (vi) MFT code;
- (vii) DLN;
- (viii) Cycle posted;
- (ix) Final return indicator; and
- (x) Part year return indicator.

(c) *Procedures and Restrictions.* (1) Disclosure of return information reflected on returns by officers or employees of the Internal Revenue Service as provided by paragraph (b) of this section will be made only upon written request designating, by name and title, the officers and employees of the Department of Agriculture to whom such disclosure is authorized, to the Commissioner of Internal Revenue by the Secretary of Agriculture and describing—

(i) The particular return information reflected on returns for disclosure;

(ii) The taxable period or date to which such return information reflected on returns relates; and

(iii) The particular purpose for the requested return information reflected on returns.

(2) (i) No such officer or employee to whom the Internal Revenue Service discloses return information reflected on returns pursuant to the provisions of paragraph (b) of this section shall disclose such information to any person, other than the taxpayer to whom such return information reflected on returns relates or other officers or employees of the Department of Agriculture whose duties or responsibilities require such disclosure for a purpose described in paragraph (b)(1) of this section, except in a form that cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

(ii) If the Internal Revenue Service determines that the Department of Agriculture, or any officer or employee thereof, has failed to, or does not, satisfy the requirements of section 6103(p)(4) of the Internal Revenue Code or regulations or published procedures, the Internal Revenue Service may take such actions as are deemed necessary to ensure that such requirements are or will be satisfied, including suspension of disclosures of return information reflected on returns otherwise authorized by section 6103(j)(5) and paragraph (b) of this section, until the Internal Revenue Service determines that such requirements have been or will be satisfied.

(d) *Effective date.* This section is applicable on February 22, 2006.

Mark E. Matthews,
Deputy Commissioner for Services and Enforcement.

Approved February 11, 2006.

Eric Solomon,
Acting Deputy Assistant Secretary of the Treasury (Tax Policy).

(Filed by the Office of the Federal Register on February 21, 2006, 8:45 a.m., and published in the issue of the Federal Register for February 22, 2006, 71 F.R. 8945)

Section 6335.—Sale of Seized Property

Ct. D. 2082

SUPREME COURT OF THE UNITED STATES

No. 04-603

GRABLE & SONS METAL PRODUCTS, INC. v. DARUE ENGINEERING & MANUFACTURING

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

June 13, 2005

Syllabus

The Internal Revenue Service seized real property owned by petitioner (hereinafter Grable) to satisfy a federal tax delinquency, and gave Grable notice by certified mail before selling the property to respondent (hereinafter Darue). Grable subsequently brought a quiet title action in state court, claiming that Darue’s title was invalid because 26 U. S. C. §6335 required the IRS to give Grable notice of the sale by personal service, not certified mail. Darue removed the case to Federal District Court as presenting a federal question because the title claim depended on an interpretation of federal tax law. The District Court declined to remand the case, finding that it posed a significant federal-law question, and it granted Darue summary judgment on the merits. The Sixth Circuit affirmed, and this Court granted certiorari on the jurisdictional question.

Held: The national interest in providing a federal forum for federal tax litigation is sufficiently substantial to support the exercise of federal-question jurisdiction over the disputed issue on removal. Pp. 3–11.

(a) Darue was entitled to remove the quiet title action if Grable could have brought it in federal court originally, as a civil action “arising under the . . . laws . . . of the United States,” 28 U. S. C. §1331. Federal-question jurisdiction is usually invoked by plaintiffs pleading a cause of action created by federal law, but this Court has also long recognized that such jurisdiction will lie over some

state-law claims that implicate significant federal issues, see, e.g., *Smith v. Kansas City Title & Trust Co.*, 255 U. S. 180. Such federal jurisdiction demands not only a contested federal issue, but a substantial one. And the jurisdiction must be consistent with congressional judgment about the sound division of labor between state and federal courts governing §1331's application. These considerations have kept the Court from adopting a single test for jurisdiction over federal issues embedded in state-law claims between nondiverse parties. Instead, the question is whether the state-law claim necessarily stated a federal issue, actually disputed and substantial, which a federal forum may entertain without disturbing a congressionally approved balance of federal and state judicial responsibilities. Pp. 3–6.

(b) This case warrants federal jurisdiction. Grable premised its superior title claim on the IRS's failure to give adequate notice, as defined by federal law. Whether Grable received notice is an essential element of its quiet title claim, and the federal statute's meaning is actually disputed. The meaning of a federal tax provision is an important federal-law issue that belongs in federal court. The Government has a strong interest in promptly collecting delinquent taxes, and the IRS's ability to satisfy its claims from delinquents' property requires clear terms of notice to assure buyers like Darue that the IRS has good title. Finally, because it will be the rare state title case that raises a federal-law issue, federal jurisdiction to resolve genuine disagreement over federal tax title provisions will portend only a microscopic effect on the federal-state division of labor. This conclusion puts the Court in venerable company, quiet title actions having been the subject of some of the earliest exercises of federal-question jurisdiction over state-law claims. E.g., *Hopkins v. Walker*, 244 U. S. 486, 490–491. Pp. 6–7.

(c) *Merrell Dow Pharmaceuticals Inc. v. Thompson*, 478 U. S. 804, is not to the contrary. There, in finding federal jurisdiction unavailable for a state tort claim resting in part on an allegation that the defendant drug company had violated a federal branding law, the Court noted that Congress had not provided a private federal cause of action for such violations. *Merrell Dow* cannot be read to make a federal cause of action a necessary con-

dition for federal-question jurisdiction. It disclaimed the adoption of any bright-line rule and expressly approved the exercise of jurisdiction in *Smith*, where there was no federal cause of action. Accordingly, *Merrell Dow* should be read in its entirety as treating the absence of such cause as evidence relevant to, but not dispositive of, the “sensitive judgments about congressional intent,” required by §1331. *Id.*, at 810. In *Merrell Dow*, the principal significance of this absence was its bearing on the consequences to the federal system. If the federal labeling standard without a cause of action could get a state claim into federal court, so could any other federal standards without causes of action. And that would mean an enormous number of cases. A comparable analysis yields a different jurisdictional conclusion here, because state quiet title actions rarely involve contested federal-law issues. Pp. 7–11.

377 F. 3d 592, affirmed.

SOUTER, J., delivered the opinion for a unanimous Court. THOMAS, J., filed a concurring opinion.

SUPREME COURT OF THE UNITED STATES

No. 04-603

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INC., PETITIONER v. DARUE
ENGINEERING & MANUFACTURING

ON WRIT OF CERTIORARI
TO THE UNITED STATES
COURT OF APPEALS
FOR THE SIXTH CIRCUIT

June 13, 2005

JUSTICE SOUTER delivered the opinion of the Court.

The question is whether want of a federal cause of action to try claims of title to land obtained at a federal tax sale precludes removal to federal court of a state action with non-diverse parties raising a disputed issue of federal title law. We answer no, and hold that the national interest in providing a federal forum for federal tax litigation is sufficiently substantial to support the exercise of federal question jurisdiction over the disputed issue on removal, which would not distort any division of la-

bor between the state and federal courts, provided or assumed by Congress.

I

In 1994, the Internal Revenue Service seized Michigan real property belonging to petitioner Grable & Sons Metal Products, Inc., to satisfy Grable's federal tax delinquency. Title 26 U. S. C. §6335 required the IRS to give notice of the seizure, and there is no dispute that Grable received actual notice by certified mail before the IRS sold the property to respondent Darue Engineering & Manufacturing. Although Grable also received notice of the sale itself, it did not exercise its statutory right to redeem the property within 180 days of the sale, §6337(b)(1), and after that period had passed, the Government gave Darue a quitclaim deed. §6339.

Five years later, Grable brought a quiet title action in state court, claiming that Darue's record title was invalid because the IRS had failed to notify Grable of its seizure of the property in the exact manner required by §6335(a), which provides that written notice must be “given by the Secretary to the owner of the property [or] left at his usual place of abode or business.” Grable said that the statute required personal service, not service by certified mail.

Darue removed the case to Federal District Court as presenting a federal question, because the claim of title depended on the interpretation of the notice statute in the federal tax law. The District Court declined to remand the case at Grable's behest after finding that the “claim does pose a significant question of federal law,” Tr. 17 (Apr. 2, 2001), and ruling that Grable's lack of a federal right of action to enforce its claim against Darue did not bar the exercise of federal jurisdiction. On the merits, the court granted summary judgment to Darue, holding that although §6335 by its terms required personal service, substantial compliance with the statute was enough. 207 F. Supp. 2d 694 (WD Mich. 2002).

The Court of Appeals for the Sixth Circuit affirmed. 377 F. 3d 592 (2004). On the jurisdictional question, the panel thought it sufficed that the title claim raised an issue of federal law that had to be resolved, and implicated a substantial federal interest (in construing federal tax law). The court went on to affirm the

District Court's judgment on the merits. We granted certiorari on the jurisdictional question alone,¹ 543 U. S. ___ (2005) to resolve a split within the Courts of Appeals on whether *Merrell Dow Pharmaceuticals Inc. v. Thompson*, 478 U. S. 804 (1986), always requires a federal cause of action as a condition for exercising federal-question jurisdiction.² We now affirm.

II

Darue was entitled to remove the quiet title action if Grable could have brought it in federal district court originally, 28 U. S. C. §1441(a), as a civil action "arising under the Constitution, laws, or treaties of the United States," §1331. This provision for federal-question jurisdiction is invoked by and large by plaintiffs pleading a cause of action created by federal law (e.g., claims under 42 U. S. C. §1983). There is, however, another longstanding, if less frequently encountered, variety of federal "arising under" jurisdiction, this Court having recognized for nearly 100 years that in certain cases federal question jurisdiction will lie over state-law claims that implicate significant federal issues. E.g., *Hopkins v. Walker*, 244 U. S. 486, 490–491 (1917). The doctrine captures the commonsense notion that a federal court ought to be able to hear claims recognized under state law that nonetheless turn on substantial questions of federal law, and thus justify resort to the experience, solicitude, and hope of uniformity that a federal forum offers on federal issues, see ALI, *Study of the Division of Jurisdiction Between State and Federal Courts* 164–166 (1968).

The classic example is *Smith v. Kansas City Title & Trust Co.*, 255 U. S. 180 (1921), a suit by a shareholder claiming that the defendant corporation could not lawfully buy certain bonds of the National Government because their issuance was unconstitutional. Although Missouri law provided the cause of action, the Court recognized federal-question jurisdiction because the principal issue in the case was the federal constitutionality of the bond issue. *Smith* thus held, in a somewhat generous statement of the scope of the doctrine, that a state-law claim could give rise to fed-

eral-question jurisdiction so long as it "appears from the [complaint] that the right to relief depends upon the construction or application of [federal law]." *Id.*, at 199.

The *Smith* statement has been subject to some trimming to fit earlier and later cases recognizing the vitality of the basic doctrine, but shying away from the expansive view that mere need to apply federal law in a state-law claim will suffice to open the "arising under" door. As early as 1912, this Court had confined federal-question jurisdiction over state-law claims to those that "really and substantially involv[e] a dispute or controversy respecting the validity, construction or effect of [federal] law." *Shulthis v. McDougal*, 225 U. S. 561, 569 (1912). This limitation was the ancestor of Justice Cardozo's later explanation that a request to exercise federal-question jurisdiction over a state action calls for a "common-sense accommodation of judgment to [the] kaleidoscopic situations" that present a federal issue, in "a selective process which picks the substantial causes out of the web and lays the other ones aside." *Gully v. First Nat. Bank in Meridian*, 299 U. S. 109, 117–118 (1936). It has in fact become a constant refrain in such cases that federal jurisdiction demands not only a contested federal issue, but a substantial one, indicating a serious federal interest in claiming the advantages thought to be inherent in a federal forum. E.g., *Chicago v. International College of Surgeons*, 522 U. S. 156, 164 (1997); *Merrell Dow, supra*, at 814, and n. 12; *Franchise Tax Bd. of Cal. v. Construction Laborers Vacation Trust for Southern Cal.*, 463 U. S. 1, 28 (1983).

But even when the state action discloses a contested and substantial federal question, the exercise of federal jurisdiction is subject to a possible veto. For the federal issue will ultimately qualify for a federal forum only if federal jurisdiction is consistent with congressional judgment about the sound division of labor between state and federal courts governing the application of §1331. Thus, *Franchise Tax Bd.* explained that the appropriateness of a federal forum to hear an embedded issue could be evaluated only after considering the "welter of issues regarding the interrelation of federal

and state authority and the proper management of the federal judicial system." *Id.*, at 8. Because arising-under jurisdiction to hear a state-law claim always raises the possibility of upsetting the state-federal line drawn (or at least assumed) by Congress, the presence of a disputed federal issue and the ostensible importance of a federal forum are never necessarily dispositive; there must always be an assessment of any disruptive portent in exercising federal jurisdiction. See also *Merrell Dow, supra*, at 810.

These considerations have kept us from stating a "single, precise, all-embracing" test for jurisdiction over federal issues embedded in state-law claims between non-diverse parties. *Christianson v. Colt Industries Operating Corp.*, 486 U. S. 800, 821 (1988) (STEVENS, J., concurring). We have not kept them out simply because they appeared in state raiment, as Justice Holmes would have done, see *Smith, supra*, at 214 (dissenting opinion), but neither have we treated "federal issue" as a password opening federal courts to any state action embracing a point of federal law. Instead, the question is, does a state-law claim necessarily raise a stated federal issue, actually disputed and substantial, which a federal forum may entertain without disturbing any congressionally approved balance of federal and state judicial responsibilities.

III

A

This case warrants federal jurisdiction. Grable's state complaint must specify "the facts establishing the superiority of [its] claim," Mich. Ct. Rule 3.411(B)(2)(c) (West 2005), and Grable has premised its superior title claim on a failure by the IRS to give it adequate notice, as defined by federal law. Whether Grable was given notice within the meaning of the federal statute is thus an essential element of its quiet title claim, and the meaning of the federal statute is actually in dispute; it appears to be the only legal or factual issue contested in the case. The meaning of the federal tax provision is an important issue of federal law that sensibly be-

¹ Accordingly, we have no occasion to pass upon the proper interpretation of the federal tax provision at issue here.

² Compare *Seinfeld v. Austen*, 39 F. 3d 761, 764 (CA7 1994) (finding that federal-question jurisdiction over a state-law claim requires a parallel federal private right of action), with *Ormet Corp. v. Ohio Power Co.*, 98 F. 3d 799, 806 (CA4 1996) (finding that a federal private action is not required).

longs in a federal court. The Government has a strong interest in the “prompt and certain collection of delinquent taxes,” *United States v. Rodgers*, 461 U. S. 677, 709 (1983), and the ability of the IRS to satisfy its claims from the property of delinquents requires clear terms of notice to allow buyers like Darue to satisfy themselves that the Service has touched the bases necessary for good title. The Government thus has a direct interest in the availability of a federal forum to vindicate its own administrative action, and buyers (as well as tax delinquents) may find it valuable to come before judges used to federal tax matters. Finally, because it will be the rare state title case that raises a contested matter of federal law, federal jurisdiction to resolve genuine disagreement over federal tax title provisions will portend only a microscopic effect on the federal-state division of labor. See n. 3, *infra*.

This conclusion puts us in venerable company, quiet title actions having been the subject of some of the earliest exercises of federal-question jurisdiction over state-law claims. In *Hopkins*, 244 U. S., 490–491, the question was federal jurisdiction over a quiet title action based on the plaintiffs’ allegation that federal mining law gave them the superior claim. Just as in this case, “the facts showing the plaintiffs’ title and the existence and invalidity of the instrument or record sought to be eliminated as a cloud upon the title are essential parts of the plaintiffs’ cause of action.”³ *Id.*, at 490. As in this case again, “it is plain that a controversy respecting the construction and effect of the [federal] laws is involved and is sufficiently real and substantial.” *Id.*, at 489. This Court therefore upheld federal jurisdiction in *Hopkins*, as well as in the similar quiet title matters of *Northern Pacific R. Co. v. Soderberg*, 188 U. S. 526, 528 (1903), and *Wilson Cypress Co. v. Del Pozo y Marcos*, 236 U. S. 635, 643–644 (1915). Consistent with those cases, the recognition of federal jurisdiction is in order here.

Merrell Dow Pharmaceuticals Inc. v. Thompson, 478 U. S. 804 (1986), on which Grable rests its position, is not to the contrary. *Merrell Dow* considered a state tort claim resting in part on the allegation that the defendant drug company had violated a federal misbranding prohibition, and was thus presumptively negligent under Ohio law. *Id.*, at 806. The Court assumed that federal law would have to be applied to resolve the claim, but after closely examining the strength of the federal interest at stake and the implications of opening the federal forum, held federal jurisdiction unavailable. Congress had not provided a private federal cause of action for violation of the federal branding requirement, and the Court found “it would . . . flout, or at least undermine, congressional intent to conclude that federal courts might nevertheless exercise federal-question jurisdiction and provide remedies for violations of that federal statute solely because the violation . . . is said to be a . . . ‘proximate cause’ under state law.” *Id.*, at 812.

Because federal law provides for no quiet title action that could be brought against Darue,⁴ Grable argues that there can be no federal jurisdiction here, stressing some broad language in *Merrell Dow* (including the passage just quoted) that on its face supports Grable’s position, see Note, Mr. *Smith Goes to Federal Court: Federal Question Jurisdiction over State Law Claims Post-Merrell Dow*, 115 Harv. L. Rev. 2272, 2280–2282 (2002) (discussing split in Circuit Courts over private right of action requirement after *Merrell Dow*). But an opinion is to be read as a whole, and *Merrell Dow* cannot be read whole as overturning decades of precedent, as it would have done by effectively adopting the Holmes dissent in *Smith*, see *supra*, at 5, and converting a federal cause of action from a sufficient condition for federal-question jurisdiction⁵ into a necessary one.

In the first place, *Merrell Dow* disclaimed the adoption of any bright-line

rule, as when the Court reiterated that “in exploring the outer reaches of §1331, determinations about federal jurisdiction require sensitive judgments about congressional intent, judicial power, and the federal system.” 478 U. S., at 810. The opinion included a lengthy footnote explaining that questions of jurisdiction over state-law claims require “careful judgments,” *id.*, at 814, about the “nature of the federal interest at stake,” *id.*, at 814, n. 12 (emphasis deleted). And as a final indication that it did not mean to make a federal right of action mandatory, it expressly approved the exercise of jurisdiction sustained in *Smith*, despite the want of any federal cause of action available to *Smith*’s shareholder plaintiff. 478 U. S., at 814, n. 12. *Merrell Dow* then, did not toss out, but specifically retained the contextual enquiry that had been *Smith*’s hallmark for over 60 years. At the end of *Merrell Dow*, Justice Holmes was still dissenting.

Accordingly, *Merrell Dow* should be read in its entirety as treating the absence of a federal private right of action as evidence relevant to, but not dispositive of, the “sensitive judgments about congressional intent” that §1331 requires. The absence of any federal cause of action affected *Merrell Dow*’s result two ways. The Court saw the fact as worth some consideration in the assessment of substantiality. But its primary importance emerged when the Court treated the combination of no federal cause of action and no preemption of state remedies for misbranding as an important clue to Congress’s conception of the scope of jurisdiction to be exercised under §1331. The Court saw the missing cause of action not as a missing federal door key, always required, but as a missing welcome mat, required in the circumstances, when exercising federal jurisdiction over a state misbranding action would have attracted a horde of original filings and removal cases raising other state claims with embedded federal issues. For if the federal labeling standard without

³ The quiet title cases also show the limiting effect of the requirement that the federal issue in a state-law claim must actually be in dispute to justify federal-question jurisdiction. In *Shulthis v. McDougal*, 225 U. S. 561 (1912), this Court found that there was no federal question jurisdiction to hear a plaintiff’s quiet title claim in part because the federal statutes on which title depended were not subject to “any controversy respecting their validity, construction, or effect.” *Id.*, at 570. As the Court put it, the requirement of an actual dispute about federal law was “especially” important in “suit[s] involving rights to land acquired under a law of the United States,” because otherwise “every suit to establish title to land in the central and western states would so arise [under federal law], as all titles in those States are traceable back to those laws.” *Id.*, at 569–570.

⁴ Federal law does provide a quiet title cause of action against the Federal Government. 28 U. S. C. §2410. That right of action is not relevant here, however, because the federal government no longer has any interest in the property, having transferred its interest to Darue through the quitclaim deed.

⁵ For an extremely rare exception to the sufficiency of a federal right of action, see *Shoshone Mining Co. v. Rutter*, 177 U. S. 505, 507 (1900).

a federal cause of action could get a state claim into federal court, so could any other federal standard without a federal cause of action. And that would have meant a tremendous number of cases.

One only needed to consider the treatment of federal violations generally in garden variety state tort law. “The violation of federal statutes and regulations is commonly given negligence per se effect in state tort proceedings.”⁶ Restatement (Third) of Torts (proposed final draft) §14, Comment *a*. See also W. Keeton, D. Dobbs, R. Keeton, & D. Owen, *Prosser and Keeton on Torts*, §36, p. 221, n. 9 (5th ed. 1984) (“[T]he breach of a federal statute may support a negligence per se claim as a matter of state law” (collecting authority)). A general rule of exercising federal jurisdiction over state claims resting on federal mislabeling and other statutory violations would thus have heralded a potentially enormous shift of traditionally state cases into federal courts. Expressing concern over the “increased volume of federal litigation,” and noting the importance of adhering to “legislative intent,” *Merrell Dow* thought it improbable that the Congress, having made no provision for a federal cause of action, would have meant to welcome any state-law tort case implicating federal law “solely because the violation of the federal statute is said to [create] a rebuttable presumption [of negligence] . . . under state law.” 478 U. S., at 811–812 (internal quotation marks omitted). In this situation, no welcome mat meant keep out. *Merrell Dow*’s analysis thus fits within the framework of examining the importance of having a federal forum for the issue, and the consistency of such a forum with Congress’s intended division of labor between state and federal courts.

As already indicated, however, a comparable analysis yields a different jurisdictional conclusion in this case. Although Congress also indicated ambivalence in

this case by providing no private right of action to Grable, it is the rare state quiet title action that involves contested issues of federal law, see n. 3 *supra*. Consequently, jurisdiction over actions like Grable’s would not materially affect, or threaten to affect, the normal currents of litigation. Given the absence of threatening structural consequences and the clear interest the Government, its buyers, and its delinquents have in the availability of a federal forum, there is no good reason to shirk from federal jurisdiction over the dispositive and contested federal issue at the heart of the state-law title claim.⁷

IV

The judgment of the Court of Appeals, upholding federal jurisdiction over Grable’s quiet title action, is affirmed.

It is so ordered.

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ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

June 13, 2005

JUSTICE THOMAS, concurring.

The Court faithfully applies our precedents interpreting 28 U. S. C. §1331 to authorize federal-court jurisdiction over some cases in which state law creates the cause of action but requires determination of an issue of federal law, *e.g.*, *Smith v. Kansas City Title & Trust Co.*, 255 U. S. 180 (1921); *Merrell Dow Pharmaceuti-*

als Inc. v. Thompson, 478 U. S. 804 (1986). In this case, no one has asked us to overrule those precedents and adopt the rule Justice Holmes set forth in *American Well Works Co. v. Layne & Bowler Co.*, 241 U. S. 257 (1916), limiting §1331 jurisdiction to cases in which federal law creates the cause of action pleaded on the face of the plaintiff’s complaint. *Id.*, at 260. In an appropriate case, and perhaps with the benefit of better evidence as to the original meaning of §1331’s text, I would be willing to consider that course.*

Jurisdictional rules should be clear. Whatever the virtues of the *Smith* standard, it is anything but clear. *Ante*, at 4 (the standard “calls for a ‘common-sense accommodation of judgment to [the] kaleidoscopic situations’ that present a federal issue, in ‘a selective process which picks the substantial causes out of the web and lays the other ones aside’” (quoting *Gully v. First Nat. Bank in Meridian*, 299 U. S. 109, 117–118 (1936))); *ante*, at 5 (“[T]he question is, does a state-law claim necessarily raise a stated federal issue, actually disputed and substantial, which a federal forum may entertain without disturbing any congressionally approved balance of federal and state judicial responsibilities”); *ante*, at 9 (“[D]eterminations about federal jurisdiction require sensitive judgments about congressional intent, judicial power, and the federal system”; “the absence of a federal private right of action [is] evidence relevant to, but not dispositive of, the ‘sensitive judgments about congressional intent’ that §1331 requires” (quoting *Merrell Dow*, *supra*, at 810)).

Whatever the vices of the *American Well Works* rule, it is clear. Moreover, it accounts for the “vast majority” of cases that come within §1331 under our current case law, *Merrell Dow*, *supra*, at 808 (quoting *Franchise Tax Bd. of Cal. v. Construction Laborers Vacation Trust for Southern Cal.*, 463 U. S. 1, 9 (1983))—further indication that trying to sort out which

⁶ Other jurisdictions treat a violation of a federal statute as evidence of negligence or, like Ohio itself in *Merrell Dow Pharmaceuticals Inc. v. Thompson*, 478 U. S. 804 (1986), as creating a rebuttable presumption of negligence. Restatement (Third) of Torts (proposed final draft) §14, Comment *c*. Either approach could still implicate issues of federal law.

⁷ At oral argument Grable’s counsel espoused the position that after *Merrell Dow*, federal-question jurisdiction over state-law claims absent a federal right of action, could be recognized only where a constitutional issue was at stake. There is, however, no reason in text or otherwise to draw such a rough line. As *Merrell Dow* itself suggested, constitutional questions may be the more likely ones to reach the level of substantiality that can justify federal jurisdiction. 478 U. S., at 814, n. 12. But a flat ban on statutory questions would mechanically exclude significant questions of federal law like the one this case presents.

* This Court has long construed the scope of the statutory grant of federal-question jurisdiction more narrowly than the scope of the constitutional grant of such jurisdiction. See *Merrell Dow Pharmaceuticals Inc. v. Thompson*, 478 U. S. 804, 807–808 (1986). I assume for present purposes that this distinction is proper—that is, that the language of 28 U. S. C. §1331, “[t]he district courts shall have original jurisdiction of all *civil actions arising under* the Constitution, laws, or treaties of the United States” (emphasis added), is narrower than the language of Art. III, §2, cl. 1, of the Constitution, “[t]he judicial power shall extend to all *Cases*, in Law and Equity, *arising under* this Constitution, the Laws of the United States, and Treaties made, or which shall be made, under their Authority . . .” (emphases added).

cases fall within the smaller *Smith* category may not be worth the effort it entails. See R. Fallon, D. Meltzer, & D. Shapiro, Hart and Wechsler's *The Federal Courts and the Federal System* 885–886 (5th ed. 2003). Accordingly, I would be willing in appropriate circumstances to reconsider our interpretation of §1331.

Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Section 7872.—Treatment of Loans With Below-Market Interest Rates

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2006. See Rev. Rul. 2006-22, page 687.

Part II. Treaties and Tax Legislation

Subpart A.—Tax Conventions and Other Related Items

U.S.-Spain LLC MAP

Announcement 2006–21

The following is a copy of the Mutual Agreement entered into on February

15, 2006, by the Competent Authorities of the United States and Spain, regarding the treatment of limited liability companies (“LLCs”), S corporations, and other business entities treated as partnerships or disregarded entities for U.S. tax purposes

under the U.S.-Spain income tax treaty and protocol.

The text of the agreement is as follows:

COMPETENT AUTHORITY MUTUAL AGREEMENT

The Competent Authorities of the United States of America and Spain hereby enter into the following agreement (“the Agreement”) regarding the treatment of limited liability companies (“LLCs”), S corporations, and other business entities treated as partnerships or disregarded entities for U.S. tax purposes, under the Convention Between the United States of America and the Kingdom of Spain for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, Together with a Related Protocol, signed at Madrid on February 22, 1990 (“the Treaty”). The Agreement is entered into under paragraph 3 of Article 26 (Mutual Agreement Procedure).

1.) *Definition of “any other body of persons” under Article 3(1)(d)*

Under paragraph 4 of the Protocol the term “any other body of persons” contained within Article 3(1)(d) (General Definitions) is understood to include an estate, a trust, or a partnership. The Competent Authorities agree that the term “any other body of persons,” is also understood to include an LLC or other entity, whether organized within or without the United States, that for U.S. federal tax purposes is treated either as a partnership or is disregarded as an entity separate from its owners.

Consistent with the agreement regarding paragraph 4 of the Protocol, the Competent Authorities agree that paragraph 5(b) of the Protocol will be interpreted to reflect that income received by an LLC, or other entity, whether organized within or without the United States, that is treated for U.S. federal tax purposes as a partnership or disregarded as an entity separate from its owner, will be treated as income derived by a resident of the United States to the extent that income received by the LLC or other entity is subject to U.S. tax as the income of a U.S. resident. Similarly, the Competent Authorities agree that income received by an S corporation will be treated as derived by a resident of the United States to the extent that the income received by the S corporation is subject to U.S. tax as the income of a U.S. resident.

For example, if a U.S. LLC that is treated for U.S. federal tax purposes as a partnership receives a royalty payment from Spain, and the U.S. LLC has two members with equal interest in the LLC, one Spanish resident and one U.S. resident, the LLC may claim treaty benefits as a U.S. resident with respect to 50% of the royalty payment because 50% of the payment is subject to tax in the United States in the hands of a U.S. resident member.

2.) *Appropriate procedure for claiming treaty benefits*

a.) A U.S. LLC that is treated as a partnership for U.S. tax purposes may request a certificate of residence on Form 6166 in the same manner as a partnership. The Form 6166 will confirm the filing of Form 1065, U.S. Return of Partnership Income, by the LLC and include an attachment that lists the members of the LLC that are residents of the United States according to Internal Revenue Service records. The LLC, in turn, is expected to provide information concerning the percentage ownership of the LLC represented by the listed members from its internal records directly to the foreign withholding agent. For example, if a U.S. resident owns a 50% interest in the LLC, and a Canadian resident owns the remainder, the attached list obtained from the Internal Revenue Service will identify the U.S. resident, and the LLC will represent to the Spanish withholding agent that such resident owns a 50% interest in the LLC.

b.) In the case of tiered U.S. LLCs treated as partnerships for U.S. tax purposes, treaty benefits and certification rules that are similar to those for tiered partnerships will apply.

c.) In the case of a U.S. LLC disregarded as an entity separate from its owner for U.S. tax purposes, the LLC may request a Form 6166 that states that it is a branch, division, or business unit of its single member owner and that such single member owner is a resident of the United States.

d.) In the case of an LLC or other entity organized outside the United States, similar rules apply, provided that the LLC or other entity is treated as a partnership or is disregarded as an entity separate from its owner for U.S. tax purposes. The LLC may request a Form 6166 that confirms it files Form 1065, U.S. Return of Partnership Income, and that the attached list of members of the LLC are residents of the United States, or that the LLC is a branch, division or business unit of its single member owner and that such single member owner is a resident of the United States.

e.) In the case of a U.S. corporation that has made an election to be treated as an S Corporation for U.S. tax purposes, such S corporation may request a Form 6166 in a manner similar to that of a partnership. The Form 6166 will confirm that the corporation has filed Form 1120S, U.S. Income Tax Return for an S Corporation, and will attach a list of all the shareholders who are U.S. residents for purposes of the Treaty.

Under special circumstances when the facts warrant further inquiry and upon a specific request from Spain, the United States will seek to verify the truthfulness of the LLC's representation as to the allocation of income with respect to a particular payment.

3.) *Effective date*

Upon signature by both competent authorities, this Agreement is effective retroactive to January 1, 1998.

This Agreement will not be effective in relation to periods barred by statute of limitations.

Agreed to by the undersigned competent authorities:

Frank Y. Ng
U.S. competent authority

José Manuel de Bunes
Spain competent authority

Date

Date

Part III. Administrative, Procedural, and Miscellaneous

Taxation of Cross Licensing Arrangements

Notice 2006-34

PURPOSE

This notice requests information regarding certain transactions commonly referred to as cross licenses in connection with the consideration by the Treasury Department and the Internal Revenue Service (IRS) of requests for specific guidance on the tax treatment of such transactions.

BACKGROUND

A cross license is a contract between two parties that own intellectual property, typically patents, under which each party grants to the other a license with respect to specified property. These rights in the respective patents are often licensed on a nonexclusive and nontransferable basis. One party may make to the other party one or more cash payments representing the difference in value, in the parties' estimation, between the parties' respective rights covered by the cross license. As in one-way patent licenses, other intellectual property related to the exploitation of the patented invention such as know how, trademarks, and copyrights, may also be licensed between the parties.

A company typically will have a number of options available to maximize its patents' contribution to its profitability, including exploiting its own patents in its own business, one-way licensing, and cross licensing. The Treasury Department and the IRS are aware that cross licenses may arise in a range of commercial contexts. In some cases, each of the parties may intend to exploit the cross licensed patents by making, selling, or otherwise using the patented inventions in its own business. In other cases, the parties may operate their businesses with their own patents, but seek to avoid the risk of patent infringement claims that each might make against the other as a result of the exploitation of their own patents. In between, there may be cases of varying degrees of interdependency on each other's intellectual property in which the parties may seek both to gain access to each other's

technology as well as to mutually avoid infringement claims. In this notice, the Treasury Department and IRS solicit information on the business circumstances in which cross licenses arise, the relative frequency of different circumstances, and trends.

The Treasury Department and the IRS recognize the importance of the rights involved in cross licenses and the significance of the issues raised by these transactions. As a result, the Treasury Department and the IRS believe that cross licenses deserve careful study so that appropriate guidance can be issued on the tax treatment of such transactions.

CHARACTER OF CROSS LICENSING AND TAX CONSEQUENCES

The Treasury Department and the IRS have received requests for guidance on the tax treatment of cross licenses. Among the questions received is whether a U.S. person's grant to a foreign person of the right to use specified intellectual property pursuant to a cross license gives rise to income that may be subject to withholding tax. In response to these requests for guidance, the Treasury Department and the IRS are analyzing, and expect to issue guidance regarding, certain tax issues related to cross licenses.

The tax treatment of cross licenses depends on the characterization of the cross licensing transactions for tax purposes. Different theories have been suggested by taxpayers and their representatives concerning the proper characterization of cross licensing transactions and the associated tax consequences. To provide a context for the request for information in the next section, a brief summary is provided below of three major theories that have been considered. Other characterizations may also be possible. The description provided below is merely background and is not intended either to be an exhaustive analysis or to be an endorsement of any particular theory or treatment.

The three theories would characterize a cross license as, alternatively, (1) a two-way license of intellectual property rights; (2) a reciprocal agreement not to assert any claims of infringement; or (3) a sale or exchange of property. The Treasury De-

partment and the IRS are considering the most appropriate characterization for cross licensing (*e.g.*, in light of intellectual property law, business realities, or the particular facts of the cross licensing transaction), and the income tax consequences of each theory including the amount, source, and timing of any income, expense, gain or loss from the transaction. The Treasury Department and the IRS are also considering the potential withholding tax consequences if a foreign party is involved.

A. Two-Way License

Under this theory, a cross licensing transaction would be characterized as a two-way license of intellectual property rights. The potential income tax consequences asserted under this theory could include:

- Gross royalty income is realized by the foreign licensee in an amount equal to the value of the license rights and any cash payments received.
- Income is sourced under sections 861(a)(4) and 862(a)(4).
- Income is recognized currently, except that any contingent payments would be recognized in the period in which they arise.
- The value of license rights conveyed and any cash payments made may be deductible or may be subject to capitalization.
- Withholding tax potentially applies to the conveyance of license rights and any cash payments to a foreign party to the cross license to the extent amounts are allocable to U.S. sources.

B. Reciprocal Agreement Not to Assert Claims of Infringement

Under this theory, a cross license would be characterized as a reciprocal agreement not to assert claims of infringement. A threshold issue would be whether a cross license so characterized is in fact different than a transaction characterized as a two-way license discussed above (or than a sale or exchange of property discussed below). Under this theory, cross licenses might be

treated as services or as a covenant not to compete. The potential income tax consequences asserted under this theory could include:

- It has been suggested that the amount of income realized would be limited to the amount of any cash payments. It has also been suggested that the amount of income realized under this theory would be the value of the license rights and any cash payments received.
- Income would be sourced based on the characterization. For example, if the transaction is analyzed like a traditional two-way license, the income would be sourced under section 861(a)(4) and 862(a)(4). Alternatively, if the transaction is analyzed as services or analogous to services, then the income would be sourced to where the services were performed.
- Income would be recognized currently, except that any contingent payments would be recognized in the period they arise.
- Withholding tax consequences would be based on the U.S. source consequences of a particular characterization. For example, no withholding tax would apply to the extent of services income allocable to foreign sources.

C. Sale or Exchange of Property

Under this theory, a cross license would be characterized as a taxable or nontaxable sale or exchange of property. The potential income tax consequences asserted under this theory could include:

- Gross income is realized in the amount of the gain or loss on the exchange of license rights and any cash payments under the cross license. Nonrecognition treatment may be available if a nonrecognition provision applies (e.g., section 1031). A determination would be needed on how to allocate basis between the retained rights and the rights transferred in the exchange.
- Gain or loss would generally be sourced based on the residence of

the taxpayer, except that any contingent payments would be treated in the same manner as royalties for sourcing purposes.

- Any gain or loss recognized would be recognized currently, except that any contingent payments would be recognized in the period in which they arise.
- If the transferor is a foreign resident, withholding tax would not apply to gains, except that contingent payments would be sourced in the same manner as royalties and so would potentially be subject to withholding tax to the extent sourced in the United States.

REQUEST FOR COMMENTS, INFORMATION, AND DOCUMENTS

The Treasury Department and the IRS request comments, information, and documents (including samples of cross license agreements as well as of technology transfer policy documents relating to the negotiation of cross licenses) for consideration in providing specific guidance regarding the appropriate tax treatment of cross licenses between U.S. persons and foreign persons. These submissions are critical to providing the Treasury Department and the IRS with the proper information from which to formulate appropriate guidance dealing with cross licensing agreements taking into account practical issues of administrability. In particular, submissions are requested addressing some or all of the following areas:

A. Business Circumstances in Which Cross Licensing Arises

Information is requested on the business circumstances in which cross licenses arise. For example:

1. *Mutual Need and Avoiding Claims of Infringement*

- Please explain how companies decide whether or not to engage in licensing or cross licensing of intellectual property. Are there corporate departments or policies for assessing and valuing transfers of intellectual property? Please describe.

- What are the circumstances in which parties engage in cross licensing out of a mutual need for one another's patents for purposes of operating their own businesses?
- What are the circumstances in which parties have no need for each other's know how, technology, underlying patented inventions, or similar rights, but still seek protection against the risk of infringement claims through entering into a patent cross license? What benefit does entering into a cross license generate in such a case?
- In cases where parties primarily or only seek protection from infringement claims, might parties nevertheless style their agreement as a cross license granting affirmative rights to make, sell, and use technology rather than as a reciprocal covenant not to sue one another for infringement? If so, why?
- Do parties enter into one-way licenses where the licensee has no need for the know how, technology, underlying patented inventions, or similar rights, but still seeks protection against the risk of infringement claims? If so, under what circumstances?
- Do licensors engaged in cross licensing also engage in licensing of the same patent or groups of patents to parties that have little or no significant intellectual property to cross license?
- What are the circumstances in which parties engage in cross licensing where the parties are in different industries or the parties' respective products are not competing?
- Are there circumstances in which parties would agree that they did not need each other's patents, but nonetheless enter into a cross license? If so, why?

- Are there circumstances in which parties engage in cross licensing in the context of joint product development?
- Are there circumstances where patents are cross licensed on an exclusive (rather than nonexclusive) basis?

2. *Industry, Interoperability, and Technical Standards*

- In what industries and with what product types are cross licensing agreements most frequently used? How do agreements vary from industry to industry and why?
- What role do industry, interoperability, and technical standards play in cross licensing arrangements? Do parties enter into cross licenses in order to comply with these standards?
- Do such standards ever include, as essential properties, competing patents (or other intellectual property) that constitute independent means for the same or similar business purposes? Please provide examples, if any, of (i) standards that require the use of specific patents, and (ii) standards that may be satisfied, alternatively, via different patents that are designed to achieve a specific function covered by the standard.

3. *Intellectual Property Other than Patents*

- Do parties to a cross license of patents typically also license additional intellectual property rights such as know how, trademarks, trade secrets, etc., associated with exploitation of their patents? What are the circumstances under which such additional rights are, or are not, licensed along with patent rights?
- Apart from patent cross licenses, what other intellectual property rights are typically cross licensed and in what context?

- How should the analysis of patent licenses and cross licenses be similar to, or different from, the analysis of copyright, trademark, and other intellectual property licenses and cross licenses.

B. *Distinguishing Among Different Cross Licensing Arrangements*

Information is requested on the relevance for tax purposes of potential distinctions between different types of cross licenses and means by which the IRS may in a reliable and administrable manner distinguish between them. For example:

- Is there a basis in intellectual property law for distinguishing different uses of cross licensing arrangements? Does intellectual property law distinguish an agreement not to assert claims of infringement from a license of a patent? Does intellectual property law distinguish between cross licenses based on the necessity of access to each of the parties' intellectual property?
- Are there other grounds on which a "two-way license" can be distinguished from a "reciprocal agreement not to assert claims of infringement"?
- To the extent distinctions in intellectual property and tax law exist, how may the IRS reliably determine that a particular cross license is of one type or another? For example, how may the IRS identify situations in which the parties need one another's patents in conducting their respective businesses as opposed to situations in which the parties' patents are not used in each other's businesses? Are there typically contemporaneous documents or other circumstances attendant to the execution of a cross license that would support or assist in making any such distinctions?

C. *Sourcing the Income from Cross Licensing*

Information is requested on the means available to the IRS to determine the source of the income from cross licenses covering intellectual property rights enforceable in more than one country. For example:

- In what respects are the issues different than issues with respect to sourcing the income from a one-way license?

D. *Valuation of Cross Licensed Rights*

Information is requested on how the parties to a cross license value the licensed rights and determine the amount of any cash payments payable by one party to the other. For example:

- Are there reliable methods for valuing rights transferred under cross licenses? What economic models do parties (or the consultants they may hire) use to determine the value of the intellectual property exchanged in a cross license? How do parties determine the amount of any cash payments in a cross license?
- How do parties determine the amount of the royalty in a one-way license of patents?
- Where licensors engage both in cross licensing and one-way licensing of the same patent or group of patents, would the one-way licenses assist the IRS in valuing the same patent rights reciprocally licensed in a cross license? If not, why not?
- Would the amount of monetary damages that would be sought by a patent holder in a patent infringement suit relating to a particular patent or group of patents assist in valuing the rights transferred in a cross license? If not, why not?
- Where a cross license agreement is entered into following litigation between parties, would the resulting monetary settlement or award help in valuing the rights that are cross licensed going forward? If not, why not?
- Please provide any other information that would assist the IRS in understanding valuation of rights cross licensed.

E. *Financial Accounting Treatment of Cross Licensing*

Information is requested on the financial accounting and reporting treatment of cross licenses.

F. Foreign Tax Treatment of Cross Licensing

Information is requested on the tax consequences of cross licenses under foreign income tax laws.

SUBMISSION OF COMMENTS

Written comments, information, and documents may be submitted to the Office of Associate Chief Counsel (International), Attention: John E. Hinding (Notice 2006-34), CC:INTL:6, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20224. Alternatively, taxpayers may submit comments electronically to notice.comments@irs.counsel.treas.gov.

Comments will be available for public inspection and copying. Please include: Notice 2006-34 in the subject line of any electronic communications.

The deadline for submission of comments is May 31, 2006.

DRAFTING INFORMATION

The principal author of this notice is John E. Hinding of the Office of Associate Chief Counsel (International). For further information regarding this notice, contact John E. Hinding at 202-435-5156 (not a toll-free call).

Revocation of Qualified Intermediary Branch Rule

Notice 2006-35

SECTION 1. PURPOSE

This notice modifies Announcement 2000-48, 2000-1 C.B.1243, and Notice 2001-43, 2001-2 C.B. 72, by providing that, generally, a branch of a financial institution may not act as a qualified intermediary (QI) after December 31, 2006, in a country that does not have approved know-your-customer (KYC) rules.

SECTION 2. BACKGROUND

Treasury regulation §1.1441-1(e)(5) permits a QI, as defined therein, to furnish a withholding certificate to a withholding agent on behalf of other persons for purposes of claiming and verifying reduced rates of withholding under section

1441 or 1442. To qualify as a QI, the intermediary must enter into a withholding agreement with the IRS, pursuant to §1.1441-1(e)(5)(iii), the terms of which are contained in Rev. Proc. 2000-12, 2000-1 C.B. 387 (QI Agreement). Rev. Proc. 2000-12 states that the IRS will not enter into a QI agreement that provides for the use of documentary evidence obtained under a country's KYC rules unless it has received certain information that allows it to determine whether those KYC rules are acceptable. Once the IRS determines that a country's KYC rules are acceptable, it lists such country as an approved jurisdiction on the IRS website. KYC rules relate to the capacity of a financial institution to determine whether their customers are U.S. persons and, if their customers are non-U.S. persons claiming the benefits of an income tax treaty, whether those customers are residents of the applicable treaty country. See Notice 2001-4, 2001-1 C.B. 267.

Announcement 2000-48 limits eligibility for QI status to financial entities organized in jurisdictions with approved KYC rules. However, Announcement 2000-48 (as modified by Notice 2001-43) permits a branch of a financial institution (but not a separate juridical entity affiliated with the financial institution) to act as a QI in a jurisdiction that does not have KYC rules, has unacceptable KYC rules, or has KYC rules awaiting IRS approval, if the branch is part of an entity organized in a country that does have acceptable KYC rules and the entity agrees to apply its home country KYC rules to the branch.

When the QI system was implemented, only a small number of jurisdictions had KYC rules that had been reviewed and approved by the IRS. In an effort to implement the QI system as quickly and broadly as possible, branches of financial entities were allowed to participate in the QI system under the standards of Announcement 2000-48 and Notice 2001-43.

Now that Treasury and the IRS have reviewed the KYC rules for all of the countries that submitted their KYC rules for review, and have approved the KYC rules of 57 countries, Treasury and the IRS believe that it is no longer prudent to permit branches of financial entities to operate as QIs in countries that do not have approved KYC rules. KYC rules are most effective when applied to the countries for which

they were drafted. Further, because the QI system is largely self-regulated, it is appropriate to limit participation in the system to circumstances in which Treasury and the IRS have the greatest confidence that such self-regulation will be effective. A country's continuing lack of an acceptable set of KYC rules raises concerns about the effectiveness of self-regulation in that country.

SECTION 3. BRANCHES LOCATED OUTSIDE OF APPROVED KYC COUNTRIES

Branches of financial institutions will not be permitted to operate as QIs after December 31, 2006, if they are located outside of countries listed as having approved KYC rules on the IRS website at www.irs.ustreas.gov. However, branches of a financial institution that are operating as QIs under Announcement 2000-48 (as modified by Notice 2001-43) on April 3, 2006, may continue to operate as QIs through December 31, 2007, provided that (1) the financial institution mails a written request for an extension, on or before June 30, 2006, to: KYC Coordinator, Internal Revenue Service, 290 Broadway, 12th Floor, New York, New York 10007; (2) the request identifies the jurisdictions in which such branches are located and briefly describes what steps those jurisdictions have taken to implement KYC rules; and (3) the request is approved, in writing, by the KYC Coordinator.

Branches of financial institutions that operate in non-KYC approved jurisdictions will be required to act as non-qualified intermediaries after December 31, 2006, or after December 31, 2007, as applicable.

SECTION 4. EFFECT ON OTHER DOCUMENTS

This notice modifies Announcement 2000-48 and Notice 2001-43.

SECTION 5. CONTACT INFORMATION

The principle authors of this notice are Jason Kleinman and Ethan Atticks of the Office of the Associate Chief Counsel (International). For further information regarding this notice, contact

Jason Kleinman or Ethan Atticks at (202) 622-3840 (not a toll-free call).

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

Rev. Proc 2006-17

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. 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, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, the Virgin Islands, and Guam were last published in Rev. Proc. 2005-15, 2005-9 I.R.B. 638.

.12 The nationwide average purchase price limitation was last published in section 4.02 of Rev. Proc. 2005-15. 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. 2005-22, 2005-15 I.R.B. 886.

.13 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 4.01 of this revenue procedure are based on FHA loan limits released January 3, 2006. 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 3.03 of this revenue procedure with respect to FHA loan limits revised after January 3, 2006.

.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. The OMB bulletin no longer includes primary metropolitan statistical areas.

SECTION 3. 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 4.01 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 4.01 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 4.01 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 4.01 of this revenue procedure under each state.

.03 If the FHA revises the FHA loan limit for any statistical area after January 3, 2006, 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 4.02 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 4.02 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 6.02 of this revenue procedure, an issuer relies on the average area purchase price safe harbors contained in Rev. Proc. 2005-15, the issuer must use the nationwide average purchase price set forth in section 4.02 of Rev. Proc. 2005-15 in computing the housing

cost/income ratio under section 143(f)(5). Likewise, if, pursuant to section 6.05 of this revenue procedure, an issuer relies on the nationwide average purchase price published in Rev. Proc. 2005-15, the issuer may not rely on the average area purchase price safe harbors published in this revenue procedure.

SECTION 4. 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 are set forth below. 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.

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|--------------------------------------|-----------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| <i>ALASKA</i> | | | | | |
| ANCHORAGE, AK (MSA) | ANCHORAGE | \$335,592 | \$377,961 | \$459,276 | \$529,934 |
| ANCHORAGE, AK (MSA) | MATANUSKA-SUSIT | \$335,592 | \$377,961 | \$459,276 | \$529,934 |
| JUNEAU, AK (MICRO) | JUNEAU | \$386,842 | \$435,724 | \$529,408 | \$610,855 |
| NON-METRO | DENALI | \$316,137 | \$404,668 | \$489,126 | \$607,879 |
| NON-METRO | SITKA | \$431,250 | \$485,724 | \$590,132 | \$680,921 |
| NON-METRO | YAKUTAT CITY | \$316,137 | \$404,668 | \$489,126 | \$607,879 |
| <i>ARIZONA</i> | | | | | |
| FLAGSTAFF, AZ (MSA) | COCONINO | \$386,250 | \$435,039 | \$528,553 | \$609,868 |
| LAKE HAVASU CITY-KINGMAN, AZ (MICRO) | MOHAVE | \$321,842 | \$362,500 | \$440,461 | \$508,224 |
| PHOENIX-MESA-SCOTTSDALE, AZ (MSA) | MARICOPA | \$335,000 | \$377,316 | \$458,421 | \$528,947 |
| PHOENIX-MESA-SCOTTSDALE, AZ (MSA) | PINAL | \$335,000 | \$377,316 | \$458,421 | \$528,947 |
| PRESCOTT, AZ (MSA) | YAVAPAI | \$333,750 | \$375,855 | \$456,711 | \$526,974 |
| TUCSON, AZ (MSA) | PIMA | \$302,895 | \$341,154 | \$414,487 | \$506,495 |
| <i>CALIFORNIA</i> | | | | | |
| BAKERSFIELD, CA (MSA) | KERN | \$321,250 | \$361,776 | \$439,605 | \$507,237 |
| BISHOP, CA (MICRO) | INYO | \$411,704 | \$488,487 | \$593,553 | \$684,868 |
| CHICO, CA (MSA) | BUTTE | \$362,500 | \$408,289 | \$496,053 | \$572,368 |
| CLEARLAKE, CA (MICRO) | LAKE | \$293,750 | \$337,168 | \$407,558 | \$506,495 |
| CRESCENT CITY, CA (MICRO) | DEL NORTE | \$311,250 | \$350,526 | \$425,921 | \$506,495 |
| EL CENTRO, CA (MSA) | IMPERIAL | \$274,934 | \$337,168 | \$407,558 | \$506,495 |
| EUREKA-ARCATA-FORTUNA, CA (MICRO) | HUMBOLDT | \$375,000 | \$422,368 | \$513,158 | \$592,105 |
| FRESNO, CA (MSA) | FRESNO | \$346,250 | \$389,934 | \$473,816 | \$546,711 |
| HANFORD-CORCORAN, CA (MSA) | KINGS | \$312,316 | \$351,766 | \$427,379 | \$506,495 |
| LOS ANGELES-LONG BEACH-GLENDALE, CA | LOS ANGELES | \$477,355 | \$611,117 | \$738,699 | \$918,021 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|---|-----------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| MADERA, CA (MSA) | MADERA | \$368,750 | \$415,329 | \$504,605 | \$582,237 |
| MERCED, CA (MSA) | MERCED | \$411,704 | \$478,684 | \$581,579 | \$671,053 |
| MODESTO, CA (MSA) | STANISLAUS | \$440,625 | \$496,283 | \$602,961 | \$695,724 |
| NAPA, CA (MSA) | NAPA | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NON-METRO | ALPINE | \$411,704 | \$527,037 | \$637,046 | \$747,039 |
| NON-METRO | AMADOR | \$411,704 | \$506,842 | \$615,789 | \$710,526 |
| NON-METRO | CALAVERAS | \$411,704 | \$527,037 | \$637,046 | \$774,671 |
| NON-METRO | COLUSA | \$343,750 | \$387,171 | \$470,395 | \$542,763 |
| NON-METRO | GLENN | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| NON-METRO | MARIPOSA | \$411,704 | \$464,605 | \$564,474 | \$651,316 |
| NON-METRO | MONO | \$411,704 | \$527,037 | \$637,046 | \$791,700 |
| NON-METRO | PLUMAS | \$337,500 | \$380,132 | \$461,842 | \$532,895 |
| NON-METRO | SISKIYOU | \$293,750 | \$337,168 | \$407,558 | \$506,495 |
| OAKLAND-FREMONT-HAYWARD, CA METROPOLITAN | ALAMEDA | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| OAKLAND-FREMONT-HAYWARD, CA METROPOLITAN | CONTRA COSTA | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| OXNARD-THOUSAND OAKS-VENTURA, CA (MSA) | VENTURA | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| PHOENIX LAKE-CEDAR RIDGE, CA (MICRO) | TUOLUMNE | \$411,704 | \$478,684 | \$581,579 | \$671,053 |
| RED BLUFF, CA (MICRO) | TEHAMA | \$293,750 | \$337,168 | \$407,558 | \$506,495 |
| REDDING, CA (MSA) | SHASTA | \$363,750 | \$409,697 | \$497,763 | \$574,342 |
| RIVERSIDE-SAN BERNARDINO-ONTARIO, CA | RIVERSIDE | \$477,355 | \$545,225 | \$662,424 | \$764,334 |
| RIVERSIDE-SAN BERNARDINO-ONTARIO, CA | SAN BERNARDINO | \$477,355 | \$545,225 | \$662,424 | \$764,334 |
| SACRAMENTO-ARDEN-ARCADE-ROSEVILLE, CA | EL DORADO | \$477,355 | \$587,092 | \$713,289 | \$823,026 |
| SACRAMENTO-ARDEN-ARCADE-ROSEVILLE, CA | PLACER | \$477,355 | \$587,092 | \$713,289 | \$823,026 |
| SACRAMENTO-ARDEN-ARCADE-ROSEVILLE, CA | SACRAMENTO | \$477,355 | \$587,092 | \$713,289 | \$823,026 |
| SACRAMENTO-ARDEN-ARCADE-ROSEVILLE, CA | YOLO | \$477,355 | \$587,092 | \$713,289 | \$823,026 |
| SALINAS, CA (MSA) | MONTEREY | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| SAN DIEGO-CARLSBAD-SAN MARCOS, CA (MSA) | SAN DIEGO | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| SAN FRANCISCO-SAN MATEO-REDWOOD CITY, CA | MARIN | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| SAN FRANCISCO-SAN MATEO-REDWOOD CITY, CA | SAN FRANCISCO | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| SAN FRANCISCO-SAN MATEO-REDWOOD CITY, CA | SAN MATEO | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| SAN JOSE-SUNNYVALE-SANTA CLARA, CA (MSA) | SAN BENITO | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| SAN JOSE-SUNNYVALE-SANTA CLARA, CA (MSA) | SANTA CLARA | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| SAN LUIS OBISPO-PASO ROBLES, CA (MSA) | SAN LUIS OBISPO | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| SANTA ANA-ANAHEIM-IRVINE, CA METROPOLITAN | ORANGE | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| SANTA BARBARA-SANTA MARIA-GOLETA, CA | SANTA BARBARA | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| SANTA CRUZ-WATSONVILLE, CA (MSA) | SANTA CRUZ | \$477,355 | \$611,117 | \$738,699 | \$918,021 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|--|-----------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| SANTA ROSA-PETALUMA, CA (MSA) | SONOMA | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| STOCKTON, CA (MSA) | SAN JOAQUIN | \$477,355 | \$549,079 | \$667,105 | \$769,737 |
| TRUCKEE-GRASS VALLEY, CA (MICRO) | NEVADA | \$411,704 | \$527,037 | \$637,046 | \$789,474 |
| UKIAH, CA (MICRO) | MENDOCINO | \$411,704 | \$487,105 | \$591,842 | \$682,895 |
| VALLEJO-FAIRFIELD, CA (MSA) | SOLANO | \$477,355 | \$611,117 | \$738,699 | \$907,895 |
| VISALIA-PORTERVILLE, CA (MSA) | TULARE | \$285,592 | \$337,168 | \$407,558 | \$506,495 |
| YUBA CITY, CA (MSA) | SUTTER | \$396,250 | \$446,250 | \$542,237 | \$625,658 |
| YUBA CITY, CA (MSA) | YUBA | \$396,250 | \$446,250 | \$542,237 | \$625,658 |
| <i>COLORADO</i> | | | | | |
| BOULDER, CO (MSA) | BOULDER | \$446,842 | \$503,284 | \$611,467 | \$705,539 |
| COLORADO SPRINGS, CO (MSA) | EL PASO | \$312,500 | \$351,974 | \$427,632 | \$506,495 |
| COLORADO SPRINGS, CO (MSA) | TELLER | \$312,500 | \$351,974 | \$427,632 | \$506,495 |
| DENVER-AURORA, CO (MSA) | ADAMS | \$344,222 | \$440,609 | \$532,532 | \$631,579 |
| DENVER-AURORA, CO (MSA) | ARAPAHOE | \$344,222 | \$440,609 | \$532,532 | \$631,579 |
| DENVER-AURORA, CO (MSA) | BROOMFIELD | \$344,222 | \$440,609 | \$532,532 | \$631,579 |
| DENVER-AURORA, CO (MSA) | CLEAR CREEK | \$344,222 | \$440,609 | \$532,532 | \$631,579 |
| DENVER-AURORA, CO (MSA) | DENVER | \$344,222 | \$440,609 | \$532,532 | \$631,579 |
| DENVER-AURORA, CO (MSA) | DOUGLAS | \$344,222 | \$440,609 | \$532,532 | \$631,579 |
| DENVER-AURORA, CO (MSA) | ELBERT | \$344,222 | \$440,609 | \$532,532 | \$631,579 |
| DENVER-AURORA, CO (MSA) | GILPIN | \$344,222 | \$440,609 | \$532,532 | \$631,579 |
| DENVER-AURORA, CO (MSA) | JEFFERSON | \$344,222 | \$440,609 | \$532,532 | \$631,579 |
| DENVER-AURORA, CO (MSA) | PARK | \$344,222 | \$440,609 | \$532,532 | \$631,579 |
| DURANGO, CO (MICRO) | LA PLATA | \$303,750 | \$342,118 | \$415,658 | \$506,495 |
| EDWARDS, CO (MICRO) | EAGLE | \$411,704 | \$513,882 | \$624,342 | \$720,395 |
| EDWARDS, CO (MICRO) | LAKE | \$411,704 | \$513,882 | \$624,342 | \$720,395 |
| FORT COLLINS-LOVELAND, CO (MSA) | LARIMER | \$292,125 | \$337,168 | \$407,558 | \$506,495 |
| GREELEY, CO (MSA) | WELD | \$312,375 | \$351,833 | \$427,461 | \$506,495 |
| NON-METRO | ARCHULETA | \$263,487 | \$337,168 | \$407,558 | \$506,495 |
| NON-METRO | GARFIELD | \$292,293 | \$337,168 | \$407,558 | \$506,495 |
| NON-METRO | GRAND | \$293,750 | \$337,168 | \$407,558 | \$506,495 |
| NON-METRO | PITKIN | \$381,999 | \$488,975 | \$591,028 | \$734,521 |
| NON-METRO | ROUTT | \$398,026 | \$448,301 | \$544,666 | \$628,461 |
| NON-METRO | SAN MIGUEL | \$344,222 | \$401,250 | \$487,500 | \$562,500 |
| SILVERTHORNE, CO (MICRO) | SUMMIT | \$380,000 | \$428,000 | \$520,000 | \$600,000 |
| <i>CONNECTICUT</i> | | | | | |
| BRIDGEPORT-STAMFORD-NORWALK, CT (MSA) | FAIRFIELD | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| HARTFORD-WEST HARTFORD-EAST HARTFORD, CT | HARTFORD | \$335,000 | \$377,316 | \$458,421 | \$528,947 |
| HARTFORD-WEST HARTFORD-EAST HARTFORD, CT | MIDDLESEX | \$335,000 | \$377,316 | \$458,421 | \$528,947 |
| HARTFORD-WEST HARTFORD-EAST HARTFORD, CT | TOLLAND | \$335,000 | \$377,316 | \$458,421 | \$528,947 |
| NEW HAVEN-MILFORD, CT (MSA) | NEW HAVEN | \$385,625 | \$435,039 | \$528,553 | \$609,868 |
| NORWICH-NEW LONDON, CT (MSA) | NEW LONDON | \$368,625 | \$415,188 | \$504,434 | \$582,039 |
| TORRINGTON, CT (MICRO) | LITCHFIELD | \$375,000 | \$422,368 | \$513,158 | \$592,105 |
| <i>DISTRICT OF COLUMBIA</i> | | | | | |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | DISTRICT OF COL | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| <i>DELAWARE</i> | | | | | |
| DOVER, DE (MSA) | KENT | \$294,457 | \$337,168 | \$407,558 | \$506,495 |
| SEAFORD, DE (MICRO) | SUSSEX | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| WILMINGTON, DE-MD-NJ METROPOLITAN | NEW CASTLE | \$356,250 | \$401,250 | \$487,500 | \$562,500 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|--|--------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| <i>FLORIDA</i> | | | | | |
| CAPE CORAL-FORT MYERS, FL (MSA) | LEE | \$346,974 | \$390,801 | \$474,805 | \$547,853 |
| FORT LAUDERDALE-POMPANO BEACH-DEERFIELD | BROWARD | \$477,355 | \$544,336 | \$661,343 | \$763,088 |
| FORT WALTON BEACH-CRESTVIEW-DESTIN, FL | OKALOOSA | \$287,375 | \$337,168 | \$407,558 | \$506,495 |
| JACKSONVILLE, FL (MSA) | BAKER | \$275,000 | \$337,168 | \$407,558 | \$506,495 |
| JACKSONVILLE, FL (MSA) | CLAY | \$275,000 | \$337,168 | \$407,558 | \$506,495 |
| JACKSONVILLE, FL (MSA) | DUVAL | \$275,000 | \$337,168 | \$407,558 | \$506,495 |
| JACKSONVILLE, FL (MSA) | NASSAU | \$275,000 | \$337,168 | \$407,558 | \$506,495 |
| JACKSONVILLE, FL (MSA) | ST. JOHNS | \$275,000 | \$337,168 | \$407,558 | \$506,495 |
| KEY WEST-MARATHON, FL (MICRO) | MONROE | \$411,704 | \$527,037 | \$637,046 | \$791,700 |
| MIAMI-MIAMI BEACH-KENDALL, FL METROPOLITAN | DADE | \$477,355 | \$544,336 | \$661,343 | \$763,088 |
| NAPLES-MARCO ISLAND, FL (MSA) | COLLIER | \$460,957 | \$519,182 | \$630,782 | \$727,825 |
| NON-METRO | WALTON | \$411,704 | \$527,037 | \$637,046 | \$791,700 |
| ORLANDO, FL (MSA) | LAKE | \$326,579 | \$367,830 | \$446,897 | \$515,650 |
| ORLANDO, FL (MSA) | ORANGE | \$326,579 | \$367,830 | \$446,897 | \$515,650 |
| ORLANDO, FL (MSA) | OSCEOLA | \$326,579 | \$367,830 | \$446,897 | \$515,650 |
| ORLANDO, FL (MSA) | SEMINOLE | \$326,579 | \$367,830 | \$446,897 | \$515,650 |
| PALM BAY-MELBOURNE-TITUSVILLE, FL (MSA) | BREVARD | \$273,370 | \$337,168 | \$407,558 | \$506,495 |
| PALM COAST, FL (MICRO) | FLAGLER | \$268,750 | \$337,168 | \$407,558 | \$506,495 |
| PANAMA CITY-LYNN HAVEN, FL (MSA) | BAY | \$296,125 | \$337,168 | \$407,558 | \$506,495 |
| PORT ST. LUCIE-FORT PIERCE, FL (MSA) | MARTIN | \$311,842 | \$351,250 | \$426,776 | \$506,495 |
| PORT ST. LUCIE-FORT PIERCE, FL (MSA) | ST. LUCIE | \$311,842 | \$351,250 | \$426,776 | \$506,495 |
| PUNTA GORDA, FL (MSA) | CHARLOTTE | \$295,012 | \$337,168 | \$407,558 | \$506,495 |
| SARASOTA-BRADENTON-VENICE, FL (MSA) | MANATEE | \$442,237 | \$498,097 | \$605,166 | \$698,268 |
| SARASOTA-BRADENTON-VENICE, FL (MSA) | SARASOTA | \$442,237 | \$498,097 | \$605,166 | \$698,268 |
| SEBASTIAN-VERO BEACH, FL (MSA) | INDIAN RIVER | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| TAMPA-ST. PETERSBURG-CLEARWATER, FL | HERNANDO | \$266,842 | \$337,168 | \$407,558 | \$506,495 |
| TAMPA-ST. PETERSBURG-CLEARWATER, FL | HILLSBOROUGH | \$266,842 | \$337,168 | \$407,558 | \$506,495 |
| TAMPA-ST. PETERSBURG-CLEARWATER, FL | PASCO | \$266,842 | \$337,168 | \$407,558 | \$506,495 |
| TAMPA-ST. PETERSBURG-CLEARWATER, FL | PINELLAS | \$266,842 | \$337,168 | \$407,558 | \$506,495 |
| WEST PALM BEACH-BOCA RATON-BOYNTON BEACH, FL | PALM BEACH | \$477,355 | \$544,336 | \$661,343 | \$763,088 |
| <i>GEORGIA</i> | | | | | |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | BARROW | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | BARTOW | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | BUTTS | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | CARROLL | \$299,875 | \$337,754 | \$410,355 | \$506,495 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|--|-------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | CHEROKEE | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | CLAYTON | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | COBB | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | COWETA | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | DAWSON | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | DE KALB | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | DOUGLAS | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | FAYETTE | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | FORSYTH | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | FULTON | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | GWINNETT | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | HARALSON | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | HEARD | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | HENRY | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | JASPER | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | LAMAR | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | MERIWETHER | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | NEWTON | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | PAULDING | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | PICKENS | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | PIKE | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | ROCKDALE | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | SPALDING | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| ATLANTA-SANDY SPRINGS-MARIETTA, GA (MSA) | WALTON | \$299,875 | \$337,754 | \$410,355 | \$506,495 |
| BRUNSWICK, GA (MSA) | BRANTLEY | \$275,258 | \$337,168 | \$407,558 | \$506,495 |
| BRUNSWICK, GA (MSA) | GLYNN | \$275,258 | \$337,168 | \$407,558 | \$506,495 |
| BRUNSWICK, GA (MSA) | MCINTOSH | \$275,258 | \$337,168 | \$407,558 | \$506,495 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|--|-------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| <i>HAWAII</i> | | | | | |
| HILO, HI (MICRO) | HAWAII | \$515,592 | \$580,724 | \$705,592 | \$814,145 |
| HONOLULU, HI (MSA) | HONOLULU | \$716,033 | \$865,929 | \$1,052,063 | \$1,213,918 |
| KAHULUI-WAILUKU, HI (MICRO) | MAUI | \$617,555 | \$757,434 | \$920,263 | \$1,061,842 |
| KAPAA, HI (MICRO) | KAUAI | \$617,555 | \$718,026 | \$872,368 | \$1,006,579 |
| <i>IDAHO</i> | | | | | |
| JACKSON, WY-ID (MICRO) | TETON | \$411,704 | \$527,037 | \$637,046 | \$791,700 |
| NON-METRO | BLAINE | \$411,704 | \$527,037 | \$637,046 | \$750,000 |
| <i>ILLINOIS</i> | | | | | |
| CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN | COOK | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN | DEKALB | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN | DUPAGE | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN | GRUNDY | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN | KANE | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN | KENDALL | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN | MCHENRY | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| CHICAGO-NAPERVILLE-JOLIET, IL METROPOLITAN | WILL | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| LAKE COUNTY-KENOSHA COUNTY, IL-WI METROPOLITAN | LAKE | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| ST. LOUIS, MO-IL (MSA) | BOND | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | CALHOUN | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | CLINTON | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | JERSEY | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | MACOUPIN | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | MADISON | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | MONROE | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | ST. CLAIR | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| <i>INDIANA</i> | | | | | |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | DEARBORN | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | FRANKLIN | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | OHIO | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| GARY, IN METROPOLITAN DIVISION | JASPER | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| GARY, IN METROPOLITAN DIVISION | LAKE | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| GARY, IN METROPOLITAN DIVISION | NEWTON | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| GARY, IN METROPOLITAN DIVISION | PORTER | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| <i>KANSAS</i> | | | | | |
| KANSAS CITY, MO-KS (MSA) | FRANKLIN | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | JOHNSON | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | LEAVENWORTH | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | LINN | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | MIAMI | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | WYANDOTTE | \$265,313 | \$337,168 | \$407,558 | \$506,495 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|--|-----------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| <i>KENTUCKY</i> | | | | | |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | BOONE | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | BRACKEN | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | CAMPBELL | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | GALLATIN | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | GRANT | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | KENTON | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | PENDLETON | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| <i>MAINE</i> | | | | | |
| PORTLAND-SOUTH PORTLAND-BIDDEFORD, ME | CUMBERLAND | \$336,875 | \$379,428 | \$460,987 | \$531,908 |
| PORTLAND-SOUTH PORTLAND-BIDDEFORD, ME | SAGadahoc | \$336,875 | \$379,428 | \$460,987 | \$531,908 |
| PORTLAND-SOUTH PORTLAND-BIDDEFORD, ME | YORK | \$336,875 | \$379,428 | \$460,987 | \$531,908 |
| <i>MARYLAND</i> | | | | | |
| BALTIMORE-TOWSON, MD (MSA) | ANNE ARUNDEL | \$406,250 | \$457,566 | \$555,921 | \$641,447 |
| BALTIMORE-TOWSON, MD (MSA) | BALTIMORE | \$406,250 | \$457,566 | \$555,921 | \$641,447 |
| BALTIMORE-TOWSON, MD (MSA) | BALTIMORE CITY | \$406,250 | \$457,566 | \$555,921 | \$641,447 |
| BALTIMORE-TOWSON, MD (MSA) | CARROLL | \$406,250 | \$457,566 | \$555,921 | \$641,447 |
| BALTIMORE-TOWSON, MD (MSA) | HARFORD | \$406,250 | \$457,566 | \$555,921 | \$641,447 |
| BALTIMORE-TOWSON, MD (MSA) | HOWARD | \$406,250 | \$457,566 | \$555,921 | \$641,447 |
| BALTIMORE-TOWSON, MD (MSA) | QUEEN ANNE'S | \$406,250 | \$457,566 | \$555,921 | \$641,447 |
| BETHESDA-FREDERICK-GAITHERSBURG, MD | FREDERICK | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| BETHESDA-FREDERICK-GAITHERSBURG, MD | MONTGOMERY | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| HAGERSTOWN-MARTINSBURG, MD-WV (MSA) | WASHINGTON | \$355,000 | \$399,842 | \$485,789 | \$560,526 |
| LEXINGTON PARK, MD (MICRO) | ST. MARY'S | \$327,500 | \$368,868 | \$448,158 | \$517,105 |
| SALISBURY, MD (MSA) | SOMERSET | \$296,250 | \$337,168 | \$407,558 | \$506,495 |
| SALISBURY, MD (MSA) | WICOMICO | \$296,250 | \$337,168 | \$407,558 | \$506,495 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | CALVERT | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | CHARLES | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | PRINCE GEORGE'S | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION | CECIL | \$356,250 | \$401,250 | \$487,500 | \$562,500 |
| <i>MASSACHUSETTS</i> | | | | | |
| BARNSTABLE TOWN, MA (MSA) | BARNSTABLE | \$477,355 | \$577,237 | \$701,316 | \$809,211 |
| BOSTON-QUINCY, MA METROPOLITAN DIVISION | NORFOLK | \$477,355 | \$606,728 | \$737,146 | \$850,554 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|---|-------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| BOSTON-QUINCY, MA METROPOLITAN DIVISION | PLYMOUTH | \$477,355 | \$606,728 | \$737,146 | \$850,554 |
| BOSTON-QUINCY, MA METROPOLITAN DIVISION | SUFFOLK | \$477,355 | \$606,728 | \$737,146 | \$850,554 |
| CAMBRIDGE-NEWTON-FRAMINGHAM, MA METROPOLITAN DIVISION | MIDDLESEX | \$477,355 | \$606,728 | \$737,146 | \$850,554 |
| ESSEX COUNTY, MA METROPOLITAN DIVISION | ESSEX | \$477,355 | \$606,728 | \$737,146 | \$850,554 |
| NON-METRO | DUKES | \$344,222 | \$440,609 | \$532,532 | \$661,829 |
| NON-METRO | NANTUCKET | \$344,222 | \$440,609 | \$532,532 | \$661,829 |
| PROVIDENCE-NEW BEDFORD-FALL RIVER, RI | BRISTOL | \$416,250 | \$472,891 | \$571,567 | \$710,309 |
| SPRINGFIELD, MA (MSA) | FRANKLIN | \$271,974 | \$337,168 | \$407,558 | \$506,495 |
| SPRINGFIELD, MA (MSA) | HAMPDEN | \$271,974 | \$337,168 | \$407,558 | \$506,495 |
| SPRINGFIELD, MA (MSA) | HAMPSHIRE | \$271,974 | \$337,168 | \$407,558 | \$506,495 |
| WORCESTER, MA (MSA) | WORCESTER | \$385,000 | \$488,975 | \$591,028 | \$734,521 |
| <i>MICHIGAN</i> | | | | | |
| ADRIAN, MI (MICRO) | LENAWEE | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| ANN ARBOR, MI (MSA) | WASHTENAW | \$344,875 | \$388,438 | \$471,934 | \$544,539 |
| DETROIT-LIVONIA-DEARBORN, MI METROPOLITAN | WAYNE | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| MONROE, MI (MSA) | MONROE | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| WARREN-TROY-FARMINGTON HILLS, MI METROPOLITAN | LAPEER | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| WARREN-TROY-FARMINGTON HILLS, MI METROPOLITAN | LIVINGSTON | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| WARREN-TROY-FARMINGTON HILLS, MI METROPOLITAN | MACOMB | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| WARREN-TROY-FARMINGTON HILLS, MI METROPOLITAN | OAKLAND | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| WARREN-TROY-FARMINGTON HILLS, MI METROPOLITAN | ST. CLAIR | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| <i>MINNESOTA</i> | | | | | |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | ANOKA | \$321,875 | \$362,533 | \$440,461 | \$508,224 |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | CARVER | \$321,875 | \$362,533 | \$440,461 | \$508,224 |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | CHISAGO | \$321,875 | \$362,533 | \$440,461 | \$508,224 |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | DAKOTA | \$321,875 | \$362,533 | \$440,461 | \$508,224 |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | HENNEPIN | \$321,875 | \$362,533 | \$440,461 | \$508,224 |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | ISANTI | \$321,875 | \$362,533 | \$440,461 | \$508,224 |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | RAMSEY | \$321,875 | \$362,533 | \$440,461 | \$508,224 |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | SCOTT | \$321,875 | \$362,533 | \$440,461 | \$508,224 |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | SHERBURNE | \$321,875 | \$362,533 | \$440,461 | \$508,224 |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | WASHINGTON | \$321,875 | \$362,533 | \$440,461 | \$508,224 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|---|----------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | WRIGHT | \$321,875 | \$362,533 | \$440,461 | \$508,224 |
| <i>MISSOURI</i> | | | | | |
| KANSAS CITY, MO-KS (MSA) | BATES | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | CALDWELL | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | CASS | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | CLAY | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | CLINTON | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | JACKSON | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | LAFAYETTE | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | PLATTE | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| KANSAS CITY, MO-KS (MSA) | RAY | \$265,313 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | CRAWFORD | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | FRANKLIN | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | JEFFERSON | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | LINCOLN | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | ST. CHARLES | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | ST. LOUIS | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | ST. LOUIS CITY | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | WARREN | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| ST. LOUIS, MO-IL (MSA) | WASHINGTON | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| <i>MONTANA</i> | | | | | |
| MISSOULA, MT (MSA) | MISSOULA | \$290,625 | \$337,168 | \$407,558 | \$506,495 |
| <i>NEVADA</i> | | | | | |
| CARSON CITY, NV (MSA) | CARSON CITY | \$398,750 | \$449,118 | \$545,658 | \$629,605 |
| FERNLEY, NV (MICRO) | LYON | \$318,618 | \$358,816 | \$435,987 | \$506,495 |
| GARDNERVILLE RANCHOS, NV (MICRO) | DOUGLAS | \$411,704 | \$527,037 | \$637,046 | \$748,026 |
| LAS VEGAS-PARADISE, NV (MSA) | CLARK | \$391,316 | \$440,745 | \$535,484 | \$617,866 |
| PAHRUMP, NV (MICRO) | NYE | \$321,842 | \$362,500 | \$440,461 | \$508,224 |
| RENO-SPARKS, NV (MSA) | STOREY | \$437,500 | \$492,763 | \$598,684 | \$690,789 |
| RENO-SPARKS, NV (MSA) | WASHOE | \$437,500 | \$492,763 | \$598,684 | \$690,789 |
| <i>NEW HAMPSHIRE</i> | | | | | |
| MANCHESTER-NASHUA, NH (MSA) | HILLSBOROUGH | \$401,875 | \$488,975 | \$591,028 | \$734,521 |
| ROCKINGHAM COUNTY-STRAFFORD COUNTY, NH | ROCKINGHAM | \$477,355 | \$606,728 | \$737,146 | \$850,554 |
| ROCKINGHAM COUNTY-STRAFFORD COUNTY, NH | STRAFFORD | \$477,355 | \$606,728 | \$737,146 | \$850,554 |
| <i>NEW JERSEY</i> | | | | | |
| ALLENTOWN-BETHLEHEM-EASTON, PA-NJ (MSA) | WARREN | \$369,407 | \$459,255 | \$557,974 | \$643,816 |
| ATLANTIC CITY, NJ (MSA) | ATLANTIC | \$425,000 | \$478,684 | \$581,579 | \$671,053 |
| CAMDEN, NJ METROPOLITAN DIVISION | BURLINGTON | \$356,250 | \$401,250 | \$487,500 | \$562,500 |
| CAMDEN, NJ METROPOLITAN DIVISION | CAMDEN | \$356,250 | \$401,250 | \$487,500 | \$562,500 |
| CAMDEN, NJ METROPOLITAN DIVISION | GLOUCESTER | \$356,250 | \$401,250 | \$487,500 | \$562,500 |
| EDISON, NJ METROPOLITAN DIVISION | MIDDLESEX | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| EDISON, NJ METROPOLITAN DIVISION | MONMOUTH | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| EDISON, NJ METROPOLITAN DIVISION | OCEAN | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| EDISON, NJ METROPOLITAN DIVISION | SOMERSET | \$477,355 | \$611,117 | \$738,699 | \$918,021 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|---|-------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| NEW YORK-WAYNE-WHITE PLAINS, NY-NJ METROPOLITAN | BERGEN | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEW YORK-WAYNE-WHITE PLAINS, NY-NJ METROPOLITAN | HUDSON | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEW YORK-WAYNE-WHITE PLAINS, NY-NJ METROPOLITAN | PASSAIC | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEWARK-UNION, NJ-PA METROPOLITAN DIVISION | ESSEX | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEWARK-UNION, NJ-PA METROPOLITAN DIVISION | HUNTERDON | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEWARK-UNION, NJ-PA METROPOLITAN DIVISION | MORRIS | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEWARK-UNION, NJ-PA METROPOLITAN DIVISION | SUSSEX | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEWARK-UNION, NJ-PA METROPOLITAN DIVISION | UNION | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| OCEAN CITY, NJ (MSA) | CAPE MAY | \$477,355 | \$558,934 | \$679,079 | \$783,553 |
| TRENTON-EWING, NJ (MSA) | MERCER | \$439,550 | \$495,071 | \$601,489 | \$694,026 |
| VINELAND-MILLVILLE-BRIDGETON, NJ (MSA) | CUMBERLAND | \$405,000 | \$456,158 | \$554,211 | \$639,474 |
| WILMINGTON, DE-MD-NJ METROPOLITAN DIVISION | SALEM | \$356,250 | \$401,250 | \$487,500 | \$562,500 |
| <i>NEW MEXICO</i> | | | | | |
| LOS ALAMOS, NM (MICRO) | LOS ALAMOS | \$318,750 | \$359,013 | \$436,184 | \$506,495 |
| SANTA FE, NM (MSA) | SANTA FE | \$381,999 | \$449,471 | \$546,086 | \$630,099 |
| <i>NEW YORK</i> | | | | | |
| BUFFALO-NIAGARA FALLS, NY (MSA) | ERIE | \$275,075 | \$337,168 | \$407,558 | \$506,495 |
| BUFFALO-NIAGARA FALLS, NY (MSA) | NIAGARA | \$275,075 | \$337,168 | \$407,558 | \$506,495 |
| KINGSTON, NY (MSA) | ULSTER | \$324,079 | \$365,014 | \$443,476 | \$511,703 |
| NASSAU-SUFFOLK, NY METROPOLITAN DIVISION | NASSAU | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NASSAU-SUFFOLK, NY METROPOLITAN DIVISION | SUFFOLK | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEW YORK-WAYNE-WHITE PLAINS, NY-NJ METROPOLITAN | BRONX | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEW YORK-WAYNE-WHITE PLAINS, NY-NJ METROPOLITAN | KINGS | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEW YORK-WAYNE-WHITE PLAINS, NY-NJ METROPOLITAN | NEW YORK | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEW YORK-WAYNE-WHITE PLAINS, NY-NJ METROPOLITAN | PUTNAM | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEW YORK-WAYNE-WHITE PLAINS, NY-NJ METROPOLITAN | QUEENS | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEW YORK-WAYNE-WHITE PLAINS, NY-NJ METROPOLITAN | RICHMOND | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEW YORK-WAYNE-WHITE PLAINS, NY-NJ METROPOLITAN | ROCKLAND | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| NEW YORK-WAYNE-WHITE PLAINS, NY-NJ METROPOLITAN | WESTCHESTER | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| POUGHKEEPSIE-NEWBURGH-MIDDLETOWN, NY | DUTCHESS | \$406,250 | \$457,566 | \$555,921 | \$641,447 |
| POUGHKEEPSIE-NEWBURGH-MIDDLETOWN, NY | ORANGE | \$406,250 | \$457,566 | \$555,921 | \$641,447 |
| ROCHESTER, NY (MSA) | LIVINGSTON | \$265,000 | \$337,168 | \$407,558 | \$506,495 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|---|-------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| ROCHESTER, NY (MSA) | MONROE | \$265,000 | \$337,168 | \$407,558 | \$506,495 |
| ROCHESTER, NY (MSA) | ONTARIO | \$265,000 | \$337,168 | \$407,558 | \$506,495 |
| ROCHESTER, NY (MSA) | ORLEANS | \$265,000 | \$337,168 | \$407,558 | \$506,495 |
| ROCHESTER, NY (MSA) | WAYNE | \$265,000 | \$337,168 | \$407,558 | \$506,495 |
| SYRACUSE, NY (MSA) | MADISON | \$267,500 | \$337,168 | \$407,558 | \$506,495 |
| SYRACUSE, NY (MSA) | ONONDAGA | \$267,500 | \$337,168 | \$407,558 | \$506,495 |
| SYRACUSE, NY (MSA) | OSWEGO | \$267,500 | \$337,168 | \$407,558 | \$506,495 |
| <i>NORTH CAROLINA</i> | | | | | |
| JACKSONVILLE, NC (MSA) | ONSLOW | \$306,250 | \$344,934 | \$419,079 | \$506,495 |
| VIRGINIA BEACH-NORFOLK- NEWPORT NEWS, VA | CURRITUCK | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| WILMINGTON, NC (MSA) | BRUNSWICK | \$274,934 | \$337,168 | \$407,558 | \$506,495 |
| WILMINGTON, NC (MSA) | NEW HANOVER | \$274,934 | \$337,168 | \$407,558 | \$506,495 |
| WILMINGTON, NC (MSA) | PENDER | \$274,934 | \$337,168 | \$407,558 | \$506,495 |
| <i>OHIO</i> | | | | | |
| AKRON, OH (MSA) | PORTAGE | \$318,750 | \$359,013 | \$436,184 | \$506,495 |
| AKRON, OH (MSA) | SUMMIT | \$318,750 | \$359,013 | \$436,184 | \$506,495 |
| ASHTABULA, OH (MICRO) | ASHTABULA | \$290,797 | \$337,168 | \$407,558 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | BROWN | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | BUTLER | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | CLERMONT | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | HAMILTON | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CINCINNATI-MIDDLETOWN, OH-KY-IN (MSA) | WARREN | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| CLEVELAND-ELYRIA-MENTOR, OH (MSA) | CUYAHOGA | \$290,797 | \$337,168 | \$407,558 | \$506,495 |
| CLEVELAND-ELYRIA-MENTOR, OH (MSA) | GEAUGA | \$290,797 | \$337,168 | \$407,558 | \$506,495 |
| CLEVELAND-ELYRIA-MENTOR, OH (MSA) | LAKE | \$290,797 | \$337,168 | \$407,558 | \$506,495 |
| CLEVELAND-ELYRIA-MENTOR, OH (MSA) | LORAIN | \$290,797 | \$337,168 | \$407,558 | \$506,495 |
| CLEVELAND-ELYRIA-MENTOR, OH (MSA) | MEDINA | \$290,797 | \$337,168 | \$407,558 | \$506,495 |
| COLUMBUS, OH (MSA) | DELAWARE | \$307,500 | \$346,342 | \$420,789 | \$506,495 |
| COLUMBUS, OH (MSA) | FAIRFIELD | \$307,500 | \$346,342 | \$420,789 | \$506,495 |
| COLUMBUS, OH (MSA) | FRANKLIN | \$307,500 | \$346,342 | \$420,789 | \$506,495 |
| COLUMBUS, OH (MSA) | LICKING | \$307,500 | \$346,342 | \$420,789 | \$506,495 |
| COLUMBUS, OH (MSA) | MADISON | \$307,500 | \$346,342 | \$420,789 | \$506,495 |
| COLUMBUS, OH (MSA) | MORROW | \$307,500 | \$346,342 | \$420,789 | \$506,495 |
| COLUMBUS, OH (MSA) | PICKAWAY | \$307,500 | \$346,342 | \$420,789 | \$506,495 |
| COLUMBUS, OH (MSA) | UNION | \$307,500 | \$346,342 | \$420,789 | \$506,495 |
| DAYTON, OH (MSA) | GREENE | \$271,250 | \$337,168 | \$407,558 | \$506,495 |
| DAYTON, OH (MSA) | MIAMI | \$271,250 | \$337,168 | \$407,558 | \$506,495 |
| DAYTON, OH (MSA) | MONTGOMERY | \$271,250 | \$337,168 | \$407,558 | \$506,495 |
| DAYTON, OH (MSA) | PREBLE | \$271,250 | \$337,168 | \$407,558 | \$506,495 |
| <i>OREGON</i> | | | | | |
| ASTORIA, OR (MICRO) | CLATSOP | \$287,500 | \$337,168 | \$407,558 | \$506,495 |
| BEND, OR (MSA) | DESCHUTES | \$334,375 | \$376,612 | \$457,566 | \$527,961 |
| CORVALLIS, OR (MSA) | BENTON | \$307,500 | \$346,342 | \$420,789 | \$506,495 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|---|--------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| EUGENE-SPRINGFIELD, OR (MSA) | LANE | \$270,000 | \$337,168 | \$407,558 | \$506,495 |
| GRANTS PASS, OR (MICRO) | JOSEPHINE | \$306,250 | \$344,934 | \$419,079 | \$506,495 |
| MEDFORD, OR (MSA) | JACKSON | \$343,092 | \$386,447 | \$469,539 | \$541,776 |
| PORTLAND-VANCOUVER-BEAVERTON, OR-WA | CLACKAMAS | \$374,474 | \$421,776 | \$512,434 | \$591,316 |
| PORTLAND-VANCOUVER-BEAVERTON, OR-WA | COLUMBIA | \$374,474 | \$421,776 | \$512,434 | \$591,316 |
| PORTLAND-VANCOUVER-BEAVERTON, OR-WA | MULTNOMAH | \$374,474 | \$421,776 | \$512,434 | \$591,316 |
| PORTLAND-VANCOUVER-BEAVERTON, OR-WA | WASHINGTON | \$374,474 | \$421,776 | \$512,434 | \$591,316 |
| PORTLAND-VANCOUVER-BEAVERTON, OR-WA | YAMHILL | \$374,474 | \$421,776 | \$512,434 | \$591,316 |
| <i>PENNSYLVANIA</i> | | | | | |
| ALLENTOWN-BETHLEHEM-EASTON, PA-NJ (MSA) | CARBON | \$369,407 | \$459,255 | \$557,974 | \$643,816 |
| ALLENTOWN-BETHLEHEM-EASTON, PA-NJ (MSA) | LEHIGH | \$369,407 | \$459,255 | \$557,974 | \$643,816 |
| ALLENTOWN-BETHLEHEM-EASTON, PA-NJ (MSA) | NORTHAMPTON | \$369,407 | \$459,255 | \$557,974 | \$643,816 |
| NEWARK-UNION, NJ-PA METROPOLITAN DIVISION | PIKE | \$477,355 | \$611,117 | \$738,699 | \$918,021 |
| PHILADELPHIA, PA METROPOLITAN DIVISION | BUCKS | \$356,250 | \$401,250 | \$487,500 | \$562,500 |
| PHILADELPHIA, PA METROPOLITAN DIVISION | CHESTER | \$356,250 | \$401,250 | \$487,500 | \$562,500 |
| PHILADELPHIA, PA METROPOLITAN DIVISION | DELAWARE | \$356,250 | \$401,250 | \$487,500 | \$562,500 |
| PHILADELPHIA, PA METROPOLITAN DIVISION | MONTGOMERY | \$356,250 | \$401,250 | \$487,500 | \$562,500 |
| PHILADELPHIA, PA METROPOLITAN DIVISION | PHILADELPHIA | \$356,250 | \$401,250 | \$487,500 | \$562,500 |
| PITTSBURGH, PA (MSA) | ALLEGHENY | \$320,000 | \$360,421 | \$437,895 | \$506,495 |
| PITTSBURGH, PA (MSA) | ARMSTRONG | \$320,000 | \$360,421 | \$437,895 | \$506,495 |
| PITTSBURGH, PA (MSA) | BEAVER | \$320,000 | \$360,421 | \$437,895 | \$506,495 |
| PITTSBURGH, PA (MSA) | BUTLER | \$320,000 | \$360,421 | \$437,895 | \$506,495 |
| PITTSBURGH, PA (MSA) | FAYETTE | \$320,000 | \$360,421 | \$437,895 | \$506,495 |
| PITTSBURGH, PA (MSA) | WASHINGTON | \$320,000 | \$360,421 | \$437,895 | \$506,495 |
| PITTSBURGH, PA (MSA) | WESTMORELAND | \$320,000 | \$360,421 | \$437,895 | \$506,495 |
| READING, PA (MSA) | BERKS | \$281,250 | \$337,168 | \$407,558 | \$506,495 |
| YORK-HANOVER, PA (MSA) | YORK | \$375,000 | \$422,368 | \$513,158 | \$592,105 |
| <i>PUERTO RICO</i> | | | | | |
| FAJARDO, PR (MSA) | CEIBA | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| FAJARDO, PR (MSA) | FAJARDO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| FAJARDO, PR (MSA) | LUQUILLO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | AGUAS BUENAS | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | AIBONITO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | ARECIBO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | BARCELONETA | \$325,000 | \$366,053 | \$444,737 | \$513,158 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|------------------------------------|--------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | BARRANQUITAS | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | BAYAMON | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | CAGUAS | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | CAMUY | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | CANOVANAS | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | CAROLINA | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | CATANO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | CAYEY | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | CIALES | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | CIDRA | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | COMERIO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | COROZAL | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | DORADO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | FLORIDA | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | GUAYNABO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | GURABO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | HATILLO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | HUMACAO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | JUNCOS | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | LAS PIEDRAS | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | LOIZA | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | MANATI | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | MAUNABO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | MOROVIS | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | NAGUABO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | NARANJITO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | OROCOVIS | \$325,000 | \$366,053 | \$444,737 | \$513,158 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|---------------------------------------|---------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | QUEBRADILLAS | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | RIO GRANDE | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | SAN JUAN | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | SAN LORENZO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | TOA ALTA | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | TOA BAJA | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | TRUJILLO ALTO | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | VEGA ALTA | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | VEGA BAJA | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| SAN JUAN-CAGUAS-GUAYNABO, PR (MSA) | YABUCOA | \$325,000 | \$366,053 | \$444,737 | \$513,158 |
| <i>RHODE ISLAND</i> | | | | | |
| PROVIDENCE-NEW BEDFORD-FALL RIVER, RI | BRISTOL | \$416,250 | \$472,891 | \$571,567 | \$710,309 |
| PROVIDENCE-NEW BEDFORD-FALL RIVER, RI | KENT | \$416,250 | \$472,891 | \$571,567 | \$710,309 |
| PROVIDENCE-NEW BEDFORD-FALL RIVER, RI | NEWPORT | \$416,250 | \$472,891 | \$571,567 | \$710,309 |
| PROVIDENCE-NEW BEDFORD-FALL RIVER, RI | PROVIDENCE | \$416,250 | \$472,891 | \$571,567 | \$710,309 |
| PROVIDENCE-NEW BEDFORD-FALL RIVER, RI | WASHINGTON | \$416,250 | \$472,891 | \$571,567 | \$710,309 |
| <i>SOUTH CAROLINA</i> | | | | | |
| CHARLESTON-NORTH CHARLESTON, SC (MSA) | BERKELEY | \$331,250 | \$373,092 | \$453,289 | \$523,026 |
| CHARLESTON-NORTH CHARLESTON, SC (MSA) | CHARLESTON | \$331,250 | \$373,092 | \$453,289 | \$523,026 |
| CHARLESTON-NORTH CHARLESTON, SC (MSA) | DORCHESTER | \$331,250 | \$373,092 | \$453,289 | \$523,026 |
| <i>TENNESSEE</i> | | | | | |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | CANNON | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | CHEATHAM | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | DAVIDSON | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | DICKSON | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | HICKMAN | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | MACON | \$297,500 | \$337,168 | \$407,558 | \$506,495 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|---------------------------------------|-----------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | ROBERTSON | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | RUTHERFORD | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | SMITH | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | SUMNER | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | TROUSDALE | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | WILLIAMSON | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| NASHVILLE-DAVIDSON—MURFREESBORO, TN | WILSON | \$297,500 | \$337,168 | \$407,558 | \$506,495 |
| <i>UTAH</i> | | | | | |
| NON-METRO | KANE | \$268,750 | \$337,168 | \$407,558 | \$506,495 |
| SALT LAKE CITY, UT (MSA) | SALT LAKE | \$306,250 | \$344,934 | \$419,079 | \$506,495 |
| SALT LAKE CITY, UT (MSA) | SUMMIT | \$306,250 | \$344,934 | \$419,079 | \$506,495 |
| SALT LAKE CITY, UT (MSA) | TOOELE | \$306,250 | \$344,934 | \$419,079 | \$506,495 |
| ST. GEORGE, UT (MSA) | WASHINGTON | \$300,000 | \$337,895 | \$410,526 | \$506,495 |
| <i>VERMONT</i> | | | | | |
| BURLINGTON-SOUTH BURLINGTON, VT (MSA) | CHITTENDEN | \$313,125 | \$352,678 | \$428,487 | \$506,495 |
| BURLINGTON-SOUTH BURLINGTON, VT (MSA) | FRANKLIN | \$313,125 | \$352,678 | \$428,487 | \$506,495 |
| BURLINGTON-SOUTH BURLINGTON, VT (MSA) | GRAND ISLE | \$313,125 | \$352,678 | \$428,487 | \$506,495 |
| <i>VIRGIN ISLANDS</i> | | | | | |
| NON-METRO | ST. CROIX | \$287,500 | \$337,168 | \$407,558 | \$506,495 |
| NON-METRO | ST. THOMAS | \$318,750 | \$359,013 | \$436,184 | \$506,495 |
| <i>VIRGINIA</i> | | | | | |
| CHARLOTTESVILLE, VA (MSA) | ALBEMARLE | \$343,750 | \$387,171 | \$470,395 | \$542,763 |
| CHARLOTTESVILLE, VA (MSA) | CHARLOTTESVILLE | \$343,750 | \$387,171 | \$470,395 | \$542,763 |
| CHARLOTTESVILLE, VA (MSA) | FLUVANNA | \$343,750 | \$387,171 | \$470,395 | \$542,763 |
| CHARLOTTESVILLE, VA (MSA) | GREENE | \$343,750 | \$387,171 | \$470,395 | \$542,763 |
| CHARLOTTESVILLE, VA (MSA) | NELSON | \$343,750 | \$387,171 | \$470,395 | \$542,763 |
| NON-METRO | CULPEPER | \$381,999 | \$448,442 | \$544,837 | \$628,658 |
| NON-METRO | KING GEORGE | \$381,999 | \$448,442 | \$544,837 | \$628,658 |
| RICHMOND, VA (MSA) | AMELIA | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | CAROLINE | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | CHARLES CITY | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | CHESTERFIELD | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | COLONIAL HEIGHT | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | CUMBERLAND | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | DINWIDDIE | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | GOOCHLAND | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | HANOVER | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | HENRICO | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | HOPEWELL | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | KING AND QUEEN | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | KING WILLIAM | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | LOUISA | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | NEW KENT | \$311,875 | \$351,270 | \$426,776 | \$506,495 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|---|----------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| RICHMOND, VA (MSA) | PETERSBURG | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | POWHATAN | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | PRINCE GEORGE | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | RICHMOND IND | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| RICHMOND, VA (MSA) | SUSSEX | \$311,875 | \$351,270 | \$426,776 | \$506,495 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | CHESAPEAKE | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | GLOUCESTER | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | HAMPTON | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | ISLE OF WIGHT | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | JAMES CITY | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | MATHEWS | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | NEWPORT NEWS | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | NORFOLK | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | POQUOSON | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | PORTSMOUTH | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | SUFFOLK | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | SURRY | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | VIRGINIA BEACH | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | WILLIAMSBURG | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA | YORK | \$375,122 | \$422,507 | \$513,325 | \$592,299 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | ALEXANDRIA | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | ARLINGTON | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | CLARKE | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | FAIRFAX | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | FAIRFAX IND | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | FALLS CHURCH | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | FAUQUIER | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | FREDERICKSBURG | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | LOUDOUN | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | MANASSAS | \$477,355 | \$611,117 | \$738,699 | \$888,158 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|---|----------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | MANASSAS PARK | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | PRINCE WILLIAM | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | SPOTSYLVANIA | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | STAFFORD | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | WARREN | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WINCHESTER, VA-WV (MSA) | FREDERICK | \$333,316 | \$375,418 | \$456,116 | \$526,287 |
| WINCHESTER, VA-WV (MSA) | WINCHESTER | \$333,316 | \$375,418 | \$456,116 | \$526,287 |
| <i>WASHINGTON</i> | | | | | |
| BELLINGHAM, WA (MSA) | WHATCOM | \$323,158 | \$364,013 | \$442,237 | \$510,263 |
| BREMERTON-SILVERDALE, WA (MSA) | KITSAP | \$343,750 | \$387,171 | \$470,395 | \$542,763 |
| MOUNT VERNON-ANACORTES, WA (MSA) | SKAGIT | \$320,000 | \$360,421 | \$437,895 | \$506,495 |
| NON-METRO | JEFFERSON | \$362,500 | \$408,289 | \$496,053 | \$572,368 |
| NON-METRO | SAN JUAN | \$411,704 | \$520,263 | \$632,105 | \$729,408 |
| OAK HARBOR, WA (MICRO) | ISLAND | \$366,842 | \$413,179 | \$502,039 | \$579,276 |
| OLYMPIA, WA (MSA) | THURSTON | \$283,750 | \$337,168 | \$407,558 | \$506,495 |
| PORTLAND-VANCOUVER-BEAVERTON, OR-WA | CLARK | \$374,474 | \$421,776 | \$512,434 | \$591,316 |
| PORTLAND-VANCOUVER-BEAVERTON, OR-WA | SKAMANIA | \$374,474 | \$421,776 | \$512,434 | \$591,316 |
| SEATTLE-BELLEVUE-EVERETT, WA METROPOLITAN | KING | \$411,704 | \$487,105 | \$591,776 | \$682,829 |
| SEATTLE-BELLEVUE-EVERETT, WA METROPOLITAN | SNOHOMISH | \$411,704 | \$487,105 | \$591,776 | \$682,829 |
| TACOMA, WA METROPOLITAN DIVISION | PIERCE | \$411,704 | \$487,105 | \$591,776 | \$682,829 |
| <i>WEST VIRGINIA</i> | | | | | |
| HAGERSTOWN-MARTINSBURG, MD-WV (MSA) | BERKELEY | \$355,000 | \$399,842 | \$485,789 | \$560,526 |
| HAGERSTOWN-MARTINSBURG, MD-WV (MSA) | MORGAN | \$355,000 | \$399,842 | \$485,789 | \$560,526 |
| WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA | JEFFERSON | \$477,355 | \$611,117 | \$738,699 | \$888,158 |
| WINCHESTER, VA-WV (MSA) | HAMPSHIRE | \$333,316 | \$375,418 | \$456,116 | \$526,287 |
| <i>WISCONSIN</i> | | | | | |
| LAKE COUNTY-KENOSHA COUNTY, IL-WI METRO | KENOSHA | \$362,105 | \$407,845 | \$495,512 | \$571,745 |
| MADISON, WI (MSA) | COLUMBIA | \$278,553 | \$337,168 | \$407,558 | \$506,495 |
| MADISON, WI (MSA) | DANE | \$278,553 | \$337,168 | \$407,558 | \$506,495 |
| MADISON, WI (MSA) | IOWA | \$278,553 | \$337,168 | \$407,558 | \$506,495 |
| MILWAUKEE-WAUKESHA-WEST ALLIS, WI (MSA) | MILWAUKEE | \$274,605 | \$337,168 | \$407,558 | \$506,495 |
| MILWAUKEE-WAUKESHA-WEST ALLIS, WI (MSA) | OZAUKEE | \$274,605 | \$337,168 | \$407,558 | \$506,495 |
| MILWAUKEE-WAUKESHA-WEST ALLIS, WI (MSA) | WASHINGTON | \$274,605 | \$337,168 | \$407,558 | \$506,495 |
| MILWAUKEE-WAUKESHA-WEST ALLIS, WI (MSA) | WAUKESHA | \$274,605 | \$337,168 | \$407,558 | \$506,495 |

| MSA NAME | COUNTY NAME | SAFE HARBOR AVERAGE PRICE | | | |
|---|-------------|---------------------------|----------------|----------------|----------------|
| | | 1 LIVING UNIT | 2 LIVING UNITS | 3 LIVING UNITS | 4 LIVING UNITS |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | PIERCE | \$321,875 | \$362,533 | \$440,461 | \$508,224 |
| MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI | ST. CROIX | \$321,875 | \$362,533 | \$440,461 | \$508,224 |
| <i>WYOMING</i> | | | | | |
| JACKSON, WY-ID (MICRO) | TETON | \$411,704 | \$527,037 | \$637,046 | \$791,700 |
| <i>ALL OTHER AREAS</i> | | \$263,368 | \$337,168 | \$407,558 | \$506,495 |

.02 The nationwide average purchase price (for use in the housing cost/income ratio for new and existing residences) is \$258,700.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2005-15 is obsolete except as provided in section 6 of this revenue procedure.

SECTION 6. 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 March 17, 2006, and ends on the date as of which the safe harbors contained in section 4.01 of this revenue procedure are rendered obsolete by a new revenue procedure.

.02 Notwithstanding section 5 of this revenue procedure, issuers may continue to rely on the average area purchase price safe harbors contained in Rev. Proc. 2005-15, with respect to bonds sold, or for mortgage credit certificates issued with respect to bond authority exchanged, before April 16, 2006, if the commitments to provide financing or issue mortgage credit certificates are made on or before May 16, 2006.

.03 Except as provided in section 6.04, 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 March 17, 2006, and ends on the date when the nationwide average purchase price limitation is rendered obsolete by a new revenue procedure.

.04 Notwithstanding sections 5 and 6.03 of this revenue procedure, issuers may continue to rely on the nationwide average purchase price set forth in Rev. Proc. 2005-15 with respect to bonds sold, or for mortgage credit certificates issued with respect to bond authority exchanged, before April 16, 2006, if the commitments to provide financing or issue mortgage credit certificates are made on or before May 16, 2006.

SECTION 7. 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 sec-

tion 3.03. 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 metropolitan 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 reporting and/or recordkeeping burden is: 15 hours.

The estimated annual burden per respondent and/or recordkeeper: 15 minutes.

The estimated number of respondents and/or 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 8. DRAFTING INFORMATION

The principal authors of this revenue procedure are David E. White 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 David E. White at (202) 622-3980 (not a toll-free call).

Part IV. Items of General Interest

Announcement of Disciplinary Actions Involving Attorneys, Certified Public Accountants, Enrolled Agents, and Enrolled Actuaries — Suspensions, Censures, Disbarments, and Resignations

Announcement 2006-23

Under Title 31, Code of Federal Regulations, Part 10, attorneys, certified public accountants, enrolled agents, and enrolled actuaries may not accept assistance from, or assist, any person who is under disbarment or suspension from practice before the Internal Revenue Service if the assistance relates to a matter constituting practice before the Internal Revenue Service and may not knowingly aid or abet another

person to practice before the Internal Revenue Service during a period of suspension, disbarment, or ineligibility of such other person.

To enable attorneys, certified public accountants, enrolled agents, and enrolled actuaries to identify persons to whom these restrictions apply, the Director, Office of Professional Responsibility, will announce in the Internal Revenue Bulletin

their names, their city and state, their professional designation, the effective date of disciplinary action, and the period of suspension. This announcement will appear in the weekly Bulletin at the earliest practicable date after such action and will continue to appear in the weekly Bulletins for five successive weeks.

Consent Suspensions From Practice Before the Internal Revenue Service

Under Title 31, Code of Federal Regulations, Part 10, an attorney, certified public accountant, enrolled agent, or enrolled actuary, in order to avoid the institution or conclusion of a proceeding for his or her disbarment or suspension from practice before the Internal Revenue Service,

may offer his or her consent to suspension from such practice. The Director, Office of Professional Responsibility, in his discretion, may suspend an attorney, certified public accountant, enrolled agent, or enrolled actuary in accordance with the consent offered.

The following individuals have been placed under consent suspension from practice before the Internal Revenue Service:

| Name | Address | Designation | Date of Suspension |
|----------------------|------------------------|----------------|-------------------------------------|
| Hoft, James D. | Nutley, NJ | CPA | Indefinite from August 10, 2005 |
| Salver, Isaac | Bay Harbor Islands, FL | CPA | September 19, 2005 to June 18, 2007 |
| Woods, Dalton C. | Carrollton, TX | Enrolled Agent | Indefinite from October 15, 2005 |
| Morrisette, Doris G. | Lowell, MA | Enrolled Agent | Indefinite from November 1, 2005 |
| Dale, Edward R. | Stockton, CA | CPA | Indefinite from November 1, 2005 |

| Name | Address | Designation | Date of Suspension |
|-----------------------|-------------------|------------------|---|
| Grossman, Israel G. | New York, NY | Attorney | November 15, 2005 to May 14, 2007 |
| Edmonds, Joseph M. | Charlotte, NC | Enrolled Actuary | November 16, 2005 to March 15, 2006 |
| Rubin, Stuart L. | Coral Springs, FL | CPA | Indefinite from December 7, 2005 |
| Sanger, Brett D. | Oklahoma City, OK | Attorney | Indefinite from January 1, 2006 |
| Berkowitz, Ira T. | Simi Valley, CA | CPA | Indefinite from January 9, 2006 |
| Caylor, John D. | Long Lake, MN | CPA | Indefinite from January 12, 2006 |
| Saldana, Oscar M. | Laredo, TX | CPA | Indefinite from January 15, 2006 |
| Bruck, Lawrence S. | Newton, PA | CPA | Indefinite from January 16, 2006 |
| Sneathen, Lowell D. | Orange, CA | CPA | Indefinite from January 18, 2006 |
| Roberson, George | Leesburg, VA | CPA | Indefinite from January 17, 2006 |
| Dugan, Lawrence E. | Alta, IA | Attorney | Indefinite from February 1, 2006 |
| Frascella, Russell | Pound Ridge, NY | CPA | Indefinite from February 1, 2006 |
| Smith, David B. | Kettering, OH | Enrolled Agent | Indefinite from February 13, 2006 |
| Whiteside, Thomas L. | Atlanta, GA | Attorney | Indefinite from February 13, 2006 |
| Bednarz, Jr., Michael | Framingham, MA | Attorney | Indefinite from February 13, 2006 |

| Name | Address | Designation | Date of Suspension |
|------------------------|--------------------|----------------|---|
| Alexander, Herald J.A. | Atlanta, GA | Attorney | Indefinite from February 20, 2006 |
| Bartels, Kyle | North Salem, NY | Enrolled Agent | Indefinite from February 21, 2006 |
| Baker, Jibade A. | Indianapolis, IN | CPA | March 13, 2006 to March 12, 2008 |
| Morris, R. Scott | Corpus Christi, TX | CPA | Indefinite from March 16, 2006 |
| Kenny, Stan M. | Wichita, KS | Attorney | Indefinite from May 1, 2006 |

Expedited Suspensions From Practice Before the Internal Revenue Service

Under Title 31, Code of Federal Regulations, Part 10, the Director, Office of Professional Responsibility, is authorized to immediately suspend from practice before the Internal Revenue Service any practitioner who, within five years from the date

the expedited proceeding is instituted (1) has had a license to practice as an attorney, certified public accountant, or actuary suspended or revoked for cause or (2) has been convicted of certain crimes.

The following individuals have been placed under suspension from practice before the Internal Revenue Service by virtue of the expedited proceeding provisions:

| Name | Address | Designation | Date of Suspension |
|-----------------------|---------------------|-------------|--|
| Haugabrook, Earl | Upper Montclair, NJ | CPA | Indefinite from September 27, 2005 |
| Patterson, Kenneth R. | Plano, TX | CPA | Indefinite from October 19, 2005 |
| Blackburn, Randall D. | Laurinburg, NC | CPA | Indefinite from October 19, 2005 |
| Coe, Sean M. | Sahuarita, AZ | Attorney | Indefinite from October 12, 2005 |
| Lim, Ricarda L. | Sacramento, CA | Attorney | Indefinite from November 1, 2005 |
| Bridges, Lynden P. | Golden, CO | CPA | Indefinite from November 14, 2005 |

| Name | Address | Designation | Date of Suspension |
|------------------------|-----------------------|-------------|---|
| Curcio, Gregory J. | New York, NY | Attorney | Indefinite from November 14, 2005 |
| Silverton, Ronald R. | Pacific Palisades, CA | Attorney | Indefinite from November 14, 2005 |
| Hartigan, Seth P. | Minneapolis, MN | Attorney | Indefinite from November 14, 2005 |
| Carlson, Richard E. | Chappell, NE | Attorney | Indefinite from November 14, 2005 |
| Veres, Robert D. | Phoenix, AZ | CPA | Indefinite from November 14, 2005 |
| Noble, Gregory P. | Corvallis, OR | Attorney | Indefinite from December 2, 2005 |
| Parker, Oscie K. | Thomasville, NC | Attorney | Indefinite from December 15, 2005 |
| Connor, Jr. William J. | Kernersville, NC | Attorney | Indefinite from December 15, 2005 |
| Cassidy, Maureen E. | Murphy, ID | Attorney | Indefinite from December 15, 2005 |
| Harrison, Rodney L. | Urbana, IL | Attorney | Indefinite from December 15, 2005 |
| Cagle, Carol L. | Alton, IL | Attorney | Indefinite from December 15, 2005 |
| Knaff, Philip J. | Burr Ridge, IL | Attorney | Indefinite from December 15, 2005 |
| Pence, Thomas R. | Cedar Rapids, IA | Attorney | Indefinite from December 15, 2005 |
| Tunney, John A. | Freehold, NJ | Attorney | Indefinite from December 15, 2005 |
| Dasent, Carlton | Mattapoisett, MA | Attorney | Indefinite from December 15, 2005 |

| Name | Address | Designation | Date of Suspension |
|------------------------|---------------------|-------------|---|
| Robeznieks, John O. | Palatine, IL | Attorney | Indefinite from December 15, 2005 |
| Landman, Nathaniel M. | St. Peters, MO | Attorney | Indefinite from December 15, 2005 |
| Levin, Herbert M. | Bolingbrook, IL | Attorney | Indefinite from December 15, 2005 |
| Wade, Jeffrey L. | Louisville, KY | Attorney | Indefinite from December 15, 2005 |
| Cozzarelli, Frank J. | North Caldwell, NJ | Attorney | Indefinite from December 15, 2005 |
| Brooks, Jane E. | St. Paul, MN | Attorney | Indefinite from December 15, 2005 |
| Mulvahill, James P. | Plymouth, MN | Attorney | Indefinite from December 15, 2005 |
| Bernstein, Ralph | Chicago, IL | Attorney | Indefinite from December 15, 2005 |
| Tousey, Robert R. | Ellicott City, MD | Attorney | Indefinite from December 15, 2005 |
| Schatz, Allen E. | Shorewood, WI | Attorney | Indefinite from December 16, 2005 |
| Olson, David E. | New Port Richey, FL | Attorney | Indefinite from December 16, 2005 |
| Shagory, Edward J. | Boston, MA | Attorney | Indefinite from December 20, 2005 |
| Wintroub, Edward L. | Omaha, NE | Attorney | Indefinite from December 20, 2005 |
| Johnson, Jr. Walter T. | Greensboro, NC | Attorney | Indefinite from December 27, 2005 |
| Szaro, Stanley J. | New York, NY | Attorney | Indefinite from December 27, 2005 |
| Recchione, Louis | Woodcliff Lake, NJ | Attorney | Indefinite from December 27, 2005 |

| Name | Address | Designation | Date of Suspension |
|-----------------------|----------------------|-------------|---------------------------------------|
| Pepper, Louis | Great Neck, NY | Attorney | Indefinite from January 2, 2006 |
| Fritzshall, Robert S. | Skokie, IL | Attorney | Indefinite from January 9, 2006 |
| DiCaprio, Joseph A. | Cherry Valley, IL | Attorney | Indefinite from January 9, 2006 |
| Rosenberg, Keith A. | N. Bethesda, MD | Attorney | Indefinite from January 9, 2006 |
| Boudreau, Patricia L. | Lexington, MA | Attorney | Indefinite from January 9, 2006 |
| Webb, Daniel F. | Milwaukee, WI | Attorney | Indefinite from January 9, 2006 |
| Miranda, Jesse R. | Phoenix, AZ | Attorney | Indefinite from January 9, 2006 |
| Kuzel, Gary | Plainfield, IL | CPA | Indefinite from January 9, 2006 |
| Nomura, Edmund Y. | Phoenix, AZ | Attorney | Indefinite from January 9, 2006 |
| Mason, Robert J. | Colorado Springs, CO | Attorney | Indefinite from January 9, 2006 |
| Land, Janet P. | Stedman, NC | Attorney | Indefinite from January 9, 2006 |
| Fitzgerald, Maurice | Lexington, MA | Attorney | Indefinite from January 9, 2006 |
| Valadez, Librado R. | San Antonio, TX | CPA | Indefinite from January 9, 2006 |
| Williams, Frank C. | Houston, TX | Attorney | Indefinite from January 9, 2006 |
| LaGrand, Tara | Naples, FL | CPA | Indefinite from January 9, 2006 |
| Harris, Susan L. | Houston, TX | Attorney | Indefinite from January 9, 2006 |

| Name | Address | Designation | Date of Suspension |
|------------------------|------------------|-------------|--|
| Hobbs, James B. | Amherst, NH | Attorney | Indefinite from January 9, 2006 |
| Momsen, Joel | Napa, CA | Attorney | Indefinite from January 10, 2006 |
| Lambert, Brett J. | Fort Collins, CO | Attorney | Indefinite from January 10, 2006 |
| Lefevre, Keith H. | Longwood, FL | Attorney | Indefinite from January 13, 2006 |
| Bronner, Bernard | Great Neck, NY | Attorney | Indefinite from January 18, 2006 |
| Kuhnreich, Robert M. | New York, NY | Attorney | Indefinite from January 20, 2006 |
| Walser, Vicki L. | Valencia, CA | Attorney | Indefinite from January 20, 2006 |
| Menter, Jeffrey | Centennial, CO | Attorney | Indefinite from January 23, 2006 |
| Catagnus, Patricia A. | Richardson, TX | CPA | Indefinite from January 23, 2006 |
| Matthews, Elizabeth B. | Denver, CO | Attorney | Indefinite from January 23, 2006 |
| Sisselman, Barry A. | Temecula, CA | Attorney | Indefinite from January 23, 2006 |
| Armstrong, Thomas I. | Irvine, CA | Attorney | Indefinite from January 23, 2006 |
| Chestnut, A. Johnson | Fayetteville, NC | CPA | Indefinite from January 24, 2006 |
| Kerby, John C. | Desoto, TX | CPA | Indefinite from February 2, 2006 |
| Phillips, John D. | Albuquerque, NM | Attorney | Indefinite from February 2, 2006 |
| Broomas, James | Baytown, TX | Attorney | Indefinite from February 2, 2006 |

| Name | Address | Designation | Date of Suspension |
|-------------------------|---------------------|-------------|---|
| Wilson, Joel M. | Denver, NC | CPA | Indefinite from February 2, 2006 |
| Olivieri Jr., Robert C. | Bensalem, PA | CPA | Indefinite from February 7, 2006 |
| Scher, Robert A. | Port Washington, NY | Attorney | Indefinite from February 15, 2006 |
| Mintz, David J. | Evergreen, CO | Attorney | Indefinite from February 15, 2006 |
| Abelson, Richard H. | White Plains, NY | Attorney | Indefinite from February 15, 2006 |
| Drum, Joel A. | Van Nuys, CA | Attorney | Indefinite from February 17, 2006 |
| Nissenbaum, Susan | Grafton, MA | Attorney | Indefinite from February 22, 2006 |
| Mahon, Edward J. | Warenville, IL | Attorney | Indefinite from February 22, 2006 |
| Nash, Bruce | Chicago, IL | Attorney | Indefinite from February 22, 2006 |
| Duru, Ike E. | Powder Springs, GA | Attorney | Indefinite from February 22, 2006 |
| Hirth, Gary E. | Phoenix, AZ | Attorney | Indefinite from February 22, 2006 |
| Madden, James G. | Hudson, IL | Attorney | Indefinite from February 22, 2006 |
| Thomas, Robert C. | Chicago, IL | Attorney | Indefinite from February 22, 2006 |
| Moore, Jr. William D. | Libertyville, IL | Attorney | Indefinite from February 22, 2006 |
| Weit Jr., John V. | Homewood, IL | Attorney | Indefinite from February 22, 2006 |
| Berlin, Marc D. | Chicago, IL | Attorney | Indefinite from February 22, 2006 |

| Name | Address | Designation | Date of Suspension |
|-------------------------|-------------------|----------------|---|
| Lebensbaum, Henry | Andover, MD | Attorney | Indefinite from February 22, 2006 |
| Leonhart, Georgia L. | Ocean View, DE | Attorney | Indefinite from February 22, 2006 |
| Wolf, Marvin H. | Boynton Beach, FL | Attorney | Indefinite from February 22, 2006 |
| Dorsa, Lawrence R. | Oceanside, CA | Attorney | Indefinite from February 23, 2006 |
| Battista Jr., Gerard F. | Norwell, MA | Attorney | Indefinite from February 27, 2006 |
| Koehn, Charles R. | Green Bay, WI | Attorney | Indefinite from February 28, 2006 |
| Phillips, Claudia L. | Oak Park, CA | Attorney | Indefinite from March 9, 2006 |
| Zarate, Gustavo A. | Pasadena, CA | Attorney | Indefinite from March 9, 2006 |
| Schorling, Douglas D. | Fresno, CA | Attorney | Indefinite from March 9, 2006 |
| Bowman Jr., John J. | Gibsonia, PA | Enrolled Agent | Indefinite from March 9, 2006 |
| Jordan, Richard W. | Austin, TX | CPA | Indefinite from March 9, 2006 |
| Rothenberg, Steven G. | Kingston, NY | Attorney | Indefinite from March 24, 2006 |
| Osterloh, Douglas D. | Boring, OR | Attorney | Indefinite from March 24, 2006 |
| Benevenia, Eugene | Tucson, AZ | Attorney | Indefinite from March 24, 2006 |
| Krombach, Charles | Brookfield, WI | Attorney | Indefinite from March 24, 2006 |
| Caldwell, David G. | Austin, TX | Attorney | Indefinite from March 24, 2006 |

| Name | Address | Designation | Date of Suspension |
|---------------|--------------|-------------|--------------------------------------|
| Zwibel, David | Lawrence, NY | CPA | Indefinite from March 31, 2006 |

Suspensions From Practice Before the Internal Revenue Service After Notice and an Opportunity for a Proceeding

Under Title 31, Code of Federal Regulations, Part 10, after notice and an opportunity for a proceeding before an administrative law judge, the following individuals have been placed under suspension from practice before the Internal Revenue Service:

| Name | Address | Designation | Effective Date |
|---------------------|-------------------|-------------|--|
| Fitzpatrick, Pamela | Arroyo Grande, CA | CPA | November 14, 2005 to November 13, 2009 |

Disbarments From Practice Before the Internal Revenue Service After Notice and an Opportunity for a Proceeding

Under Title 31, Code of Federal Regulations, Part 10, after notice and an opportunity for a proceeding before an administrative law judge, the following individuals have been disbarred from practice before the Internal Revenue Service:

| Name | Address | Designation | Effective Date |
|-------------------|-----------------|-------------|-----------------|
| Edgar, Richard A. | Los Angeles, CA | CPA | October 3, 2005 |

Censure Issued by Consent

Under Title 31, Code of Federal Regulations, Part 10, in lieu of a proceeding being instituted or continued, an attorney, certified public accountant, enrolled agent, or enrolled actuary, may offer his or her consent to the issuance of a censure. Censure is a public reprimand. The following individuals have consented to the issuance of a Censure:

| Name | Address | Designation | Date of Censure |
|-------------------|--------------|-------------|-------------------|
| Porter, Donald E. | Burleson, TX | CPA | February 10, 2006 |

Resignations of Enrolled Agents

Under Title 31, Code of Federal Regulations, Part 10, an enrolled agent, in order to avoid the institution or conclusion of a proceeding for his or her disbarment or suspension from practice before the In-

ternal Revenue Service, may offer his or her resignation as an enrolled agent. The Director, Office of Professional Responsibility, in his discretion, may accept the offered resignation.

The Director, Office of Professional Responsibility, has accepted offers of resignation as an enrolled agent from the following individuals:

| Name | Address | Date of Resignation |
|--------------------|------------|---------------------|
| Casagna, Ronald M. | Tustin, CA | November 25, 2005 |

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A

and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance

of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.

ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.

PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2005–27 through 2005–52 is in Internal Revenue Bulletin 2005–52, dated December 27, 2005.

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