HAWKINS

Internal Revenue Service Revenue Procedure 2025-18 Revised Average Area Purchase Prices for Mortgage Revenue Bonds

04.17.2025

Please be advised that on Tuesday, April 16, 2025, the Internal Revenue Service released Rev. Proc. 2025-18, updating the average area and nationwide purchase price safe harbor limits for the Mortgage Revenue Bond and Mortgage Credit Certificate programs. We call to your attention the following major provisions of Rev. Proc. 2025-18.

- Section 3.03 requires an adjustment factor of 0.867 for new loan limits and no longer allows for the adjustment by 0.878 that was used in 2024.
- The purchase price limits found in the attached Revenue Procedure at Section 4.01 reflect the 0.867 adjustment factor but do not show the 90% or 110% actual limits required for the Mortgage Revenue Bond and Mortgage Credit Certificate programs. Such calculations must be done for non-targeted and targeted area residences, respectively.
- IMPORTANT NOTE: Rev. Proc. 2024-21 proposed to change the way purchase price limits are determined which could have caused a significant decrease in your purchase price limits. At this time, such proposed changes have not been adopted.

The 2025 average area and nationwide purchase price limits are effective for commitments (in writing) to provide financing or issue Mortgage Credit Certificates made for residences that are purchased beginning on April 16, 2025. Notwithstanding this, issuers may continue to rely on the average purchase prices set forth in Rev. Proc. 2024-21 with respect to bonds sold, or Mortgage Credit Certificates issued with respect to bond authority exchanged, before May 16, 2025, if the commitment (in writing) to provide financing or issue Mortgage Credit Certificates is made on or before June 15, 2025.

Any questions regarding the foregoing may be directed to a member of the Hawkins Delafield & Wood LLP Tax Department.

Attorneys

- Jennifer Córdova
- Neil Kaplan
- Nicholas Koontz
- Adam Koulish
- Kathleen Orlandi
- Luisella Perri Wilke